ABN·AMRO

Interim Report & Quarterly Report

Second quarter 2021

ABN AMRO Bank N.V.

About this report

Introduction

This Quarterly Report presents ABN AMRO's results for the second quarter of 2021, the interim report for 2021 and the Condensed Consolidated Interim Financial Statements for 2021. The report provides a quarterly business and financial review as well as risk, funding, liquidity and capital disclosures.

Presentation of information

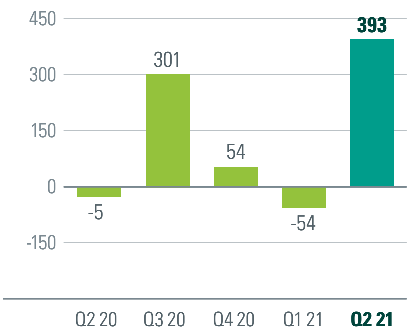
The Condensed Consolidated Interim Financial Statements in this report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and have been reviewed by our external auditor. Some disclosures in the Risk, funding & capital information section of this report are part of the Condensed Consolidated Interim Financial Statements and are labelled as 'Reviewed' in the respective tables or headings.

This report is presented in euros (EUR), which is ABN AMRO's functional and presentation currency, rounded to the nearest million (unless otherwise stated). All annual averages in this report are based on month-end figures. Management does not believe these month-end averages present trends that are materially different from those that would be presented by daily averages. Certain figures in this report may not tally exactly due to rounding. Furthermore, certain percentages in this document have been calculated using rounded figures.

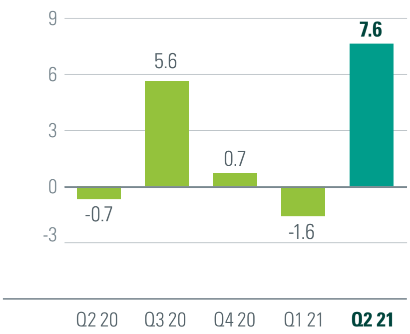
To download this report or to obtain more information, please visit us at abnamro.com/ir or contact us at investorrelations@nl.abnamro.com. In addition to this report, ABN AMRO provides an analyst and investor call presentation, an investor presentation and a factsheet regarding the second-quarter 2021 results.

Figures at a glance

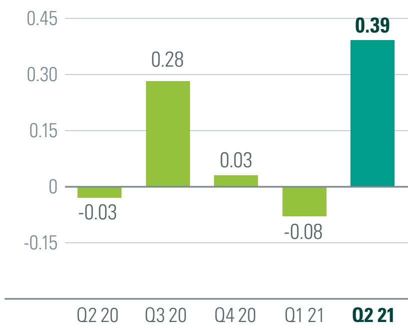
Net profit/(loss)
(in millions)



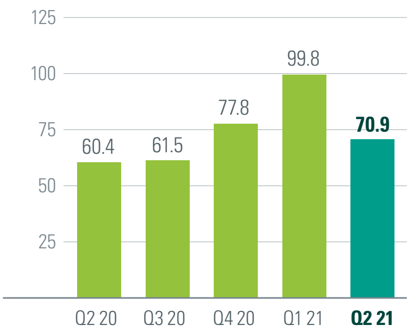
Return on equity
(in %) Target is 8%



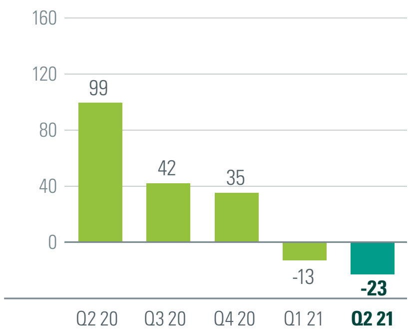
Earnings per share
(in EUR)



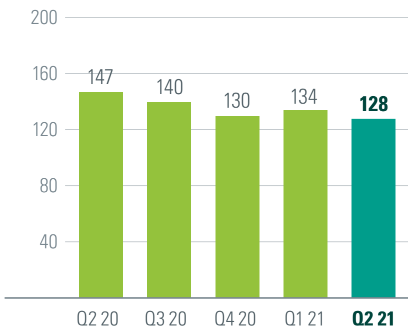
Cost/income ratio
(in %)



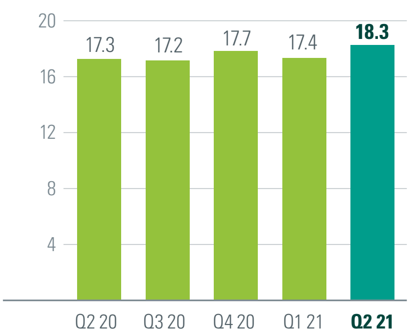
Cost of risk
(in bps) Target is 25-30bps through-the-cycle



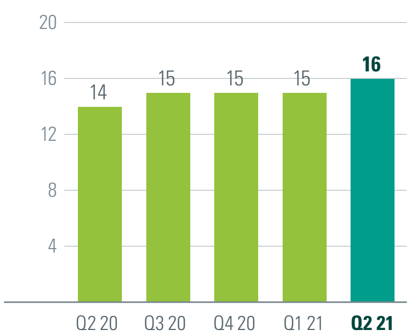
Net interest margin
(in bps)



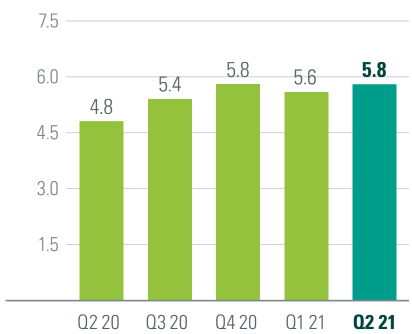
CET1 ratio (Basel III)
(end-of-period, in %)



CET1 ratio (Basel IV)
(end-of-period, in %) Target is 13%



Leverage ratio (CRR2)
(end-of-period, in %)



For more information about net profit, return on equity, earnings per share, cost/income ratio, cost of risk and net interest margin, please refer to the Financial review section.
For more information about CET1 ratio (Basel III and Basel IV) and leverage ratio, please refer to the Capital management section.

Message from the CEO

Society is gradually opening up as vaccination programmes across Europe are steadily progressing and restrictions are easing. Extensive government support measures have enabled the Dutch economy to hold up relatively well, though local outbreaks and the spread of new Covid-19 variants may cause some uncertainty going forward. As a result of the improved macroeconomic outlook we again saw a release of impairments in the second quarter. Demand for corporate loans in the Netherlands is still muted as strong government support continues, but it is showing signs of stabilising and the pipeline is improving.

We reported a net profit of EUR 393 million for the second quarter, delivering a 7.6% return on equity (11.1% excluding CIB non-core) in spite of continued pressure on net interest income and incidentals. Operating performance was in line with previous quarters and asset quality was strong. Net interest income was impacted by continued pressure on deposit margins, the CIB non-core portfolio wind-down and incidentals mainly relating to a provision for accrued interest in respect of a potential repayment of German dividend withholding tax credits. Our mortgage portfolio grew while the corporate loan book for the core bank remained stable. We continued to focus on cost reductions as part of our goal of achieving EUR 700 million in cost savings by 2024. Impairments showed a net release of EUR 79 million for the second quarter as the macroeconomic outlook improved and the wind-down of the CIB non-core portfolio progressed. We expect cost of risk for the bank for 2021 to be well below the through-the-cycle guidance of 25-30 basis points.

Our capital position remains very strong, with a Basel III CET 1 ratio of 18.3% (Basel IV around 16%). Our resilience is confirmed by the results of the recent EBA stress test for European banks. As the ECB will not extend its recommendation on dividend distributions beyond September, we will pay the final 2019 dividend of EUR 0.68 per share in October 2021. We are committed to resuming payment of dividend at a ratio of 50% of net profit in line with our dividend policy.

We are making progress in executing our strategy to be a personal bank in the digital age, serving clients where we have scale in the Netherlands and Northwest Europe. We are well ahead of plan in the wind-down of the CIB non-core portfolio, aligning CIB to the bank's overall strategy, moderate risk profile and our financial and non-financial ambitions. We have reduced the CIB non-core portfolio by over 80% since Q2 2020, supported by loan disposals and with limited financial impact.

Our trusted relationships with clients enable us to support them at all important financial moments, bringing convenience into their daily lives and expertise when it matters. We are focusing on attractive segments where we can grow profitably and are broadening our intermediary offering in mortgages by repositioning our online label Moneyou as a competitively priced mortgage provider. Following a successful pilot, the online portal for intermediaries is now live. We have also launched a new lending platform that connects Dutch SMEs to institutional investors, providing a broader group of clients with an additional source of financing. And we now offer our corporate clients the ability to assign individual invoices to ABN AMRO, a service that is attractive for start-ups and small businesses focused on growth.

Sustainability is core to our purpose and we are making good progress on our aim to increase the volume of sustainable client loans and investments to 30% by 2024; the 2021 target of 21% has already been met. We have launched a EUR 425 million fund to invest in private equity and venture capital, focusing on the circular economy, the energy transition and social impact, accelerating the transition to a sustainable and inclusive society. I am proud that Neuflize has been awarded the 'Coupoles de l'Audace' for being the most sustainable financial institution in France, in recognition of our broad range of sustainable products, including responsible investment as our default product offering.

We are building a future-proof bank by rigorously simplifying and centralising our operating model, delivering a better experience for our clients while at the same time allowing us to deliver on our cost-savings programmes.

This year we are investing in strengthening our foundation, expanding our digital and data capabilities to enable our new client engagement model. In parallel, we continue to streamline our product portfolio around the needs of our clients. We expect to reduce the current portfolio of around 1,300 products by at least 50% by 2024, supporting further rationalisation, harmonisation and digitalisation of our product offering. The sale and lease back process of the Gustav Mahlerlaan building is on track. As society is opening up and restrictions are easing we are preparing for staff to return to our offices. To promote an efficient and healthy balance of working from home and at the office, we are introducing hybrid working and hybrid offices.

Our culture and licence to operate remain clear priorities. Values serve as an anchor for our purpose 'Banking for better, for generations to come' and as a compass in the execution of our strategy. Our bank's core values are care, courage and collaboration, expressing our sense of responsibility towards all our stakeholders and underpinning our drive to rally round our clients as one bank. We value complaints as an opportunity to learn and to improve, supporting us to deliver even better on customer experience, one of our guiding principles. We are therefore currently engaged in constructive talks with the Dutch Consumer Association to explore a compensation scheme for our clients in respect of variable interest charged on consumer loans.

We aim to provide a working environment where everyone can be themselves and feel safe, regardless of their race, ethnicity, gender, religion, age, disability, sexual orientation, gender identity or gender expression. So I am very proud that we have been given the first ever Diamond Award for cultural diversity by the 'Talent to the Top Foundation'. This award recognises our broad efforts to promote diversity, including our programmes that support employees with different cultural backgrounds and offer jobs to refugees with residence permits.

We remain focused on the fight against money laundering. We continue to make progress on our AML remediation programmes and are on track for finalisation in 2022. Our venture fund has increased its investment in Quantexa, a pioneer in Contextual Decision Intelligence, which reveals hidden risks and opportunities through a contextual, connected overview of data. Intelligent solutions such as these enable us to further step up the fight against financial crime.

In June, Daphne de Kluis, a member of our Executive Committee, announced that she will pursue her career outside ABN AMRO. I would like to thank Daphne for her valuable contributions to the bank. Her entrepreneurship, genuine passion and dedication to our leadership, colleagues and clients will remain an example for us all. As Covid continues to affect the way we work, I would like to give credit to our staff for their ceaseless dedication to our clients.

Robert Swaak
CEO of ABN AMRO Bank N.V.

Strategic KPIs

We are making progress in executing our strategy to become a personal bank in the digital age, the outcome of our comprehensive strategy review announced in November last year. Our strategic pillars – customer experience, sustainability and future-proof bank – remain our guiding principles in acting on our purpose 'Banking for better, for generations to come'. The outcome of the strategy review included our targets for the longer term and our vision for the bank.

Customer experience

We will focus on attractive segments in the Netherlands and Northwest Europe where we can grow profitably. We will further develop our leading positions in mortgages and SMEs with new propositions, aiming to achieve positive NPS scores and increase our market share to above 20% in both segments. The relational NPS has decreased, especially among SMEs, influenced by the general sentiment around the AML settlement, closing of branches, fee increases and operational changes related to KYC and Covid and the transformation of our client service model. Operational improvements take some time to affect NPS scores. The relational NPS for our fully digital services is higher for our other services.

We aim to safeguard income by growing market share in focus segments (mortgages, SMEs, wealthy and affluent clients, entrepeneurs, and corporate banking in Northwest Europe) by 2 to 5 percentage points by 2024. ABN AMRO's market share in new mortgage production came to 16% in Q2 2021 (Q2 2020: 14%), reflecting strong operational capabilities and a good offerings pipeline in a competitive market.

Sustainability

Our clients increasingly need expertise to support them in the sustainability shift. We aim to increase the asset volume of sustainable client loans (including mortgages and corporate loans) and ESG & Impact investments as part of the bank's outstanding mortgage loan book, corporate loan book and relevant client asset volume from around one-fifth to one-third in 2024. We are making good progress on our aim; at 24% the 2021 target of 21% has already been met.

To live up to our purpose and achieve our strategic goals we need to have the right talent on board and continually invest in diversity and inclusion, as reflected in our target of having women make up 34% of the subtop by 2024. The percentage of women at Hay Scales 12 and 13 in the Netherlands grew from 28% to 29% in the last six months.

Future-proof bank

We are building a future-proof bank that is digital by design. We are targeting costs no higher than EUR 4.7 billion in 2024, reflecting further cost savings of EUR 700 million. We are on track to achieve a cost level of EUR 5.3 billion in 2021 (excluding restructuring costs and the AML settlement). We reconfirm our through-the-cycle cost of risk of 25 to 30 basis points. We target an ROE of around 8% by 2024 when the cost of risk is expected to have normalised, cost-saving programmes will have been completed and growth initiatives will be delivering results. We have set out our capital framework and are committed to resuming payment of dividends, sustainably, at a payout ratio of 50% of net profit, after deduction of AT1 coupon payments and minority interests. Basel IV is our primary capital metric, with a CET1 target of 13%. Progress we are making on our financial targets are addressed in the relevant sectors of the quarterly report.

Strategic pillars	Metric	2024 targets	First half 2021	2020 results
Customer experience				
	Relational NPS mortgages[1]	> 0	-2	+28
	Relational NPS SMEs (incl. self-employed)[1]	> 0	-33	-21
	Market share of new production mortgages	20%	16%	15%
	Market share SMEs[2]	20%	18%	18%
Sustainability				
	Percentage sustainability (acceleration) asset volume[3]	30%	24%	20%
	Percentage of women at subtop	34%	29%	28%
Future-proof bank				
	Absolute cost base (in EUR billions)[4]	≤ 4.7	2.6	5.1
	Cost of risk (in bps)	25-30bps through-the-cycle	-18	78
	Return on equity	8% (10% ambition with normalised rates)	3.0%	-0.8%
	CET1 ratio (Basel IV)[5]	13%	16%	15%

Note: The disclosed strategic KPIs are limited. The full set of strategic KPIs will be disclosed in the Annual Report.

1 Net Promoter Score is calculated as the percentage of promoters minus the percentage of detractors.
2 Market share SMEs is based on previous year end results.
3 For definition of sustainability (acceleration) asset volume, see Operational sustainability KPIs table.
4 Excluding AML settlement and restructuring costs.
5 CET1 ratio (Basel IV) is rounded to the nearest whole percent. For more information about CET1 ratio Basel IV, please refer to the Capital management section.

Operational sustainability KPIs

We want to be a first choice partner in this field for our clients and lead by example. Our key strategic target on the volume of sustainable client loans and investment is based on the following operational targets.

	2024 targets	2021 targets	First half 2021	2020 results
Percentage sustainability (acceleration) asset volume[1]				
ESG + impact investments	35%	26%	28%	22%
Mortgages	28%	22%	24%	23%
CIB (core) loans	25%	12%	12%	9%
CB loans	27%	11%	14%	13%
Total	**30%**	**21%**	**24%**	**20%**

1 The overall target for sustainability (acceleration) asset volume is calculated as the sum of sustainability (acceleration) asset volume (mortgages and corporate loans) and sustainability (acceleration) client asset volume, divided by the sum of the outstanding mortgage loan book, corporate loan book and relevant client asset volume.

Financial review

This financial review includes a discussion and analysis of the results and sets out the financial condition of ABN AMRO.

Results

Financial highlights

- Profit for Q2 2021 was EUR 393 million, reflecting solid operational performance and net impairment releases.
- The CIB non-core wind-down was well ahead of plan, with loans coming down more than 80% since 30 June 2020, supported by loan disposals.
- Net interest income declined compared to Q2 2020, mainly due to continued pressure on deposit margins and the CIB non-core wind-down, and was partly mitigated by the lower threshold for charging negative interest rates on client deposits.
- Net fee and commission income increased compared to Q2 2020, largely as a result of higher asset management fees.
- Operating expenses were slightly higher than in Q2 2020, mainly due to the upscaling of AML activities, partly offset by cost-saving programmes.
- Impairment charges showed a net release of EUR 79 million for Q2 2021, largely as a result of the improved macroeconomic outlook (related to ongoing government support measures).
- Very strong capital position, with the CET1 ratio at 18.3% under Basel III and around 16% under Basel IV.

Operating results

(in millions)	Q2 2021	Q2 2020	Change	Q1 2021	Change	First half 2021	First half 2020	Change
Net interest income	1,306	1,514	-14%	1,363	-4%	2,669	3,041	-12%
Net fee and commission income	399	375	7%	406	-2%	805	813	-1%
Other operating income	27	96	-72%	79	-66%	105	55	92%
Operating income	**1,732**	**1,985**	**-13%**	**1,847**	**-6%**	**3,579**	**3,909**	**-8%**
Personnel expenses	600	528	14%	579	4%	1,179	1,059	11%
Other expenses	628	670	-6%	1,264	-50%	1,892	1,440	31%
Operating expenses	**1,228**	**1,198**	**2%**	**1,843**	**-33%**	**3,071**	**2,499**	**23%**
Operating result	**504**	**786**	**-36%**	**4**		**508**	**1,410**	**-64%**
Impairment charges on financial instruments	-79	703		-77	-3%	-156	1,814	
Profit/(loss) before taxation	**583**	**83**		**81**		**664**	**-404**	
Income tax expense	190	88	116%	135	41%	325	-4	
Profit/(loss) for the period	**393**	**-5**		**-54**		**339**	**-400**	
Attributable to:								
Owners of the parent company	390	-5		-54		337	-400	
Non-controlling interests	2					2		
Other indicators								
Net interest margin (NIM) (in bps)	128	147		134		131	151	
Cost/income ratio	70.9%	60.4%		99.8%		85.8%	63.9%	
Cost of risk (in bps)[1]	-23	99		-13		-18	116	
Return on average equity[2]	7.6%	-0.7%		-1.6%		3.0%	-4.7%	
Earnings per share (in EUR)[3]	0.39	-0.03		-0.08		0.31	-0.48	
Client assets (end of period, in billions)	304.9	280.5		300.4				
Risk-weighted assets (end of period, in billions)	107.2	112.1		112.0				
Number of employees (end of period, in FTEs)	19,639	18,684		19,417				
Number of non-employees (end of period, in FTEs)	5,954	4,936		5,648				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
2 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
3 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average outstanding and paid-up ordinary shares.

Bank core[1]

(in millions)	Q2 2021	Q2 2020 (pro forma)	Change	Q1 2021	Change	First half 2021 excl. non-core	First half 2020 excl. non-core (pro forma)	Change
Net interest income	1,291	1,415	-9%	1,308	-1%	2,600	2,835	-8%
Net fee and commission income	393	350	12%	395		788	754	5%
Other operating income	141	91	55%	114	24%	255	84	
Operating income	**1,826**	**1,856**	**-2%**	**1,818**		**3,643**	**3,674**	**-1%**
Personnel expenses	565	492	15%	538	5%	1,102	985	12%
Other expenses	600	631	-5%	1,216	-51%	1,817	1,356	34%
Operating expenses	**1,165**	**1,123**	**4%**	**1,754**	**-34%**	**2,919**	**2,341**	**25%**
Operating result	**661**	**733**	**-10%**	**63**		**724**	**1,333**	**-46%**
Impairment charges on financial instruments	-102	329		-37		-138	958	
Profit/(loss) before taxation	**763**	**404**	**89%**	**100**		**863**	**375**	**130%**
Income tax expense	200	110	82%	129	55%	329	89	
Profit/(loss) for the period	**563**	**294**	**91%**	**-29**		**534**	**286**	**87%**
Other indicators								
Cost/income ratio	63.8%	60.5%		96.5%		80.1%	63.7%	
Cost of risk (in bps)[2]	-20	48		-7		-13	76	
Return on average equity[3]	11.1%	5.7%		-1.1%		5.0%	2.5%	
Loans and advances customers (end of period, in billions)	243.2	249.2		243.8				
-of which Client loans (end of period, in billions)[4]	*224.7*	*228.6*		*224.8*				
Risk-weighted assets (end of period, in billions)	101.5	98.2		101.8				
Number of employees (end of period, in FTEs)	19,023	17,891		18,740				
Number of non-employees (end of period, in FTEs)	5,917	4,935		5,615				

1 Bank core results consist of results for the whole bank excluding CIB non-core results (which can be found on page 21). The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Annualised profit/(loss) for the period, excluding payments attributable to AT1 capital securities and results attributable to non-controlling interests, divided by the average equity attributable to the owners of the company excluding AT1 capital securities.
4 Gross carrying amount excluding fair value adjustment from hedge accounting.

Large incidentals

Q2 2021
Provision for potential repayment
Q2 2021 included a EUR 79 million net negative impact mainly due to the recognition of a provision for the potential repayment of German dividend withholding tax credits and accrued interest, of which EUR 30 million was recorded in net interest income and EUR 49 million in other operating income, both at Group Functions. For more information, please refer to Note 19 Commitments and contingent liabilities.

CIB non-core wind-down
Q2 2021 included a EUR 121 million discount to book value on a loan disposal as part of the wind-down of the CIB non-core portfolio, recorded in other operating income. This related to the sale of a portfolio of energy loans which effectively ended ABN AMRO's exposure to the oil & gas industry in the USA.

Revaluation equity stake Tink
Q2 2021 included a EUR 41 million revaluation gain on ABN AMRO's equity stake in Tink (via ABN AMRO Ventures), recorded in other operating income at Retail Banking.

Q2 2020 & Q1 2021
Goodwill impairment Private Banking Belgium
Q2 2020 included a EUR 34 million goodwill and intangible assets impairment at Private Banking Belgium in other expenses.

AML settlement
Q1 2021 included EUR 480 million regarding the AML settlement with the Netherlands Public Prosecution Service (NPPS), recorded in other expenses at Group Functions. The settlement was non-tax deductible and consisted of a fine of EUR 300 million and a disgorgement of EUR 180 million.

Second-quarter 2021 results

Net interest income amounted to EUR 1,306 million (Q2 2020: EUR 1,514 million). The decrease was largely caused by continued pressure on deposit margins in a low interest rate environment and lower average corporate loan volumes due to the ongoing wind-down of the CIB non-core portfolio, and was partly mitigated by lowering the threshold for charging negative interest rates on client deposits.

The net interest margin amounted to 128bps (Q2 2020: 147bps). The decrease was largely caused by lower net interest income, which was partly compensated by lower total assets.
Compared with Q1 2021, net interest income came down by EUR 57 million. Excluding large incidentals, this was mainly attributable to lower deposit margins and volumes and the accelerated non-core wind-down, which was partly compensated by clients paying higher mortgage prepayment penalties (partly from their holiday allowances).

To further mitigate the pressure on deposit margins, ABN AMRO will start charging clients with deposits in excess of EUR 150,000 (in Q2 2021: EUR 500,000) a negative interest rate of 50 bps as from July 2021.

Net fee and commission income increased to 399 million (Q2 2020: EUR 375 million). The increase was largely driven by higher asset management fees (at Private Banking) due to positive stock market developments and partly offset by the impact of the non-core wind-down. Compared to Q1 2021, net fee and commission income decreased by EUR 7 million. The decline was largely attributable to lower income at Clearing (CIB) as market volatility came down from Q1 2021, and, to a lesser extent, the impact of the non-core wind-down. This was partly compensated by stronger capital market fees at Global Markets (CIB) and slightly higher asset management fee income.

Other operating income was EUR 27 million (Q2 2020: EUR 96 million). Q2 2021 included a discount to book value on a loan disposal as part of the non-core wind-down (EUR 121 million) and the negative impact due to the recognition of a provision for the potential repayment of German dividend withholding tax credits (EUR 49 million), which were partly offset by higher volatile items and a revaluation gain on ABN AMRO's equity stake in Tink. Volatile items were EUR 72 million higher (Q2 2020: EUR 7 million) and included significantly higher equity participation results (EUR 46 million versus EUR 1 million negative in Q2 2020), higher hedge accounting-related results (EUR 26 million versus EUR 5 million in Q2 2020) and broadly stable CVA/DVA/FVA[1] results (EUR 7 million versus EUR 3 million in Q2 2020).
Compared to Q1 2021, other operating income declined by EUR 52 million, largely due to the same drivers.

Personnel expenses were EUR 600 million (Q2 2020: EUR 528 million), mainly driven by a rise in FTEs (largely due to the upscaling of AML activities) and, to a lesser extent, salary and wages (CLA increase effective as of Q2). Compared to Q1 2021, personnel expenses increased by EUR 21 million, mainly due to the same drivers.

Employee FTEs went up by 955 from Q2 2020, totalling 19,639. The increase related largely to additional resources for the upscaling of AML activities and was partly mitigated by progress made in the non-core wind-down. Compared with Q1 2021, the number of FTEs increased by 222, also primarily due to the same drivers.

Other expenses amounted to EUR 628 million (Q2 2020: EUR 670 million). Excluding large incidentals, other expenses came down by EUR 8 million, largely as a result of lower regulatory levies (Q2 2020 included a catch-up for the previous year), which were partly offset by additional resources for the upscaling of AML activities.
Compared with Q1 2021, excluding large incidentals, the decline in other expenses was mainly attributable to lower regulatory levies (seasonally higher in Q1).

Impairment charges showed a net release of EUR 79 million (Q2 2020: EUR 703 million addition), mainly as a result of the improved macroeconomic outlook (related to ongoing government support measures), lower inflow of individual files and fewer additions to existing individual files, and was partly offset by an increase of the management overlay. As a result, the cost of risk for the bank as a whole was 23bps negative (Q2 2020: 99bps).

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

Income tax expense was EUR 190 million in Q2 2021 (Q2 2020: EUR 88 million), while profit before tax amounted to EUR 583 million, resulting in an effective tax rate of 33%. Not all tax losses and expenses in foreign jurisdictions related to the non-core wind-down resulted in recognition of a tax benefit. This additional tax expense was partly offset by profits to which the participation exemption was applied.

Profit attributable to owners of the parent company, excluding payments attributable to AT1 capital securities, amounted to EUR 368 million in Q2 2021 (Q2 2020: EUR 33 million negative). This increase was largely due to a net release in impairment charges, while Q2 2020 recorded significant impairments as an effect of Covid-19.

RWA declined by EUR 4.8 billion to EUR 107.2 billion (31 March 2021: EUR 112.0 billion), largely reflecting a decline in credit risk RWA (mainly accelerated non-core wind-down) and operational risk RWA (as a result of the re-assessment of the scenario analyses for the AML shortcomings).

First half-year results

ABN AMRO recorded a profit of EUR 339 million in H1 2021 (including the EUR 480 million AML settlement), while a loss of EUR 400 million was recorded in H1 2020. The increased result was mainly attributable to record high impairment charges in H1 2020 (EUR 1,814 million addition versus EUR 156 million release in H1 2021), mainly reflecting the economic impact of Covid-19 and related oil price developments, as well as three exceptional client files.

Return on Equity for H1 2021 was 3.0%, compared to 4.7% negative in H1 2020, mainly because impairment charges were EUR 1,970 million lower than in H1 2020.

Net interest income was EUR 2,669 million (H1 2020: EUR 3,041 million) and declined mainly as a result of continued pressure on deposit margins in a low interest rate environment and lower average corporate loan volumes due to good progress made in the wind-down of the CIB non-core portfolio.

Net fee and commission income amounted to EUR 805 million, a decrease of EUR 8 million compared to H1 2020. The decline in net fee and commission income was largely attributable to the non-core wind-down and the negative impact of Covid-19 on payment services. This was partly offset by significantly higher asset management fees (at Private Banking) due to positive stock market developments and stronger capital market fees at Global Markets (CIB).

Other operating income increased by EUR 50 million to EUR 105 million (H1 2020: EUR 55 million), as H1 2021 included a EUR 157 million increase resulting from more favourable volatile items, which was largely offset by a discount to book value on the disposal of a portfolio of energy loans as part of the non-core wind-down.

Personnel expenses increased by EUR 120 million, totalling EUR 1,179 million, largely due to the upscaling of AML activities and, to a lesser extent, salary and wages.

Other expenses, excluding large incidentals, increased by EUR 6 million to EUR 1,892 million and included a EUR 15 million rise in regulatory levies. Costs for the upscaling of AML activities were more than offset by cost-saving programmes.

Impairment charges showed a net release of EUR 156 million in H1 2021 (H1 2020: EUR 1,814 million). H1 2021 included model based releases as a result of the improved economic outlook, low inflow of new individual files and limited additions to existing individual files, while H1 2020 included record high impairment charges, mainly reflecting the economic impact of Covid-19 and related oil price developments, as well as three exceptional client files. The cost of risk amounted to 18bps negative (H1 2020: 116bps).

Income tax expense amounted to EUR 325 million (H1 2020: EUR 4 million negative), largely because profit before taxation in H1 2021 was higher compared with the H1 2020 result, and as a result of tax losses and expenses in foreign entities. The effective tax rate in H1 2021 was higher largely due to the EUR 480 million AML settlement in H1 2021, which was treated as not deductible for tax purposes.

Balance sheet

Condensed Consolidated statement of financial position

(in millions)	30 June 2021	31 March 2021	31 December 2020
Cash and balances at central banks	72,447	63,735	60,190
Financial assets held for trading	2,385	2,195	1,315
Derivatives	4,779	5,537	6,381
Financial investments	42,543	43,975	47,455
Securities financing	27,809	28,339	16,725
Loans and advances banks	3,731	4,571	3,394
Loans and advances customers	246,401	250,700	252,159
Other	11,368	10,911	8,005
Total assets	**411,464**	**409,963**	**395,623**
Financial liabilities held for trading	1,726	1,120	563
Derivatives	5,155	5,919	7,391
Securities financing	19,824	19,280	11,363
Due to banks	40,584	37,924	36,719
Due to customers	246,066	245,586	238,570
Issued debt	63,619	64,628	66,949
Subordinated liabilities	6,578	8,172	8,069
Other	6,375	6,169	5,010
Total liabilities	**389,927**	**388,797**	**374,634**
Equity attributable to the owners of the parent company	21,533	21,163	20,989
Equity attributable to non-controlling interests	5	3	
Total equity	**21,538**	**21,166**	**20,989**
Total liabilities and equity	**411,464**	**409,963**	**395,623**
Committed credit facilities	54,999	54,378	55,207
Guarantees and other commitments	7,661	8,148	8,981

Main developments in total assets compared with 31 March 2021

Total assets increased by EUR 1.5 billion, totalling EUR 411.5 billion at 30 June 2021, largely driven by higher cash and balances at central banks, partly offset by lower loans and advances to customers.

Cash and balances at central banks grew by EUR 8.7 billion, totalling EUR 72.4 billion at 30 June 2021, as we raised our participation in the TLTRO III facility by EUR 3.0 billion to EUR 35.0 billion and cash received from loan disposals increased.

Loans and advances customers decreased by EUR 4.3 billion, totalling EUR 246.4 billion. The decline was mainly attributable to a decline in CIB non-core clients loans.

Client loans declined by EUR 4.3 billion to EUR 228.6 billion, largely driven by a decline in corporate loans as a result of good progress made in the CIB non-core wind-down. Furthermore, residential mortgages increased, reflecting strong operational capabilities in a competitive market, while redemptions remained high (in an increased market).

Main developments in total assets compared with 31 December 2020

Total assets increased by EUR 15.8 billion, totalling EUR 411.5 billion at 30 June 2021. This was mainly driven by an increase in cash and balances at central banks and securities financing assets, which was partly offset by lower financial investments.

Cash and balances at central banks increased by EUR 12.3 billion to EUR 72.4 billion and included cash received from loan disposals and a rise in our TLTRO III participation (EUR 3.0 billion).

Financial investments came down by EUR 4.9 billion to EUR 42.5 billion, reflecting loan disposals to accelerate the non-core wind-down.

Securities financing assets increased by EUR 11.1 billion to EUR 27.8 billion, reflecting a seasonally lower amount at year-end.

Loans and advances customers decreased by EUR 5.8 billion to EUR 246.4 billion. The decline was almost entirely attributable to a decline in CIB non-core clients loans.

Client loans declined by EUR 6.9 billion to EUR 228.6 billion, largely driven by a decline in corporate loans as a result of good progress made in the CIB non-core wind-down.

Loans and advances customers

(in millions)	30 June 2021	31 March 2021	31 December 2020
Residential mortgages	146,516	145,920	145,672
Consumer loans	10,772	10,927	11,232
Corporate loans to clients[1]	71,271	76,056	78,587
- of which Commercial Banking	*39,734*	*39,834*	*39,838*
- of which Corporate & Institutional Banking	*24,363*	*28,973*	*31,560*
- of which Corporate & Institutional Banking - core	*20,508*	*20,897*	*20,610*
- of which Corporate & Institutional Banking - non-core	*3,856*	*8,077*	*10,950*
Total client loans[2]	**228,558**	**232,903**	**235,491**
Loans to professional counterparties and other loans[3]	17,687	18,068	16,297
Total loans and advances customers, gross[2]	**246,246**	**250,971**	**251,788**
Fair value adjustments from hedge accounting	2,805	3,014	3,838
Less: loan impairment allowances	2,649	3,284	3,467
- of which Corporate & Institutional Banking - non-core	*648*	*1,136*	*1,100*
Total loans and advances customers	**246,401**	**250,700**	**252,159**

1 Corporate loans excluding loans to professional counterparties.
2 Excluding fair value adjustment from hedge accounting.
3 Loans to professional counterparties and other loans includes loans and advances to governments, official institutions and financial markets parties.

Main developments in total liabilities and equity compared with 31 March 2021

Total liabilities increased by EUR 1.1 billion, totalling EUR 389.9 billion at 30 June 2021, mainly driven by higher amounts due to banks, partly compensated by the lower subordinated liabilities and issued debt securities.

Due to banks grew by EUR 2.7 billion to EUR 40.6 billion (31 March 2021: EUR 37.9 billion), largely as our TLTRO III participation was raised by EUR 3.0 billion (to EUR 35.0 billion).

Due to customers increased by EUR 0.5 billion to EUR 246.1 billion as a result of the pay-out of holiday allowances, largely offset by the winding down of Moneyou's saving activities.

Issued debt securities declined by EUR 1.0 billion to EUR 63.6 billion, mainly due to a EUR 2.5 billion decrease in covered bonds, which was partly offset by a senior non-preferred funding issuance of EUR 1.6 billion.

At 30 June 2021, issued debt included EUR 30.6 billion in covered bonds, EUR 21.4 billion in unsecured funding and EUR 11.5 billion in commercial paper and certificates of deposit. EUR 9.5 billion in outstanding long term funding and EUR 11.5 billion in outstanding short term funding matures within 12 months.

Subordinated liabilities came down by EUR 1.6 billion to EUR 6.6 billion (31 March 2021: EUR 8.2 billion) reflecting a redemption and an early redemption of outstanding subordinated liabilities.

Total equity rose by EUR 0.4 billion to EUR 21.5 billion, mainly due to the inclusion of the profit for the period.

Equity attributable to owners of the parent company, excluding AT1 securities, increased by EUR 0.4 billion to EUR 19.5 billion, resulting in a book value of EUR 20.79 per share based on 940,000,001 outstanding shares.

Main developments in total liabilities compared with 31 December 2020

Total liabilities rose by EUR 15.3 billion, totalling EUR 389.9 billion at 30 June 2021. This increase was mainly attributable to an increase in securities financing liabilities and the amount due to customers.

Securities financing liabilities increased by EUR 8.5 billion to EUR 19.8 billion, reflecting a seasonally lower amount at year-end.

Due to customers increased by EUR 7.5 billion to EUR 246.1 billion and included seasonally lower professional deposits at year-end (as clients brought down their positions).

Total equity rose by EUR 0.5 billion to EUR 21.5 billion, mainly due to the inclusion of the profit for the period and, to a lesser extent, an increase in accumulated other comprehensive income.

Main developments off-balance sheet

(in millions)		30 June 2021	31 March 2021	31 December 2020
Committed credit facilities				
	Commercial Banking	12,590	12,909	12,711
	Corporate & Institutional Banking	30,119	29,397	30,102
	Other segments	12,290	12,073	12,394
	Total	**54,999**	**54,378**	**55,207**
Guarantees and other commitments				
	Commercial Banking	1,859	1,671	1,671
	Corporate & Institutional Banking	4,233	4,840	5,585
	Other segments	1,569	1,637	1,725
	Total	**7,661**	**8,148**	**8,981**
Revocable credit facilities				
	Commercial Banking	29	61	81
	Corporate & Institutional Banking	21,223	21,930	26,524
	Other segments	9,292	9,461	9,395
	Total	**30,544**	**31,452**	**36,000**
Total off-balance				
	Commercial Banking	14,478	14,641	14,462
	Corporate & Institutional Banking	55,574	56,167	62,212
	Other segments	23,150	23,171	23,514
	Total	**93,203**	**93,978**	**100,188**

Committed credit facilities (undrawn) increased by EUR 0.6 billion, totalling EUR 55.0 billion at 30 June 2021. The increase was largely driven by new credit offers and the increase of existing credit facilities at CIB core, which was partially offset by a decline at CIB non-core due to its further winding down. The decline resulting from the sale of a portfolio of energy loans (in the USA oil & gas sector) was not yet reflected as these clients had not yet been transferred.

Guarantees and other commitments declined by EUR 0.5 billion to EUR 7.7 billion, largely due to progress made in the wind-down of the non-core portfolio.

Revocable credit facilities came down by EUR 0.9 billion to EUR 30.5 billion, mainly driven by the CIB non-core wind-down.

Results by segment

Retail Banking

Highlights

- Net interest income was lower than in Q2 2020, mainly due to continued pressure on deposit margins and, to a lesser extent, the wind-down of Moneyou's saving activities and a decline in the demand for consumer loans. Interest income on residential mortgages was also lower, reflecting slightly lower margins (in a competitive market) and average volumes (mainly due to high mortgage redemptions).
- Mortgage volumes increased compared to Q1 2021. Market share[1] of new production in residential mortgages was 16% in Q2 2021 (Q2 2020 14%, Q1 2021: 17%), reflecting strong operational capabilities in a competitive market.
- Net fee and commission income decreased compared to Q2 2020, largely due to the decline in the number of payment transactions as a result of Covid-19.
- Other income in Q2 2021 included a revaluation gain on ABN AMRO's equity stake in Tink.
- Operating expenses increased slightly compared to Q2 2020, mainly due to the upscaling of AML activities, partly offset by lower costs due to the wind-down of Moneyou's saving activities.
- The repositioning of Moneyou as a price competitive mortgage provider started with the launch of the advisory portal at intermediaries.

[1] Dutch Land Registry (Kadaster) has updated its methodology for determining the market share as of 2021. Previously published data has been updated.

Operating results

(in millions)	Q2 2021	Q2 2020	Change	Q1 2021	Change	First half 2021	First half 2020	Change
Net interest income	565	656	-14%	608	-7%	1,173	1,334	-12%
Net fee and commission income	69	73	-6%	73	-5%	142	159	-11%
Other operating income	58	11		23		81	15	
Operating income	**692**	**741**	**-7%**	**704**	**-2%**	**1,396**	**1,509**	**-7%**
Personnel expenses	104	105	-1%	105	-1%	210	202	4%
Other expenses	389	380	2%	437	-11%	826	785	5%
Operating expenses	**493**	**485**	**2%**	**543**	**-9%**	**1,036**	**987**	**5%**
Operating result	**199**	**256**	**-22%**	**161**	**24%**	**360**	**521**	**-31%**
Impairment charges on financial instruments	-1	16		-35	98%	-36	83	
Profit/(loss) before taxation	**200**	**240**	**-17%**	**197**	**2%**	**396**	**438**	**-10%**
Income tax expense	37	60	-38%	44	-16%	82	108	-25%
Profit/(loss) for the period	**163**	**180**	**-10%**	**152**	**7%**	**315**	**330**	**-5%**
Cost/income ratio	71.2%	65.4%		77.1%		74.2%	65.4%	
Cost of risk (in bps)[1]		3		-8		-4	9	
Other indicators								
Loans and advances customers (end of period, in billions)	148.6	150.5		148.3				
-of which Client loans (end of period, in billions)[2]	*148.9*	*150.8*		*148.6*				
Due to customers (end of period, in billions)	89.9	93.8		90.0				
Risk-weighted assets (end of period, in billions)	28.0	27.2		28.8				
Number of employees (end of period, in FTEs)	4,479	4,443		4,518				
Total client assets (end of period, in billions)	101.7	103.5		101.4				
- of which Cash	*89.9*	*93.8*		*90.0*				
- of which Securities	*11.8*	*9.7*		*11.4*				

[1] Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
[2] Gross carrying amount excluding fair value adjustment from hedge accounting.

Commercial Banking

Highlights

- Net interest income was slightly lower than in the previous quarter, largely because of the continued pressure on deposit margins, while average corporate loan volumes stabilised.
- Net fee and commission income was slightly higher than in Q2 2020 as the economy showed signs of recovery, resulting in higher income from trade and guarantees.
- Operating expenses were higher compared to Q2 2020, mainly as a result of additional resources for the upscaling of AML activities.
- Impairment charges showed a net release of EUR 50 million, reflecting the improved macroeconomic outlook combined with releases for individual files, partly offset by an increase of the management overlay.
- The new digital lending platform Aymz was launched to connect Dutch mid-sized companies to institutional investors.

Operating results

(in millions)	Q2 2021	Q2 2020	Change	Q1 2021	Change	First half 2021	First half 2020	Change
Net interest income	358	371	-4%	362	-1%	720	744	-3%
Net fee and commission income	63	59	6%	61	3%	124	126	-2%
Other operating income	9	3		7	17%	16	12	38%
Operating income	**429**	**433**	**-1%**	**431**		**860**	**882**	**-2%**
Personnel expenses	66	62	7%	62	6%	128	121	6%
Other expenses	202	183	10%	216	-7%	418	390	7%
Operating expenses	**268**	**245**	**9%**	**279**	**-4%**	**546**	**511**	**7%**
Operating result	**161**	**188**	**-14%**	**152**	**6%**	**314**	**371**	**-15%**
Impairment charges on financial instruments	-50	81		16		-33	306	
Profit/(loss) before taxation	**211**	**108**	**96%**	**136**	**55%**	**347**	**65**	
Income tax expense	55	27	107%	33	65%	89	15	
Profit/(loss) for the period	**156**	**81**	**93%**	**103**	**52%**	**259**	**49**	
Cost/income ratio	62.4%	56.5%		64.6%		63.5%	58.0%	
Cost of risk (in bps)[1]	-50	57		3		-24	130	
Other indicators								
Loans and advances customers (end of period, in billions)	39.2	40.7		39.2				
-of which Client loans (end of period, in billions)[2]	*40.3*	*41.7*		*40.3*				
Due to customers (end of period, in billions)	52.1	49.2		51.7				
Risk-weighted assets (end of period, in billions)	27.7	30.7		29.1				
Number of employees (end of period, in FTEs)	2,250	2,175		2,224				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.

Private Banking

Highlights

- Net interest income declined compared to Q2 2020, largely due to continued pressure on deposit margins, partly offset by the lower threshold for charging negative interest rates on client deposits.
- Net fee and commission income increased compared to both Q2 2020 and Q1 2021, mainly as a result of growth in asset management fee income due to positive financial market developments (resulting in a higher fee base for Q2 2021) and, to a lesser extent, new clients and clients converting cash into securities.
- Operating expenses, excluding large incidentals, was EUR 25 million higher than in Q2 2020, including additional resources for the upscaling of AML activities.
- Client assets have grown since Q2 2020, mainly due to the value of securities growing as a result of positive financial market developments and, to a lesser extent, new clients. This was partly offset by cash outflow due to the lower threshold for charging negative rates on client deposits.
- Net new assets showed an outflow of EUR 2.9 billion this quarter, of which EUR 2.3 billion related to the termination of a fiduciary assets contract in line with the strategy of reducing such activities (which have low margins). Furthermore, the outflow of cash due to the lower threshold for charging negative interest rates on client deposits was largely mitigated by the inflow of securities.
- Sustainably invested clients assets grew to EUR 35.6 billion, from EUR 31.1 billion at 31 March 2021.

Operating results

(in millions)	Q2 2021	Q2 2020	Change	Q1 2021	Change	First half 2021	First half 2020	Change
Net interest income	159	167	-5%	162	-2%	320	320	
Net fee and commission income	145	119	22%	141	3%	286	249	15%
Other operating income	9	15	-39%	8	16%	17	21	-19%
Operating income	**313**	**301**	**4%**	**311**	**1%**	**624**	**590**	**6%**
Personnel expenses	101	89	14%	94	8%	196	179	9%
Other expenses	136	158	-13%	147	-7%	283	301	-6%
Operating expenses	**238**	**247**	**-4%**	**241**	**-1%**	**479**	**480**	
Operating result	**75**	**54**	**39%**	**69**	**8%**	**145**	**109**	**32%**
Impairment charges on financial instruments	5	16	-68%	-6		-1	30	
Profit/(loss) before taxation	**70**	**38**	**83%**	**76**	**-8%**	**146**	**80**	**83%**
Income tax expense	18	20	-7%	23	-21%	42	34	23%
Profit/(loss) for the period	**52**	**19**		**53**	**-2%**	**104**	**46**	**126%**
Cost/income ratio	76.0%	82.0%		77.6%		76.8%	81.4%	
Cost of risk (in bps)[1]	13	44		-17		-2	41	
Other indicators								
Loans and advances customers (end of period, in billions)	14.9	14.0		14.8				
-of which Client loans (end of period, in billions)[2]	*15.1*	*14.1*		*15.0*				
Due to customers (end of period, in billions)	59.7	64.5		60.3				
Risk-weighted assets (end of period, in billions)	9.7	10.5		9.9				
Number of employees (end of period, in FTEs)	2,892	2,804		2,889				
Total client assets (end of period, in billions)	203.2	177.0		199.0				
- of which Cash	*59.8*	*64.6*		*60.4*				
- of which Securities	*143.3*	*112.4*		*138.6*				
Net new assets (for the period, in billions)	-2.9	-2.7		0.3		-2.6	-8.8	

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.

Corporate & Institutional Banking

Highlights

- The CIB non-core wind-down was well ahead of plan, with loans coming down by EUR 14.3 billion - more than 80% - since 30 June 2020.
- Net interest income continued to be impacted by the non-core wind-down.
- Net fee and commission income declined compared to Q2 2020, largely due to good progress made in the non-core wind-down, which was partly compensated by stronger capital market fees at Global Markets.
- Other operating income in Q2 2021 included EUR 121 million for a discount to book value on a loan disposal to accelerate the wind-down, which was partly compensated by higher equity participation results.
- Impairment charges in Q2 2021 showed a net release of EUR 35 million, largely reflecting the improved macroeconomic outlook, while Q2 2020 reflected the economic impact of Covid-19 and related oil price developments, as well as a fraud case in Germany.
- The Sustainable Impact Fund was launched to invest in companies that help accelerate the transition to a sustainable and inclusive society.

Operating results

(in millions)	Q2 2021	Q2 2020	Change	Q1 2021	Change	First half 2021	First half 2020	Change
Net interest income	202	292	-31%	244	-17%	446	594	-25%
Net fee and commission income	127	136	-6%	136	-7%	264	302	-13%
Other operating income	-30	55		39		9	-47	
Operating income	**300**	**482**	**-38%**	**419**	**-29%**	**719**	**849**	**-15%**
Personnel expenses	109	101	8%	112	-3%	221	205	8%
Other expenses	149	149		203	-27%	351	344	2%
Operating expenses	**257**	**250**	**3%**	**315**	**-18%**	**572**	**549**	**4%**
Operating result	**42**	**232**	**-82%**	**104**	**-60%**	**147**	**300**	**-51%**
Impairment charges on financial instruments	-35	591		-51	32%	-86	1,395	
Profit/(loss) before taxation	**77**	**-358**		**155**	**-51%**	**232**	**-1,095**	
Income tax expense	35	-39		40	-11%	75	-200	
Profit/(loss) for the period	**41**	**-319**		**116**	**-64%**	**157**	**-894**	
Cost/income ratio	85.9%	51.9%		75.1%		79.6%	64.6%	
Cost of risk (in bps)[1]	-86	373		-39		-61	392	
Other indicators								
Loans and advances customers (end of period, in billions)	40.1	56.8		44.5				
-of which Client loans (end of period, in billions)[2]	*24.4*	*40.7*		*29.0*				
Due to customers (end of period, in billions)	29.9	28.6		30.1				
Risk-weighted assets (end of period, in billions)	37.8	39.2		39.9				
Number of employees (end of period, in FTEs)	2,356	2,492		2,373				

1 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
2 Gross carrying amount excluding fair value adjustment from hedge accounting.

Highlights core

- Net interest income has remained broadly flat since Q1 2021 as average corporate loan volumes (excluding FX impact) remained stable.
- Net fee and commission income declined compared to Q1 2021, mainly due to lower income at Clearing as market volatility was higher in Q1 2021, and partly compensated by stronger capital market fees at Global Markets.
- Other operating income increased compared to Q1 2020, largely due to higher equity participation results and partly offset by lower CVA/DVA/FVA results.
- Operating expenses were higher than in Q2 2020, partly as a result of additional resources for the upscaling of AML activities.
- Impairment charges in Q2 2021 showed a net release of EUR 57 million, largely reflecting the improved macroeconomic outlook, while Q2 2020 reflected the economic impact of Covid-19 and related oil price developments.

CIB core[1]

(in millions)	Q2 2021	Q2 2020 (pro forma)	Change	Q1 2021	Change	First half 2021	First half 2020 (pro forma)	Change
Net interest income	188	193	-2%	189	-1%	377	388	-3%
Net fee and commission income	121	111	9%	125	-3%	247	243	1%
Other operating income	84	50	69%	75	13%	159	-18	
Operating income	**394**	**354**	**11%**	**389**	**1%**	**783**	**613**	**28%**
Personnel expenses	73	65	13%	71	3%	144	131	10%
Other expenses	121	110	10%	155	-22%	276	259	6%
Operating expenses	**194**	**175**	**11%**	**226**	**-14%**	**420**	**390**	**8%**
Operating result	**199**	**179**	**12%**	**163**	**22%**	**363**	**223**	**63%**
Impairment charges on financial instruments	-57	216		-11		-68	539	
Profit/(loss) before taxation	**257**	**-38**		**174**	**47%**	**431**	**-316**	
Income tax expense	45	-18		34	32%	79	-107	
Profit/(loss) for the period	**212**	**-20**		**140**	**51%**	**352**	**-209**	
Cost/income ratio	49.3%	49.5%		58.0%		53.6%	63.7%	
Cost of risk (in bps)[2]	-78	184		-6		-42	249	
Other indicators								
Loans and advances customers (end of period, in billions)	36.9	39.4		37.6				
-of which Client loans (end of period, in billions)[3]	*20.5*	*21.9*		*20.9*				
Risk-weighted assets (end of period, in billions)	32.1	25.3		29.7				
Number of employees (end of period, in FTEs)	1,740	1,699		1,696				

1 The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Gross carrying amount excluding fair value adjustment from hedge accounting.

Highlights non-core

- The CIB non-core wind-down was well ahead of plan, with loans coming down by EUR 14.3 billion - more than 80% - since 30 June 2020.
- Net interest income showed a decline of EUR 41 million from Q1 2021, of which EUR 22 million was attributable to a booking for break funding costs (offset at Group Functions; total impact nil), while the remainder was the result of lower average corporate loan volumes due to the wind-down.
- Other operating income in Q2 2021 included EUR 121 million for a discount to book value on a loan disposal to accelerate the wind-down.
- Impairment charges amounted to EUR 23 million, reflecting limited stage 3 additions for the quarter.
- RWA declined by EUR 4.5 billion compared to Q1 2021 as a result of the accelerated wind-down.

CIB non-core[1]

(in millions)	Q2 2021	Q2 2020 (pro forma)	Change	Q1 2021	Change	First half 2021	First half 2020 (pro forma)	Change
Net interest income	14	99	-86%	55	-74%	69	206	-67%
Net fee and commission income	6	24	-75%	11	-46%	17	59	-71%
Other operating income	-114	5		-36		-150	-29	
Operating income	**-94**	**129**		**30**		**-64**	**235**	
Personnel expenses	35	36	-1%	41	-14%	77	74	4%
Other expenses	28	39	-30%	48	-42%	75	84	-11%
Operating expenses	**63**	**75**	**-16%**	**89**	**-29%**	**152**	**158**	**-4%**
Operating result	**-157**	**54**		**-59**		**-216**	**77**	
Impairment charges on financial instruments	23	374	-94%	-40		-18	855	
Profit/(loss) before taxation	**-180**	**-321**	**44%**	**-19**		**-199**	**-778**	**74%**
Income tax expense	-10	-22	55%	6		-4	-93	96%
Profit/(loss) for the period	**-170**	**-299**	**43%**	**-24**		**-195**	**-685**	**72%**
Cost/income ratio	-67.1%	58.3%		297.8%		-236.6%	67.2%	
Cost of risk (in bps)[2]	-131	830		-179		-160	722	
Other indicators								
Loans and advances customers (end of period, in billions)	3.2	17.5		6.9				
-of which Client loans (end of period, in billions)[3]	*3.9*	*18.7*		*8.1*				
Risk-weighted assets (end of period, in billions)	5.7	13.9		10.2				
Number of employees (end of period, in FTEs)	616	793		676				

1 The allocation of CIB operations between CIB core and non-core was finalised per 1 January 2021 and is applied prospectively. Comparative figures for 2020 remain pro forma.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.
3 Gross carrying amount excluding fair value adjustment from hedge accounting.

Group Functions

Highlights

- Net interest income in Q2 2021 was negatively impacted by EUR 30 million net, mainly due to the recognition of a provision relating to accrued interest for German dividend withholding tax credits, partly offset by the positive impact of a booking for break funding costs (negative at CIB non-core; net impact nil).
- Other operating income in Q2 2021 was negatively impacted by EUR 49 million net, largely due to the recognition of a provision for the potential repayment of German dividend withholding tax credits, partly offset by more favourable hedge accounting-related results (compared to both Q2 2020 and Q1 2021).
- Operating expenses remained flat compared to Q2 2020 as higher expenses for additional resources for the upscaling of AML activities were allocated to the commercial segments. Q1 2021 included the EUR 480 million AML settlement.
- ABN AMRO continues to make progress on its remediation programme and currently has around 4,600 FTEs who are fully committed to AML activities and centralised within Group Functions.

Operating results

(in millions)	Q2 2021	Q2 2020	Change	Q1 2021	Change	First half 2021	First half 2020	Change
Net interest income	22	28	-22%	-13		9	49	-81%
Net fee and commission income	-5	-13	62%	-5	10%	-10	-23	55%
Other operating income	-19	12		1		-18	54	
Operating income	**-2**	**27**		**-17**	**87%**	**-19**	**80**	
Personnel expenses	219	171	28%	205	7%	424	352	20%
Other expenses	-247	-200	-24%	261		14	-381	
Operating expenses	**-28**	**-28**	**1%**	**466**		**438**	**-28**	
Operating result	**26**	**56**	**-54%**	**-483**		**-457**	**109**	
Impairment charges on financial instruments	1					1		26%
Profit/(loss) before taxation	**25**	**56**	**-55%**	**-483**		**-458**	**108**	
Income tax expense	44	21	110%	-6		38	39	-2%
Profit/(loss) for the period	**-19**	**35**		**-477**	**96%**	**-496**	**69**	
Other indicators								
Securities financing - assets (end of period, in billions)	19.3	22.1		20.6				
Loans and advances customers (end of period, in billions)	3.6	4.8		3.8				
Securities financing - liabilities (end of period, in billions)	19.5	18.2		19.1				
Due to customers (end of period, in billions)	14.5	9.5		13.5				
Risk-weighted assets (end of period, in billions)	3.9	4.4		4.3				
Number of employees (end of period, in FTEs)	7,662	6,770		7,413				

Risk, funding & capital information

Risk developments

Highlights second quarter

- Impairment charges showed a net release of EUR 79 million for the quarter, largely as a result of the improved macroeconomic outlook (related to ongoing government support measures) and decreasing volumes in CIB non-core, partly offset by impairments on individual files in CIB non-core.
- The CIB non-core portfolio reduction of over 80% compared to Q2 2020 contributed to lower stage 3 ratio. The stage 3 coverage ratio declined as a result of releases and write-offs for highly provisioned CIB clients.
- The non-core wind-down also resulted in lower credit risk RWA. Operational risk RWA declined as a result of the re-assessment of the scenario analysis for our AML shortcomings.

Key figures

(in millions)	30 June 2021	31 March 2021	31 December 2020
Total loans and advances, gross excluding fair value adjustments[1]	**249,721**	**255,282**	**254,781**
- of which Banks	*3,738*	*4,575*	*3,399*
- of which Residential mortgages	*146,516*	*145,920*	*145,672*
- of which Consumer loans	*10,772*	*10,927*	*11,232*
- of which Corporate loans[1)]	*80,558*	*84,801*	*86,745*
- of which Other loans and advances customers[1]	*8,138*	*9,059*	*7,733*
Total Exposure at Default (EAD)	**413,371**	**407,892**	**407,354**
Credit quality indicators[1]			
Forbearance ratio	4.8%	4.9%	5.1%
Past due ratio	0.8%	0.9%	1.0%
- of which Residential mortgages	*0.6%*	*0.6%*	*0.6%*
- of which Consumer loans	*2.0%*	*2.5%*	*2.9%*
- of which Corporate loans	*1.3%*	*1.3%*	*1.6%*
Stage 3 impaired ratio	3.0%	3.3%	3.4%
Stage 3 coverage ratio	28.2%	31.4%	32.7%
Regulatory capital			
Total RWA	107,194	112,035	110,481
- of which Credit risk[2]	*91,537*	*94,369*	*92,462*
- of which Operational risk	*13,730*	*15,616*	*16,685*
- of which Market risk	*1,926*	*2,051*	*1,334*
Total RWA/total EAD	25.9%	27.5%	27.1%
Mortgage indicators			
Exposure at Default	163,707	163,249	163,756
- of which mortgages with Nationale Hypotheek Garantie (NHG)	*32,844*	*33,100*	*33,367*
Risk-weighted assets	18,272	18,146	16,459
RWA/EAD	11.2%	11.1%	10.1%
Average Loan-to-Market-Value	60%	61%	61%
Average Loan-to-Market-Value - excluding NHG loans	58%	59%	59%

1 Excluding loans and advances measured at fair value through P&L.
2 RWA for credit value adjustment (CVA) is included in credit risk. CVA per 30 June 2021: EUR 0.2 billion (31 March 2021: EUR 0.1 billion, 31 December 2020: EUR 0.2 billion).

Impairment charges & cost of risk

	Q2 2021	Q2 2020	Q1 2021	First half 2021	First half 2020
Impairment charges on loans and other advances (in EUR million)[1]	-79	703	-77	-156	1,814
- of which Residential mortgages	*- 2*	*5*	*- 35*	*- 37*	*9*
- of which Consumer loans		*28*	*10*	*10*	*60*
- of which Corporate loans	*- 143*	*640*	*- 57*	*- 200*	*1,501*
Cost of risk (in bps)[2,3]	-23	99	-13	-18	116
- of which Residential mortgages	*- 1*	*1*	*- 10*	*- 5*	*1*
- of which Consumer loans		*95*	*36*	*18*	*100*
- of which Corporate loans	*- 67*	*250*	*- 26*	*- 46*	*293*

1 Including other loans and impairments charges on off-balance sheet exposures.
2 Annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
3 Calculation of CoR excludes (impairment charges on) off-balance exposures.

Credit quality indicators

Credit quality indicators improved in the second quarter. Our forbearance ratio improved slightly to 4.8% at 30 June 2021 (31 March 2021: 4.9%). The ongoing wind-down of the CIB non-core portfolio resulted in lower forborne corporate loans for clients active in the oil & gas and industrial goods & services sectors in the USA and Asia.

Past due exposure of loans and advances to customers decreased to EUR 2.1 billion (31 March 2021: EUR 2.2 billion), causing the past due ratio to improve slightly to 0.8%. In all product groups, past due exposures decreased compared to Q1 2021. The general declining trend in past due exposures for residential mortgages and consumer loans resulted from benign macroeconomic circumstances such as low unemployment rates, stable household incomes and seasonal pay-outs of holiday allowances.

The stage 3 ratio of loans and advances to customers declined to 3.0% (31 March 2021: 3.3%) due to a decrease of stage 3 exposures in corporate loans, mainly due to the ongoing CIB non-core wind-down, predominantly in the USA and Asia. The sale of the North American oil & gas portfolio accelerated the wind-down. This in combination with write-offs of some highly provisioned clients moved the stage 3 coverage ratio down to 28.2% (31 March 2021: 31.4%).

Cost of risk

In Q2 2021, the core and non-core bank's total cost of risk[1] amounted to -23bps (Q2 2020: 99bps, Q1 2021: -13bps). The cost of risk of the core bank amounted to -20bps (Q1 2021: -7bps), while the cost of risk of the CIB non-core portfolio stood at -131bps (Q1 2021: -179bps).

The bank's total cost of risk declined due to a release of credit loss allowances of EUR 79 million (Q2 2020: EUR 703 million addition) following to a more positive economic outlook. Additions in impairments were limited due to a low inflow of newly defaulted loans and few additional provisioning for existing defaulted loans.

For CIB, a release of EUR 35 million was recorded (Q2 2020: EUR 591 million addition) as a result of the improved macroeconomic outlook in combination with declining volumes in the CIB non-core portfolio. Part of the release was offset by impairment charges on individual files in the oil & gas sector.

Releases of EUR 50 million were recorded for Commercial Banking in Q2 2021, compared to additions of EUR 81 million in Q2 2020. Here too, main drivers were the improved macroeconomic outlook, leading to releases of modelled impairments and some releases for individual files.

Impairment charges for Private Banking amounted to EUR 5 million (EUR 16 million in Q2 2020).

1 Calculation of CoR excludes (impairment charges on) off-balance exposures. However, the total amount of releases (EUR 79 million) includes impairment charges (additions) on off-balance exposures.

For Retail Banking, there was a small net release of EUR 1 million in Q2 2021, compared to an addition of EUR 14 million in Q2 2020. In Q2 2021, releases recorded due to a decreasing portfolio in consumer lending and an improved macroeconomic outlook were almost fully offset by additions resulting from management overlays on credit loss allowances for mortgages. More information on the management overlays can be found in the section on individual and collective loan impairment allowances and management overlays.

For the full-year 2021, we expect the cost of risk to be well below the through-the-cycle guidance of 25-30 basis points.

Loans and advances

In Q2 2021, total loans and advances declined to EUR 249.7 billion (31 March 2021: EUR 255.3 billion). This decline was visible in all product groups, except for residential mortgages.

Corporate loans showed the largest decrease as a result of the ongoing CIB non-core wind-down, which was reflected by the sale of the North American oil & gas portfolio announced in the second quarter. In addition, following the announcement of the sale of the Maas Capital portfolio and the US shipping & intermodal portfolio, these portfolios shifted to held-for-sale and are no longer presented under Corporate loans.

The decrease in other loans and advances to customers related to lower outstandings for Clearing while the decline in loans and advances to banks was due to decreased volumes in Global Markets.

Residential mortgages were up in the second quarter as mortgage production exceeded redemptions on mortgages.

The non-core CIB portfolio amounted to EUR 3.7 billion at 30 June 2021 and consisted mainly of clients in the Netherlands, US and Asia, predominantly in the oil & gas, industrial goods & services and basic resources sectors. Approximately EUR 1 billion of this portfolio was classified as stage 3 at 30 June 2021.

Exposure at Default

EAD went up to EUR 413.4 billion (31 March 2021: EUR 407.9 billion) due to a combination of our participation in the ECB's targeted long-term refinancing operations (TLTRO III) and an increase in senior non-preferred notes. In addition, EAD grew as a result of the implementation of the standardised approach for counterparty credit risk (SA-CCR) in Global Markets. These increases were partly offset by the wind-down of the CIB non-core portfolio.

Regulatory capital

Total RWA decreased to EUR 107.2 billion in Q2 2021 (31 March 2021: EUR 112.0 billion) reflecting declines in mainly credit risk and operational risk RWA. The decline in credit risk RWA was predominantly caused by the CIB non-core wind-down and, to a lesser extent, improved asset quality, partly offset by the implementation of the SA-CCR methodology. Operational risk RWA came down as a result of the re-assessment of the scenario analyses for AML shortcomings. Market risk RWA declined mainly due to a decrease in Incremental Risk Charge (IRC) as a result of position changes and model changes.

Residential mortgages

Housing market developments

Property prices continued to rise rapidly as the demand for residential properties remained high while supply remained low.

According to the Dutch Land Registry (Kadaster) the number of transactions in Q2 2021 was 20.8% lower than in Q1 2021 and 3.9% lower than in Q2 2020. The house price index published by Statistics Netherlands (CBS) for Q2 2021 was 4.4% higher than in Q1 2021 and 13.0% higher than in Q2 2020.

Residential mortgage insights

New mortgage production amounted to EUR 5.4 billion, a 6% increase on Q1 2021 and 48% higher than in Q2 2020. Redemptions totalled EUR 4.7 billion, 3% less than in Q1 2021 but 8% more than in Q2 2020. ABN AMRO's market share in new mortgage production came to 16% in Q2 2021 (Q2 2020: 14%[1]), reflecting strong operational capabilities and a good offerings pipeline in a competitive market.

[1] Dutch Land Registry (Kadaster) has updated its methodology for determining the market share as of 2021. Previously published data has been updated.

Rising property prices and mortgage redemptions, including contractual redemptions, led to further improvement of the mortgage portfolio indicators. The average indexed Loan to Market Value decreased from 61% in Q1 2021 to 60% in Q2 2021 (excluding NHG mortgages: from 59% to 58%). The gross carrying amount of mortgages with an LtMV in excess of 100% decreased to EUR 1.1 billion (Q1 2021: EUR 1.2 billion, Q2 2020: 1.6 billion) and accounted for 0.7% of total mortgages (Q1 2021: 0.8%, Q2 2020: 1.1%) while approximately 2% of the extra repayments were in this category (Q1 2021: 2%, Q2 2020: 3%).

The proportion of amortising mortgages in the total portfolio continued to rise, reaching 39% by the end of Q2 2021 (Q1 2021: 38%, Q2 2020: 35%).

Developments over the first six months

Despite the ongoing impact of Covid-19 on the global economy, default rates were low in the first six months of 2021 as government support continued and the macroeconomic outlook improved. Combined with the wind-down of the CIB non-core portfolio, this resulted in a net release of credit loss allowances and a decrease in corporate loans.

The settlement with the Netherlands Public Prosecution Service (NPPS) reached in April 2021 concluded the investigation into the bank's AML shortcomings over the period 2014-2020. Lastly, on 3 March 2021, the Kifid Appeals Committee confirmed its ruling regarding the recalculations of the variable interest charged to a specific client on a revolving credit. More information on these topics can be found in the section on other risk developments.

Credit quality indicators

In the first half of 2021, credit quality indicators improved. The wind-down of the CIB non-core portfolio led to a reduction in forborne assets, caused by corporate loans for clients in the oil & gas and industrial goods & services sectors in the USA and Asia.

Past due exposure of loans and advances to customers decreased to EUR 2.1 billion (31 December 2020: EUR 2.6 billion), causing an improvement of the past due ratio to 0.8% (31 December 2020: 1.0%). All product groups contributed to the improvement.

The stage 3 ratio fell markedly in the first six months of 2021, mainly as a result of progress made in the CIB non-core wind-down. The stage 3 ratio improved to 3.0% (31 December 2020: 3.4%). The stage 3 coverage ratio came down to 28.2% (31 December 2020: 32.7%), following write-offs of highly provisioned loans. More details on past due and coverage and stage ratios can be found in the sections on ageing of past due not classified as stage 3, and coverage and stage ratios.

Cost of risk

In the first half of 2021, the core and non-core bank's total cost of risk[1] amounted to -18bps (H1 2020: cost of risk 116bps). The cost of risk of the core bank amounted to -13bps (H1 2020: 76bps) while the cost of risk of the CIB non-core portfolio stood at -160bps (H1 2020: 722bps).

The bank's total cost of risk was a net release of EUR 156 million (H1 2020: EUR 1,814 million addition), driven by the improved macroeconomic outlook and subsequent releases in modelled credit loss allowances and decreasing volumes in the CIB non-core portfolio. These releases were partly offset by increases from new and existing management overlays. More information on the management overlays can be found in the section on individual and collective loan impairment allowances and management overlays.

Specifically for CIB, a release of EUR 86 million was recorded in the first half of 2021 (H1 2020: EUR 1,395 million addition). Impairment charges on individual files were limited and mostly observed in the oil & gas sector.

For Retail Banking, total releases of EUR 36 million were recorded (H1 2020: EUR 83 million addition). Favourable housing market parameters and decreasing volumes in our consumer loan portfolio mainly contributed to the release.

[1] Calculation of CoR excludes (impairment charges on) off-balance exposures. However, the total amount of releases (EUR 156 million) includes impairment charges (additions) on off-balance exposures.

In H1 2021, a release of EUR 33 million was recorded for Commercial Banking (H1 2020: EUR 306 million addition) and a limited release of EUR 1 million was recorded for Private Banking (H1 2020: EUR 30 million addition), reflecting the improved macroeconomic outlook.

For the full-year 2021, we expect the cost of risk to be well below the through-the-cycle guidance of 25-30 basis points.

Loans and advances

In the first six months of 2021, total loans and advances declined to EUR 249.7 billion (31 December 2020: EUR 254.8 billion) predominantly owing to a decrease in corporate loans as a result of the CIB non-core wind-down. The wind-down was accelerated by the sale of part of the TCF portfolio in Q1, followed by the sale of the North American oil & gas portfolio in Q2 2021. In addition, the Maas Capital portfolio and the US shipping & intermodal portfolio was transferred to held-for-sale following an agreement to sell these porfolios. All other product groups increased slightly, except for consumer loans where lower drawings were observed in Retail Banking.

Exposure at Default

EAD increased to EUR 413.4 billion (31 December 2021: EUR 407.4 billion) mainly due to a combination of our participation in the ECB's TLTRO III, an increase in senior non-preferred notes and the implementation of the SA-CCR methodology in the second quarter. These EAD increases were partly offset by the acceleration of the CIB non-core wind-down.

Regulatory capital

Total RWA decreased to EUR 107.2 billion (31 December 2020: EUR 110.5 billion) due to declines in credit risk RWA and operational risk RWA, partly offset by an increase in market risk RWA. Credit risk RWA decreased predominantly as a result of the acceleration of the CIB non-core wind-down and was partly offset by a model update as well as add-ons for mortgages as well as the impact of Covid-19. Operational risk RWA decreased due to a combination of a general update of the scenarios and the re-assessment of the scenario analyses for the AML shortcomings. Market risk RWA was up mainly due to a rise in (s)VaR and IRC resulting from position changes.

Other risk developments

AML settlement

In April 2021, ABN AMRO accepted a settlement offer from the Netherlands Public Prosecution Service in connection with its investigation of the bank's AML activities in the Netherlands over the period 2014-2020. ABN AMRO agreed to pay a fine of EUR 300 million and a disgorgement of EUR 180 million. The total amount of EUR 480 million has been recorded in other expenses at Group Functions in Q1 2021 and is not tax deductible. ABN AMRO was informed that an individual filed a complaint against the AML settlement between the Netherlands Public Prosecution Service and ABN AMRO under section 12 of the Dutch Code of Criminal Procedure with the Court of Appeal in The Hague.

Variable interest rates for consumer loans

On 3 March 2021, the Kifid Appeals Committee confirmed a ruling of the Kifid Disputes Committee about the recalculation of the variable interest charged to a specific client on a revolving credit. ABN AMRO is currently in constructive talks with the Dutch Consumers' Association (Consumentenbond Claimservice) to explore a compensation scheme for affected clients.

ABN AMRO has maintained and updated the provision that was made in 2020, as we consider it more likely than not that similar individual Kifid rulings will lead to outflow.

For civil case law, no provision has been accounted for, as ABN AMRO considers it more likely than not that this will not lead to outflow.

ABN AMRO cannot give a reliable estimate of the (potentially substantial) total financial risk of the contingent liabilities not provided for, because currently it is unclear what the exact scope of the Kifid ruling is and whether the ruling will have a certain knock-on effect on other products. Recent rulings from Kifid regarding other credit providers (regarding mortgage loans) suggest that Kifid envisages a broad scope.

Netherlands Public Prosecution Service investigation into Dutch tax matter

The Netherlands Public Prosecution Service is conducting an investigation regarding transactions which ultimately led to a set-off by a third party of dividend withholding tax credits against its corporate tax liabilities in the Netherlands, during the period 2009-2013. The investigation of the NPPS is related to ongoing tax proceedings before the Dutch courts between the third party and the Dutch tax authority. The District Court ruled in favour of this third party in 2018. The Court of Appeal annulled the ruling of the District Court and ruled in favour of the Netherlands tax authority in 2020. An appeal with the Supreme Court has been filed against the ruling of the Court of Appeal and is currently pending. The NPPS informed ABN AMRO that it is a suspect in the investigation due to its involvement in certain of these transactions.

The timing of the completion of the investigation and the outcome are uncertain. It cannot be excluded that ABN AMRO will be faced with financial consequences as a result of the investigation. The potential financial impact of the investigation cannot be reliably estimated at this time and no provision has been made.

Ageing of past due not classified as stage 3 Reviewed

	30 June 2021						31 March 2021[4]	31 December 2020
		Days past due						
(in millions)	Gross carrying amount[2]	≤ 30 days	> 30 days & ≤ 90 days	> 90 days[3]	Total past due but not stage 3	Past due ratio	Past due ratio	Past due ratio
Loans and advances banks	**3,738**					**0.0%**	**0.0%**	**0.0%**
Loans and advances customers								
Residential mortgages	146,516	776	40	12	828	0.6%	0.6%	0.6%
Consumer loans	10,772	109	78	33	220	2.0%	2.5%	2.9%
Corporate loans[1]	80,558	651	332	58	1,041	1.3%	1.3%	1.6%
Other loans and advances customers[1]	8,138					0.0%	0.4%	0.0%
Total loans and advances customers[1]	**245,983**	**1,536**	**450**	**104**	**2,090**	**0.8%**	**0.9%**	**1.0%**
Loans at fair value through P&L	262							
Total loans and advances	**249,983**	**1,537**	**450**	**104**	**2,091**	**0.8%**	**0.9%**	**1.0%**

1 Excluding loans at fair value through P&L.
2 Gross carrying amount excludes fair value adjustments from hedge accounting.
3 Materiality thresholds are applied for counterparties transferring to stage 3. Below these thresholds, amounts are reported on > 90 days past due.
4 The figures in column 31 March 2021 are not reviewed. This column is for comparison purposes only.

Past due exposure of loans and advances to customers decreased to EUR 2.1 billion (31 December 2020: EUR 2.6 billion), causing an improvement of the past due ratio to 0.8% (31 December 2020: 1.0%). In all product groups, past due exposures decreased compared to 31 December 2020. Arrears in corporate loans came down to 1.3% (31 December 2020: 1.6%). Asset Based Finance clients and clients active in the industrial goods & services sector contributed to this decline.

The past due ratio for consumer loans improved to 2.0% (31 December 2020: 2.9%) while the past due ratio for residential mortgages remained unchanged at 0.6%. The declining trend of past due exposures in residential mortgages and consumer loans was attributable to favourable macroeconomic indicators such as low unemployment rates, stable household incomes, and seasonal pay-outs of holidays allowances and tax refunds in the Netherlands.

Coverage and stage ratios Reviewed

(in millions)	30 June 2021 Gross carrying amount	Allowances for credit losses	Coverage ratio	Stage ratio	31 March 2021[4] Coverage ratio	Stage ratio	31 December 2020 Coverage ratio	Stage ratio
Stage 1								
Loans and advances banks	**3,737**	**6**	**0.2%**	**100.0%**	**0.1%**	**100.0%**	**0.2%**	**100.0%**
Residential mortgages	137,047	10	0.0%	93.5%	0.0%	93.4%	0.0%	93.0%
Consumer loans	9,478	35	0.4%	88.0%	0.4%	87.2%	0.4%	86.4%
Corporate loans	61,766	135	0.2%	76.7%	0.3%	75.4%	0.4%	74.4%
Other loans and advances customers	8,086		0.0%	99.4%	0.0%	99.4%	0.0%	99.3%
Total loans and advances customers[1]	**216,377**	**180**	**0.1%**	**88.0%**	**0.1%**	**87.3%**	**0.1%**	**86.4%**
Stage 2								
Loans and advances banks								
Residential mortgages	8,419	27	0.3%	5.7%	0.3%	5.9%	0.5%	6.3%
Consumer loans	830	38	4.5%	7.7%	5.0%	8.5%	3.8%	9.5%
Corporate loans	12,900	312	2.4%	16.0%	2.5%	16.6%	2.1%	17.7%
Other loans and advances customers	39	1	2.2%	0.5%	2.9%	0.4%	0.3%	0.5%
Total loans and advances customers[1]	**22,187**	**377**	**1.7%**	**9.0%**	**1.8%**	**9.4%**	**1.6%**	**10.2%**
Stage 3								
Loans and advances banks								
Residential mortgages	1,049	50	4.8%	0.7%	4.6%	0.7%	5.2%	0.8%
Consumer loans	464	215	46.3%	4.3%	45.3%	4.2%	47.2%	4.1%
Corporate loans	5,892	1,824	31.0%	7.3%	34.7%	8.0%	36.3%	7.9%
Other loans and advances customers	13	3	20.4%	0.2%	18.6%	0.1%	14.6%	0.3%
Total loans and advances customers[1]	**7,419**	**2,092**	**28.2%**	**3.0%**	**31.4%**	**3.3%**	**32.7%**	**3.4%**
Loans at fair value through P&L	**262**							
Fair value adjustments from hedge accounting	**2,805**							
Total loans and advances banks	3,738	6	0.2%		0.1%		0.2%	
Total loans and advances customers	249,050	2,649	1.1%		1.3%		1.4%	
Other balance sheet items[2]	161,339	7	0.0%		0.0%		0.0%	
Total on-balance sheet	**414,127**	**2,662**	**0.6%**		**0.8%**		**0.9%**	
Committed credit facilities[3]	54,999	93	0.2%		0.1%		0.1%	
Guarantees and other commitments[3]	7,661	1	0.0%		0.0%		0.1%	
Total on- and off-balance sheet	**476,786**	**2,757**	**0.6%**		**0.7%**		**0.8%**	

1 Excluding fair value adjustments from hedge accounting on loans and advances customers and loans at fair value through P&L.
2 The allowances for credit losses excludes allowances for financial investments held at FVOCI (30 June 2021: EUR 1.2 million; 31 March 2021: EUR 1.1 million; 31 December 2020: EUR 1.4 million).
3 ABN AMRO changed its presentation of the split in off-balance sheet items to be more consistent with the face of the balance sheet in this report. Comparative figures have been changed accordingly.
4 The figures in column 31 March 2021 are not reviewed. This column is for comparison purposes only.

In the first six months of 2021, the coverage and stage ratios were impacted by the CIB non-core wind-down. The wind-down and further reduction of the non-core loan book was achieved mainly through the sales of the Trade & Commodity Finance portfolio in the first quarter and the North American oil & gas portfolio in the second quarter. As a result, corporate loans decreased in all stages, especially in stage 3, reflected by a decline of the stage 3 ratio to 3.0% (31 December 2020: 3.4%).

The stage 3 coverage ratio came down to 28.2% (31 December 2020: 32.7%), mainly caused by impairment releases for Commercial Banking clients and releases and write-offs for highly provisioned CIB clients.

The stage 2 ratio was lower at 9.0% (31 December 2020: 10.2%), driven by credit improvements corporate loans and the wind-down of CIB non-core and, to a lesser extent, residential mortgages.

Loan impairment charges and allowances in the first six months Reviewed

							30 June 2021
(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
Balance at 1 January 2021	**6**	**116**	**294**	**3,053**	**3**	**3,472**	**48**
Transfer to stage 1		-4	-7	-11		-22	
Transfer to stage 2		-1	1	29		29	3
Transfer to stage 3		11	34	53		98	
Remeasurements[1]	1	4	17	162		184	52
Changes in risk parameters		-31	-6	-45		-82	
Originated or purchased		2	2	23		28	3
Matured or sold loans		-8	-10	-361		-380	-10
Impairment charges (releases) on loans and advances	**1**	**-27**	**30**	**-150**		**-145**	**48**
Write-offs		-4	-33	-690		-726	-2
Unwind discount / unearned interest accrued		1	1	11		12	
Foreign exchange and other movements			-4	47		43	1
Balance at 30 June 2021	**6**	**87**	**288**	**2,271**	**4**	**2,655**	**94**
							First half 2021
Impairment charges (releases) on loans and advances	1	-27	30	-150		-145	48
Recoveries and other charges (releases)		-10	-20	-50		-80	28
Total impairment charges for the period	**1**	**-37**	**10**	**-200**		**-226**	**76**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
							30 June 2020
Balance at 1 January 2020	**5**	**140**	**298**	**1,982**	**6**	**2,431**	**16**
Transfer to stage 1		-1	-3	-7		-11	
Transfer to stage 2		7	5	82		94	5
Transfer to stage 3		14	44	433		492	183
Remeasurements[1]	-2	-17	32	874	-1	886	-3
Changes in risk parameters	1	25	3	140	-1	169	11
Originated or purchased		3	4	20		27	2
Matured or sold loans		-12	-4	-28		-44	-5
Impairment charges (releases) on loans and advances	**-1**	**19**	**81**	**1,515**	**-2**	**1,612**	**194**
Write-offs		-8	-58	-567		-633	
Unwind discount / unearned interest accrued		1	-2	17		16	
Foreign exchange and other movements		-7	3	151		146	-177
Balance at 30 June 2020	**4**	**144**	**321**	**3,100**	**3**	**3,573**	**34**
							First half 2020
Impairment charges (releases) on loans and advances	-1	19	81	1,515	-2	1,612	194
Credit-related modifications				39		39	
Recoveries and other charges (releases)		-10	-22	-14		-46	13
Total impairment charges for the period	**-1**	**9**	**60**	**1,541**	**-2**	**1,606**	**207**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

	30 June 2021				30 June 2020			
(in millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowances on loans and advances								
Balance at 1 January	**301**	**400**	**2,771**	**3,472**	**180**	**258**	**1,993**	**2,431**
Transfer to stage 1	34	-47	-9	-22	20	-29	-1	-11
Transfer to stage 2	-23	85	-33	29	-48	173	-31	94
Transfer to stage 3	-5	-24	127	98	-9	-52	553	492
Remeasurements[1]	-101	45	240	184	3	32	851	886
Changes in risk parameters	-26	-31	-25	-82	85	70	14	169
Originated or purchased	28			28	27			27
Matured or sold	-10	-8	-361	-380	-9	-16	-19	-44
Impairment charges (releases) on loans and advances	**-103**	**18**	**-61**	**-145**	**70**	**176**	**1,366**	**1,612**
Write-offs	-9	-32	-685	-726			-633	-633
Unwind discount / unearned interest accrued			12	12		-3	19	16
Foreign exchange and other movements	-3	-9	55	43	1	-6	151	146
Balance at 30 June	**186**	**377**	**2,092**	**2,655**	**250**	**426**	**2,896**	**3,573**
	First half 2021				First half 2020			
Impairment charges (releases) on loans and advances	-103	18	-61	-145	70	176	1,366	1,612
Credit-related modifications						33	7	39
Recoveries and other charges (releases)			-86	-80			-45	-46
Total impairment charges for the period	**-103**	**18**	**-147**	**-226**	**70**	**209**	**1,328**	**1,606**

[1] Remeasurements represents the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

Individual and collective loan impairment allowances and management overlays Reviewed

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
							30 June 2021
Individual impairments							
Stage 3		2	51	1,646	3	1,701	68
Total individual impairments		**2**	**51**	**1,646**	**3**	**1,701**	**68**
Collective impairments							
Stage 1	6	10	35	135		186	10
Stage 2		27	38	312	1	377	17
Stage 3		48	165	178		390	
Total collective impairments	**6**	**84**	**237**	**625**	**1**	**954**	**27**
- of which management overlay		*22*	*39*	*282*		*343*	
Total impairments	**6**	**87**	**288**	**2,271**	**4**	**2,655**	**94**
Carrying amount of loans, determined to be impaired, before deducting any assessed impairment allowance		1,049	464	5,892	13	7,419	

(in millions)	Banks	Residential mortgages	Consumer loans	Corporate loans	Other loans	Total loans and advances	Off-balance
							31 December 2020
Individual impairments							
Stage 3		2	58	2,296	3	2,359	19
Total individual impairments		**2**	**58**	**2,296**	**3**	**2,359**	**19**
Collective impairments							
Stage 1	6	14	38	243		301	16
Stage 2		44	41	316		400	10
Stage 3		56	158	198		412	2
Total collective impairments	**6**	**114**	**237**	**757**		**1,113**	**29**
- of which management overlay		*15*	*33*	*242*		*290*	
Total impairments	**6**	**116**	**294**	**3,053**	**3**	**3,472**	**48**
Carrying amount of loans, determined to be impaired, before deducting any assessed impairment allowance		1,124	456	6,873	21	8,474	

Total collective impairments amounted to EUR 954 million at 30 June 2021 (EUR 1,113 million at 31 December 2020) and included expected credit losses (ECL) as calculated by the IFRS 9 models and management overlays. ECL are calculated taking into account a probability-weighted average of three economic scenarios. For the CIB portfolio, we discontinued the use of a benchmark model based on Moody's default rates (used since Q2 2020) and returned to a probability-weighted average from the IFRS 9 models.

Since model outcomes do not always fully reflect the current economic environment and circumstances, the ECL outcomes are continually analysed and reviewed. For risks that are not adequately captured by the ECL models, management overlays are applied. In the first half of 2021, management overlays increased by EUR 53 million, totalling EUR 343 million (EUR 290 million at 31 December 2020), and were mainly recorded for risks in the corporate loans portfolios:

- An overlay was recorded for clients in vulnerable sectors within Commercial Banking to reflect the risk of loans in these sectors until updated financial information of borrowers has been reviewed.
- Government support had a positive effect on clients' payments behaviour and led to an all-time low level in bankruptcies. The existing overlay, which serves to capture any credit risk deterioration that is expected for Commercial Banking clients but is not sufficiently captured by our ECL models, was extended to our CIB portfolio.
- The existing overlay for the CIB non-core portfolio, which covers anticipated additional risk costs relating to the wind-down, decreased in line with the decreasing exposure of this portfolio.

In comparison with year-end 2020, management overlays for the mortgages and consumer lending portfolios increased by EUR 13 million. For mortgages a management overlay was recorded to address the impact of excessive increases in property prices on the outcome of the IFRS 9 models. A management overlay to cover the refinancing risk of interest-only mortgages was continued.

All management overlays represent best estimates of the risks involved. Underlying reasoning and calculations are documented and discussed and approved by the Impairments and Provisioning Committee (IPC). Relevant experiences related to the impact of Covid-19 on the model outcomes will be used to improve the models over time and reduce the management overlays.

Macroeconomic scenarios Reviewed

In line with the IFRS 9 standard, ABN AMRO calculates expected credit losses (ECL) as an unbiased probability weighted amount that includes past events, current conditions and a forecast of future economic conditions, as assessed by Group Economics. As Covid-19 has negative consequences for the economic development in markets in which we operate, the macroeconomic outlook is impacting all our portfolios.

ECL scenarios and sensitivities as shown in the table below are based on the following macroeconomic outlook:

In Q2 2021, the pace of Covid-19 vaccinations picked up, improving the economic outlook and reducing economic uncertainty in the Netherlands. Accordingly, the focus shifted to the shape of the coming recovery, even though the Netherlands had technically entered into economic recession in Q1 2021. Moreover, government support is expected to last until the end of 2021. It is still uncertain whether government support will be extended until 2022. These developments may negatively impact portfolio credit quality in the coming period, although sustained management overlays in provisions aim to cater for such risks.

The weights of the scenarios were also updated. As the impact of Covid-19 on the macroeconomy became clearer and recent outcomes were more in line with baseline than with negative scenarios, the weights were reset to their pre-Covid-19 values.

ECL scenarios and sensitivity on 30 June 2021 Reviewed

(in millions)	Weight	Macroeconomic variable	2021	2022	2023	2024	Unweighted ECL[4]	Weighted ECL[4]
		Real GDP Netherlands[1]	5.0%	4.2%	2.4%	2.2%		
Positive	15%	Unemployment[2]	3.4%	3.3%	3.2%	3.0%	536	
		House price index[3]	10.0%	5.0%	3.0%	3.0%		
		Real GDP Netherlands[1]	3.7%	2.8%	2.5%	2.5%		
Baseline	60%	Unemployment[2]	3.4%	4.2%	3.9%	3.6%	557	564
		House price index[3]	7.5%	2.5%	3.0%	3.0%		
		Real GDP Netherlands[1]	2.9%	2.5%	2.0%	1.2%		
Negative	25%	Unemployment[2]	3.9%	5.3%	5.3%	5.2%	596	
		House price index[3]	5.0%	-2.5%	-2.5%	0.0%		

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

ECL scenarios and sensitivity on 31 December 2020 Reviewed

(in millions)	Weight	Macroeconomic variable	2021	2022	2023	2024	Unweighted ECL[4]	Weighted ECL[4]
		Real GDP Netherlands[1]	4.4%	4.3%	2.0%	1.7%		
Positive	10%	Unemployment[2]	6.2%	6.2%	5.6%	4.8%	653	
		House price index[3]	5.0%	3.0%	2.0%	3.0%		
		Real GDP Netherlands[1]	3.0%	3.6%	2.3%	1.8%		
Baseline	50%	Unemployment[2]	6.4%	7.9%	6.9%	6.1%	688	703
		House price index[3]	0.0%	0.0%	2.0%	3.0%		
		Real GDP Netherlands[1]	0.7%	3.0%	1.0%	1.4%		
Negative	40%	Unemployment[2]	6.8%	8.4%	7.8%	6.8%	734	
		House price index[3]	-3.0%	-5.0%	0.0%	3.0%		

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

Update on Covid-19 relief measures

This section provides information on the measures we offered our clients to provide them with liquidity. The two primary relief measures we offered clients were deferral of interest and principal payments, and Covid-19-related credit facilities supported by public guarantee schemes. ABN AMRO continuously monitors sectors vulnerable to Covid-19 and offers tailored support to clients that have a viable business or financial case. While deterioration in credit risk quality is currently low, we expect bankruptcies and arrears to rise, particularly in Commercial Banking book, when the Dutch government ends its support measures. We have taken operational measures to be prepared for an increase in arrears and bankruptcies.

Payment moratoria and other Covid-19-related forbearance measures Reviewed

The table below captures all exposures subject to:
- EBA-compliant moratoria;
- Non-EBA-compliant moratoria;
- Other Covid-19-related forbearance measures.

Compared to figures reported in the 2020 Annual Report, the scope of the table was extended to all Covid-19-related forbearance measures, including measures not related to payment deferrals. Comparative figures for 31 December 2020 have been adjusted accordingly.

		Gross carrying amount in millions				
	Number of clients	Active measure	Expired measure	Total	*- of which stage 2*	*- of which stage 3*
30 June 2021						
Retail Banking	40,631	5	3,167	3,171	*1,862*	*258*
Commercial Banking	42,515	725	14,959	15,684	*4,547*	*1,885*
Private Banking	493	11	750	761	*221*	*70*
Corporate & Institutional Banking	46	871	593	1,463	*962*	*121*
Total	**83,685**	**1,611**	**19,468**	**21,080**	***7,592***	***2,334***
31 December 2020						
Retail Banking	41,420	17	3,485	3,503	*2,356*	*233*
Commercial Banking	43,392	729	15,611	16,340	*4,418*	*1,739*
Private Banking	490	57	733	790	*159*	*58*
Corporate & Institutional Banking	60	1,607	409	2,016	*1,509*	*96*
Total	**85,362**	**2,410**	**20,239**	**22,649**	***8,443***	***2,125***

By 30 June 2021, 83,685 clients had received a Covid-19-related deferral or forbearance measure. A total of EUR 21.1 billion of exposure had been subject to these measures (31 December 2020: EUR 22.6 billion), including

EUR 1.6 billion that are still active. Credit quality remained broadly stable, supported by the large-scale continuation of government support schemes. While stage 3 exposure increased markedly to EUR 2.3 billion (31 December 2020: EUR 2.1 billion), the share of higher risk (stages 2 and 3) was stable at 47% of the total exposure. The stage 2 exposures decreased mainly due to the sale of the North American oil & gas portfolio as part of the CIB non-core wind-down and repayments from clients in the Retail Banking portfolio.

Moreover, 55% of the originally deferred payments at Commercial Banking had been repaid by 30 June 2021 (31 December 2020: 47%) compared to April 2020 when the loans were first granted. Deferrals outstanding as at 30 June 2021 amounted to EUR 0.7 billion. The reduction was in line with the expectations of the contractual repayments. The remaining deferred payments are expected to be repaid within 5 years.

Loans and advances subject to public guarantee schemes Reviewed

		Gross carrying amount in millions by residual maturity of the guarantee					
	Number of clients	≤ 6 months	> 6 months & ≤ 12 months	> 1 year & ≤ 2 years	> 2 years	Total	Maximum amount in millions of the guarantee that can be considered
30 June 2021							
Retail Banking	1						
Commercial Banking	1,181		11	28	122	160	139
Private Banking	283	69	22	1	78	170	153
Corporate & Institutional Banking	9	2	37	32	37	108	86
Total	**1,474**	**72**	**70**	**60**	**237**	**438**	**378**
31 December 2020							
Commercial Banking	941			44	82	126	94
Private Banking	258	74	96			170	153
Corporate & Institutional Banking	11		19	14	73	105	69
Total	**1,210**	**74**	**115**	**58**	**155**	**402**	**316**

The number of clients as well as the total amount of loans and advances subject to public guarantee schemes grew markedly, as new loan applications continued in the first half of 2021. The average state guarantee coverage is 86% (31 December 2020: 79%). As the Dutch authorities continued to issue new public guarantees in favour of companies impacted by Covid-19, loans and advances subject to public guarantee schemes are likely to increase further in the coming periods.

Market risk

Market risk in the banking book

Market risk in the banking book is the risk that the bank's value or income declines because of unfavourable market movements, and it consists predominantly of credit spread risk in the liquidity portfolio and interest rate risk. Interest rate risk arises from holding assets such as loans with interest rate maturities that are different from the interest rate maturities of liabilities e.g. deposits. The assets have a longer average maturity than the liabilities. This applies to contractual as well as behavioural maturities.

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. ABN AMRO actively manages the resulting interest rate position to stay within its risk appetite.

Interest rate risk metrics

	30 June 2021	31 December 2020
NII-at-risk (in %)	-3.5	-1.6
PV01 (in EUR million)	-3.4	-3.9

NII-at-Risk is the difference in net interest income (NII) between a base scenario and four alternative scenarios. It is defined as the worst outcome of the following scenarios: gradual increase or decrease in interest rates by 200bps and instantaneous increase or decrease of 100bps. All scenarios are measured over a time horizon of one year. NII-at-Risk covers all expected cash flows, including commercial margins and other spread components, from interest-rate-sensitive assets and liabilities to off-balance sheet items in the banking book. NII-at-Risk figures are calculated assuming balance sheet developments in line with corporate planning. Floors on market rates and specific products are applied. The interest rate floors reflect how low ABN AMRO assumes interest rates can go and consequently impact the downward scenarios used in NII-at-Risk. ABN AMRO periodically reviews the level of these interest rate floors.

The NII-at-Risk in June 2021 decreased to -3.5%, reflecting a lower NII in the scenario of a gradual decrease in interest rates by 200bps. The decrease in NII-at-Risk is attributable to market movements, business developments and alignment of mortgage prepayment compensation fees with the accounting treatment. The gradual decrease by 200bps was also the worst-case scenario in December 2020. The most positive NII impact occurs for the scenario where interest rates rise gradually by 200bps. In this scenario NII would increase by 3.1%.

PV01 measures value changes resulting from a 1bp parallel shift of the yield curve. For internal risk management, shocks on individual maturities and larger shocks are also applied. PV01 exposure decreased by EUR 0.5 million over the first half of the year 2021. This decrease was caused by several developments in both markets and the balance sheet.

Foreign exchange risk

ABN AMRO monitors its foreign exchange risk through the banks' aggregated open currency position (OCP). The most material single open foreign exchange exposures is USD. Throughout the first half of 2021 the OCP position decreased modestly.

	30 June 2021	31 December 2020
Total OCP (long, in EUR million)	37	95
OCP as % total capital	0.1%	0.4%

Market risk in the trading book

Internal aggregated diversified and undiversified VaR for all trading positions

	30 June 2021		31 December 2020	
(in millions)	Diversified	Undiversified	Diversified	Undiversified
VaR at last trading day of period	1.9	2.5	1.2	1.8
Highest VaR	4.3	6.1	3.9	6.1
Lowest VaR	1.1	1.3	0.7	0.9
Average VaR	2.5	3.1	2.2	2.8

The average 1-day Value at Risk (VaR) moved from EUR 2.2 million to EUR 2.5 million, comparing the four-quarter period ending on 31 December 2020 to the four-quarter period ending on 30 June 2021. Comparing the same periods, the highest 1-day VaR moved from EUR 3.9 million to EUR 4.3 million.

Market risk RWA

Market risk RWA decreased to EUR 1.9 billion (31 December 2020: EUR 2.0 billion) as a result of:

- Position changes causing RWA to grow by EUR 29 million for Stressed VaR and to decrease by EUR 107 million for Incremental Risk Charge (IRC).
- Model changes: Firstly, volatile scenarios for March and April 2020 fell out of the 300-day VaR window, resulting in a EUR 52 million RWA decrease for VaR. Secondly, as of 1 June 2021 the IRC add-on changed from 21% to 24%, resulting in a EUR 6 million RWA increase for IRC.

Liquidity risk

Highlights

- The consolidated LCR amounted to 166% at the end of June 2020, based on a 12-month rolling average.
- The LtD ratio amounted to 100% at the end of June 2021, down from 106%, at year-end 2020. This decrease was mainly attributable to growth in client savings and the wind-down of the CIB non-core loan book.
- The liquidity buffer at the end of June 2021 totalled EUR 108.5 billion and was composed mainly of cash at central banks and government bonds. Compared to year-end 2020, the liquidity buffer grew by EUR 2.2 billion, reflecting growth in client savings and the wind-down of the CIB non-core loan book.

Liquidity indicators

	30 June 2021	31 December 2020
Available liquidity buffer (in billions)[1]	108.5	106.3
Survival period (moderate stress)	> 12 months	> 12 months
LCR[2]	166%	149%
NSFR[3]	>100%	>100%
Loan-to-Deposit ratio	100%	106%

1 The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.
2 Consolidated LCR based on a 12-month rolling average.
3 NSFR per 30 June 2021 is based on the CRR2 regulation which replaces the BIS NSFR.

Liquidity buffer composition

	30 June 2021		31 December 2020	
(in billions)	Liquidity buffer	LCR eligible	Liquidity buffer	LCR eligible
Cash & central bank deposits[1]	70.0	70.0	58.0	58.0
Government bonds	29.2	30.7	35.8	36.1
- of which green bonds	*0.5*	*0.5*	*0.8*	*0.8*
Covered bonds	2.7	2.6	3.1	2.9
- of which green bonds	*0.2*	*0.1*	*0.2*	*0.1*
Retained issuances[2]			2.9	
Other	6.6	7.1	6.5	6.7
Total liquidity buffer	**108.5**	**110.4**	**106.3**	**103.6**

1 The mandatory cash reserve with the central bank has been deducted from the cash and central bank deposits in the liquidity buffer.
2 Contains retained RMBS and covered bonds.

Funding

Highlights

- Total outstanding funding instruments decreased to EUR 105.6 billion at 30 June 2021 (31 December 2020: EUR 107.8 billion).
- Redemptions of covered bonds and senior preferred funding were the main contributors to this decrease. This was partially offset by a EUR 3.0 billion increase of our participation in TLTRO III and larger volumes of commercial paper / certificates of deposit.
- (Early) redemption of outstanding subordinated liabilities was offset by issuing less expensive senior non-preferred instruments. EUR 1.6 billion in senior non-preferred funding was issued in H1 2021.

Overview of funding types

(in millions)		30 June 2021		31 December 2020
Total Commercial Paper/Certificates of Deposit		**11,544**		**9,283**
Covered bonds	30,642		34,443	
Secured funding (long term)		**30,642**		**34,443**
Senior preferred (medium-term notes)	17,315		20,679	
- of which green bonds	*2,031*		*2,047*	
Senior non-preferred	4,117		2,544	
Unsecured funding (long term)		**21,433**		**23,223**
Total issued debt		**63,619**		**66,949**
Subordinated liabilities		6,578		8,069
Other long-term funding[1]		35,399		32,755
Total funding instruments[2]		**105,596**		**107,773**
- of which matures within one year		*21,029*		*21,213*

[1] Includes TLTRO funding (recorded in due to banks) and funding with the Dutch State as counterparty (recorded in due to customers).
[2] Includes FX effects, fair value adjustments and interest movements.

Green bonds

The total of green bonds outstanding remained EUR 2.0 billion at 30 June 2021 (31 December 2020: EUR 2.0 billion). Green bonds have been issued since 2015, with a focus on sustainable real estate and renewable energy. These green bonds enable investors to invest in e.g. energy efficiency through residential mortgages, loans for solar panels on existing homes, sustainable commercial real estate and wind energy.

Maturity calendar at 30 June 2021

- Targeted longer-term refinancing operations III (TLTRO III) are reported at the legal maturity of three years.
- For other funding, the maturity calendar assumes redemption on the earliest possible call date or the legal maturity date. Early redemption of subordinated instruments occurs only after approval by the regulators.

(notional amounts, in billions)	2021[3]	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	≥ 2032	Total
													30 June 2021
Covered bonds	0.1	2.7	1.9	1.8	0.5	1.6	0.6	0.7	0.4	1.9	3.1	12.5	27.8
Senior preferred	4.1	4.5	2.4	1.8	3.0	0.8	0.2	0.1		0.1	0.2	0.1	17.2
Senior non-preferred					1.3	0.6	1.3					1.0	4.1
Subordinated liabilities		1.5	2.4		1.3	0.8					0.3		6.2
Other long-term funding[1, 2]	0.1		32.0	3.0		0.3	0.2						35.6
Total long-term funding	**4.3**	**8.7**	**38.7**	**6.6**	**6.0**	**4.2**	**2.2**	**0.7**	**0.4**	**2.0**	**3.5**	**13.6**	**90.9**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	≥ 2031	Total
												31 December 2020
Total long-term funding	11.7	8.6	38.7	3.6	5.9	3.5	2.2	0.7	0.4	2.0	16.1	93.5

1 Other long-term funding includes Targeted Long-Term Refinancing Operations (TLTRO) III and funding with the Dutch State as counterparty.
2 The TLTRO III of EUR 35.0 billion is reported at the legal maturity of three years, although there is a voluntary repayment option after one year.
3 Includes funding that matures in the rest of 2021.

Capital management

Regulatory capital structure

(fully-loaded, in millions)	30 June 2021	31 March 2021	31 December 2020
Total equity (EU IFRS)	**21,538**	**21,166**	**20,989**
Dividend reserve	-785	-639	-639
AT1 capital securities (EU IFRS)	-1,987	-1,987	-1,987
Regulatory and other adjustments	869	979	1,185
Common Equity Tier 1	**19,635**	**19,519**	**19,548**
AT1 capital securities (EU IFRS)	1,987	1,987	1,987
Regulatory and other adjustments	-5	-5	-5
Tier 1 capital	**21,617**	**21,501**	**21,530**
Subordinated liabilities (EU IFRS)	6,578	8,172	8,069
Regulatory and other adjustments	-2,259	-3,699	-3,405
Tier 2 capital	**4,319**	**4,472**	**4,664**
Total regulatory capital	**25,936**	**25,973**	**26,195**
Total risk-weighted assets	**107,194**	**112,035**	**110,481**
Exposure measure (CRR2)			
On-balance sheet exposures	411,464	409,963	395,623
On-balance sheet netting[1]	4,873	5,139	5,419
Off-balance sheet exposures[1]	35,507	35,027	35,243
Other regulatory measures	-78,012	-65,817	-62,686
Exposure measure	**373,833**	**384,311**	**373,599**
Central bank exposure	72,550	59,064	56,133
Exposure measure (incl. central bank exposure)	**446,383**	**443,375**	**429,732**
Capital ratios			
Common Equity Tier 1 ratio	18.3%	17.4%	17.7%
Common Equity Tier 1 ratio (Basel IV)[2]	16%	15%	15%
Tier 1 ratio	20.2%	19.2%	19.5%
Total capital ratio	24.2%	23.2%	23.7%
Leverage ratio	5.8%	5.6%	5.8%
Leverage ratio (incl. central bank exposure)	4.8%	4.8%	5.0%

1 As from 28 June 2021, the exposure measure includes CRR2. Comperative figures have been adjusted accordingly.
2 Basel IV results are based on fully-loaded figures, rounded to the nearest whole percent, based on ABN AMRO's interpretation of the Basel IV framework and subject to the implementation of Basel IV standards into EU legislation.

MREL

(fully-loaded, in millions)	30 June 2021	31 March 2021	31 December 2020
Regulatory capital	25,936	25,973	26,195
Other MREL eligible liabilities[1]	5,428	4,221	4,127
Total MREL eligible liabilities	**31,365**	**30,194**	**30,322**
Total risk-weighted assets	107,194	112,035	110,481
MREL[2]	29.3%	27.0%	27.4%

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

Developments impacting capital ratios

Common Equity Tier 1 (CET1) capital increased slightly in Q2 2021, mainly due to the net profit of EUR 390 million, which was partly offset by an increase in regulatory and other adjustments. Total Basel III RWA decreased to EUR 107.2 billion as at 30 June 2021 (31 March 2021: EUR 112.0 billion). At 30 June 2021, the CET1, Tier 1 and total capital ratios under Basel III were 18.3%, 20.2% and 24.2% respectively (31 March 2021: 17.4%, 19.2% and 23.2% respectively). Compared with Q1 2021, the CET1 ratio increased mainly due to accumulated capital and the EUR 4.8 billion decrease in RWA. The decrease in RWA reflected a decline in credit risk RWA due to the CIB non-core wind-down and a decline in operational risk RWA as a result of the re-assessment of the scenario analyses for our AML shortcomings. 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 is currently 9.6% (excluding AT1 shortfall). In the future, the Dutch central bank (DNB) is expected to gradually raise the countercyclical capital buffer requirement from 0% to 2% of Dutch risk-weighted exposures as the economy improves. The reported CET1 ratio of 18.3% 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. Our strong capital position is confirmed by the results of the EU-wide stress test for European banks, published by the European Banking Authority (EBA) on 30 July 2021. The outcome of this stress test will be taken into consideration by our supervisory authorities when determining our SREP requirements for 2022.

The targeted review of internal models (TRIM) by the ECB was finalised in Q1 2021. The new mortgage models are currently being reviewed for approval by the ECB, which is expected to be completed in Q3 2021. In the upcoming quarters, additional model reviews are expected to be performed. The risk weight floor for mortgages announced by DNB, which is currently expected to further increase Basel III RWA for mortgages by approximately EUR 4 billion, will be implemented with effect from 1 January 2022.

Based on recent communications by the ECB, we expect that Basel IV will be implemented in the EU by January 2024 at the earliest, with a 5-year phase-in period of the output floor. An EU proposal for Basel IV is expected before year-end 2021. Given recent TRIM and model review developments, constrained IRB RWA and output floored RWA are no longer expected to be materially different in a Basel IV fully-loaded situation at bank level. As a result, the benefit of the phase-in period is effectively expected to be eliminated.

Given that 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%. This consists of a management buffer on top of our SREP capital requirement and Pillar 2 guidance. Based on our interpretation of the Basel IV framework and our expectation of how Basel IV standards will be implemented in EU legislation, the fully-loaded Basel IV CET1 ratio was estimated at around 16% on 30 June 2021, comfortably above target. The assumptions applied in our calculations will be updated once we have more information on the EU implementation. The Basel IV CET1 ratio at implementation will also be subject to other uncertainties, including data limitations, management actions and other portfolio developments (including the wind-down of CIB non-core). The first effects of measures implemented to mitigate Basel IV inflation are reflected in the RWA, and we are continuing to work on further mitigations to reduce the Basel IV RWA inflation.

The wind-down of the non-core portfolio in CIB is contributing to our current strong capital ratios under Basel III and Basel IV and strengthening our future outlook. Given the finalisation of TRIM and the settlement agreement with the Netherlands Public Prosecution Service, there is more clarity on our capital and RWA outlook. However, several other capital headwinds and uncertainties remain, including the risk of elevated impairments due to Covid-19, the low interest rate environment, the mortgage floor, model reviews, EU implementation of Basel IV, and the NPE calendar provisioning.

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At 30 June 2021, we recorded EUR 0.4 billion in capital deductions to address supervisory expectations regarding non-performing exposures (NPE) and the commercial real estate (CRE) portfolio. Depending on economic developments, capital deductions of approximately EUR 0.2 billion per annum could be expected in the upcoming years to address regulatory requirements regarding NPE. The wind-down of the CIB non-core portfolio may result in a lower impact, while the effects of recalibrations based on Covid-19 and recent impairments are still uncertain. We are working on mitigating actions aimed at increasing NPE velocity by intensifying management attention for clients in our Financial Restructuring & Recovery department (FR&R) and realising potential NPE divestments subject to market conditions.

Dividend

On 15 December 2020, the European Central Bank (ECB) revised its recommendation on dividend payments and reiterated that banks should exercise extreme prudence with regard to capital distributions. To this end, the ECB recommended that banks refrain from distributing any cash dividends or conducting share buybacks, or to limit such distributions, until 30 September 2021. As a result, no interim dividend will be paid in 2021.

On 23 July 2021, the ECB supervisory board decided to lift the dividend ban after 30 September 2021. Instead, supervisors will assess the capital and distribution plans of each bank as part of the regular supervisory process and will take a forward-looking view duly informed by the results of the 2021 stress test. As the ECB will not extend its recommendation beyond September 2021 we will pay the final 2019 dividend in October 2021. The ex-dividend date is 1 October 2021, the record date is 4 October 2021 and dividend payment will be executed on 25 October 2021.

We recognise the importance of distributions to shareholders and want these to be sustainable. From 2021 onwards, the dividend payout has been set at 50% of reported net profit, after deduction of AT1 coupon payments and minority interests. In addition, when our Basel IV CET1 ratio is above the threshold of 15%, we will consider share buybacks, subject to conditions and regulatory approval. The 15% threshold reflects uncertainties as well as a buffer for potential acquisitions and will be recalibrated at Q4 2021.

Leverage ratio

The Capital Requirements Regulation (CRR) includes a non-risk-based leverage ratio. The leverage ratio requirements have been 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 with a lower impact for clearing guarantees on derivative exposures. The leverage ratio based on SA-CCR remained fairly stable at 4.8% as at 30 June 2021 (31 March 2021: 4.8%). The temporary capital relief measure to exempt central bank reserves from the exposure measure, originally expected to terminate on 27 June 2021, has been extended until March 2022. This currently has a positive impact of 1.0 percentage points, resulting in a leverage ratio of 5.8%.

MREL

ABN AMRO received the final MREL requirements from the Single Resolution Board in Q1 2021. The intermediate MREL target is set at 27.1% of Basel III RWA, of which 26.6% must be met by own funds, subordinated instruments and senior non-preferred (SNP) notes. This includes the currently applicable combined buffer requirement of 4% and will apply with effect from 1 January 2022. Based on own funds, subordinated instruments and SNP notes, MREL was 29.3% as at 30 June 2021 (31 March 2021: 27.0%). Compared to Q1 2021, MREL increased mainly due to the issuance of two SNP instruments, the decrease in RWA and the accumulated capital. While we are compliant with the intermediate MREL target, we will update our targets when requirements change, in order to ensure we continue to operate in line with our requirements. The total SNP issuance need for 2021 has declined substantially and is currently expected to be in the range of EUR 2.5-4.0 billion.

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the members of the Executive Board state that to the best of their knowledge:

- The Condensed Consolidated Interim Financial Statements for the six month period ending on 30 June 2021 give a true and fair view of the assets, liabilities, financial position and profit or loss of ABN AMRO Bank N.V. and the companies included in the consolidation; and
- The Interim Report for the six month period ending on 30 June 2021 gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act regarding ABN AMRO Bank N.V. and the companies included in the consolidation.

Amsterdam, 10 August 2021

The Executive Board

Robert Swaak, Chief Executive Officer and Chairman
Christian Bornfeld, Chief Innovation & Technology Officer and Vice-Chairman
Tanja Cuppen, Chief Risk Officer
Lars Kramer, Chief Financial Officer

Condensed consolidated Interim Financial Statements 2021

Certain IFRS disclosures in the Risk, funding & capital information section are labelled as 'Reviewed' in the respective headings. These disclosures are an integral part of the Condensed consolidated Interim Financial Statements.

Condensed consolidated income statement

(in millions)	Note	First half 2021	First half 2020
Income			
Interest income calculated using the effective interest method		3,350	4,026
Other interest and similar income		119	130
Interest expense calculated using the effective interest method		704	1,057
Other interest and similar expense		96	59
Net interest income		**2,669**	**3,041**
Fee and commission income		1,085	1,218
Fee and commission expense		280	405
Net fee and commission income		**805**	**813**
Net trading income		46	41
Share of result in equity-accounted investments		3	8
Net gains/(losses) on derecognition of financial assets measured at amortised cost		-108	-1
Other operating income		164	6
Operating income	4	**3,579**	**3,909**
Expenses			
Personnel expenses		1,179	1,059
General and administrative expenses		1,793	1,299
Depreciation, amortisation and impairment losses of tangible and intangible assets		99	141
Operating expenses	5	**3,071**	**2,499**
Impairment charges on financial instruments		-156	1,814
Total expenses		**2,915**	**4,312**
Profit/(loss) before taxation		**664**	**-404**
Income tax expense	6	325	-4
Profit/(loss) for the period		**339**	**-400**
Attributable to:			
Owners of the parent company		337	-400
Non-controlling interests		2	
Earnings per share (in EUR)			
Basic earnings per ordinary share (in EUR)[1]		0.31	-0.48

[1] Earnings per share consist of profit for the period, excluding results attributable to non-controlling interests and payments to holders of AT1 instruments, divided by the average outstanding and paid-up ordinary shares.

Condensed consolidated statement of comprehensive income

(in millions)	First half 2021	First half 2020
Profit/(loss) for the period	**339**	**-400**
Other comprehensive income:		
Items that will not be reclassified to the income statement		
(Un)realised gains/(losses) on liability own credit risk	9	15
Items that will not be reclassified to the income statement before taxation	**9**	**15**
Income tax relating to items that will not be reclassified to the income statement	2	3
Items that will not be reclassified to the income statement after taxation	**7**	**12**
Items that may be reclassified to the income statement		
(Un)realised gains/(losses) currency translation	34	-35
(Un)realised gains/(losses) fair value through OCI	-27	-130
(Un)realised gains/(losses) cash flow hedge	296	-345
Share of other comprehensive income of associates	13	-12
Items that may be reclassified to the income statement before taxation	**316**	**-522**
Income tax relating to items that may be reclassified to the income statement	67	-104
Items that may be reclassified to the income statement after taxation	**248**	**-418**
Total comprehensive income/(expense) for the period after taxation	**594**	**-806**
Attributable to:		
Owners of the parent company	592	-806
Non-controlling interests	2	

Condensed consolidated statement of financial position

(in millions)	Note	30 June 2021	31 December 2020
Assets			
Cash and balances at central banks		72,447	60,190
Financial assets held for trading	7	2,385	1,315
Derivatives	8	4,779	6,381
Financial investments	9	42,543	47,455
Securities financing	10	27,809	16,725
Loans and advances banks	12	3,731	3,394
Residential mortgages	13	148,699	148,741
Consumer loans	13	10,484	10,937
Corporate loans at amortised cost	13	78,822	84,344
Corporate loans at fair value through P&L	13	257	400
Other loans and advances customers	13	8,140	7,736
Equity-accounted investments		572	593
Property and equipment		1,160	1,255
Goodwill and other intangible assets		124	128
Assets held for sale	14	1,430	254
Tax assets		1,001	851
Other assets		7,082	4,925
Total assets		**411,464**	**395,623**
Liabilities			
Financial liabilities held for trading	7	1,726	563
Derivatives	8	5,155	7,391
Securities financing	10	19,824	11,363
Due to banks	15	40,584	36,719
Current accounts	16	114,865	111,033
Demand deposits	16	103,060	107,534
Time deposits	16	27,287	19,037
Other due to customers	16	854	966
Issued debt	17	63,619	66,949
Subordinated liabilities	17	6,578	8,069
Provisions	18	1,045	926
Tax liabilities		24	30
Other liabilities		5,306	4,053
Total liabilities		**389,927**	**374,634**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		7,114	6,826
Accumulated other comprehensive income		-1,478	-1,733
AT1 capital securities		1,987	1,987
Equity attributable to owners of the parent company		**21,533**	**20,989**
Equity attributable to non-controlling interests		5	
Total equity		**21,538**	**20,989**
Total liabilities and equity		**411,464**	**395,623**
Committed credit facilities	19	54,999	55,207
Guarantees and other commitments	19	7,661	8,981

Condensed consolidated statement of changes in equity

(in millions)	Share capital	Share premium	Other reserves including retained earnings	Accumulated other comprehensive income	Net profit/(loss) attributable to owners of the parent company	AT1 capital securities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2020	**940**	**12,970**	**4,947**	**-1,419**	**2,046**	**1,987**	**21,471**		**21,471**
Total comprehensive income				-406	-400		- 806		-806
Transfer			2,046		-2,046				
Increase of capital						988	988		988
Paid interest on AT1 capital securities			-52				-52		-52
Other changes in equity			1				1		1
Balance at 30 June 2020	**940**	**12,970**	**6,941**	**-1,825**	**-400**	**2,976**	**21,602**		**21,602**
Balance at 1 January 2021	**940**	**12,970**	**6,870**	**-1,733**	**-45**	**1,987**	**20,989**		**20,989**
Total comprehensive income				255	337		592	2	594
Transfer			-45		45				
Paid interest on AT1 capital securities			-46				-46		-46
Other changes in equity			-3				-3	3	
Balance at 30 June 2021	**940**	**12,970**	**6,777**	**-1,478**	**337**	**1,987**	**21,533**	**5**	**21,538**

ABN AMRO Bank N.V.'s equity grew by EUR 0.5 billion during H1 2021, mainly due to the EUR 337 million result and the EUR 255 million increase in other comprehensive income. In Q1 2021, EUR 46 million was paid in interest on AT1 instruments.

As the ECB will not extend its recommendation beyond September 2021, we will pay the final 2019 dividend of EUR 0.68 per share in October 2021.

Specification of accumulated other comprehensive income is as follows:

(in millions)	Remeasurements on post-retirement benefit plans	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Accumulated share of OCI of associates and joint ventures	Liability own credit risk reserve	Total
Balance at 1 January 2020	**-20**	**81**	**177**	**-1,648**	**32**	**-41**	**-1,419**
Net gains/(losses) arising during the period		-35	-120	-295	-12	15	-448
Less: Net realised gains/(losses) included in income statement			10	50			60
Net gains/(losses) in equity		-35	-130	-345	-12	15	-507
Related income tax			-28	-77		3	-101
Balance at 30 June 2020	**-20**	**46**	**75**	**-1,917**	**20**	**-29**	**-1,825**
Balance at 1 January 2021	**-24**	**-29**	**162**	**-1,854**	**36**	**-24**	**-1,733**
Net gains/(losses) arising during the period		34	-27	328	13	9	357
Less: Net realised gains/(losses) included in income statement				32			32
Net gains/(losses) in equity		**34**	**-27**	**296**	**13**	**9**	**325**
Related income tax			-7	74		2	70
Balance at 30 June 2021	**-24**	**5**	**141**	**-1,632**	**48**	**-17**	**-1,478**

Accumulated other comprehensive income increased by EUR 255 million. The cashflow hedge reserve had the largest impact on accumulated other comprehensive income, causing an increase of EUR 222 million. The change in the cashflow hedge reserve was mostly attributable to rising global interest rates. The currency translation reserve increased by EUR 34 million, mainly due to the euro versus U.S. dollar exchange rate. The fair value reserve caused a small decline of EUR 22 million, which was mostly attributable to a decrease in credit spreads of various financial investments at FVOCI compared with the benchmark interest rate.

Condensed consolidated statement of cash flows

(in millions)	Note	First half 2021	First half 2020
Profit/(loss) for the period		**339**	**-400**
Adjustments on non-cash items included in profit/(loss)			
(Un)realised gains/(losses)		-721	57
Share of result in equity-accounted investments	4	-3	-8
Depreciation, amortisation and impairment losses of tangible and intangible assets	5	99	141
Impairment charges on financial instruments		-156	1,814
Income tax expense	6	325	-4
Tax movements other than taxes paid & income taxes		-11	-11
Other non-cash adjustments		289	166
Operating activities			
Changes in:			
- Assets held for trading		-1,071	-2,255
- Derivatives - assets		1,443	-2,023
- Securities financing - assets		-10,556	-12,446
- Loans and advances banks		84	340
- Residential mortgages		69	746
- Consumer loans		418	658
- Corporate loans		5,407	760
- Other loans and advances customers		-347	-2,637
- Other assets		-2,437	-1,079
- Liabilities held for trading		1,154	603
- Derivatives - liabilities		-1,984	2,984
- Securities financing - liabilities		8,115	10,823
- Due to banks		3,947	27,039
- Due to customers		7,404	10,821
Net changes in all other operational assets and liabilities		1,095	371
Dividend received from associates and private equity investments		23	11
Income tax paid		-545	-649
Cash flow from operating activities		**12,379**	**35,825**

continued >

(in millions)	Note	First half 2021	First half 2020
Investing activities			
Purchases of financial investments		-5,261	-9,329
Proceeds from sales and redemptions of financial investments		9,420	5,901
Acquisition of subsidiaries (net of cash acquired), associates and joint ventures		-6	-5
Divestments of subsidiaries (net of cash sold), associates and joint ventures		1	1
Purchases of property and equipment		-90	-108
Proceeds from sales of property and equipment		42	39
Purchases of intangible assets		-4	-3
Cash flow from investing activities		**4,102**	**-3,506**
Financing activities			
Proceeds from the issuance of debt		16,865	18,180
Repayment of issued debt		-19,184	-20,344
Proceeds from subordinated liabilities issued		10	10
Repayment of subordinated liabilities issued		-1,501	-1,524
Proceeds from other borrowing			988
Interest paid AT1 capital securities		-46	-52
Payment of lease liabilities		-43	-37
Cash flow from financing activities		**-3,898**	**-2,780**
Net increase/(decrease) of cash and cash equivalents		**12,582**	**29,539**
Cash and cash equivalents as at 1 January		61,887	28,445
Effect of exchange rate differences on cash and cash equivalents		30	-6
Cash and cash equivalents as at 30 June		**74,499**	**57,978**
Supplementary disclosure of operating cash flow information			
Interest paid		704	1,057
Interest received		3,468	4,026
Dividend received excluding associates		8	11

(in millions)	30 June 2021	30 June 2020
Cash and balances at central banks	72,447	55,914
Loans and advances banks (less than 3 months)[1]	2,052	2,065
Total cash and cash equivalents[1]	**74,499**	**57,978**

[1] Loans and advances banks with an original maturity of 3 months or more is included in loans and advances banks.

Notes to the Condensed consolidated Interim Financial Statements

1 Accounting policies

The Notes to the Condensed Consolidated Interim Financial Statements, including the reviewed sections in the Risk, funding & capital information section, are an integral part of these Condensed Consolidated Interim Financial Statements.

Corporate information

ABN AMRO Bank N.V. (referred to as ABN AMRO Bank, ABN AMRO, the Bank or the parent company) and its consolidated entities (together referred to as the group) provide financial services in the Netherlands and abroad. ABN AMRO Bank is a public limited liability company, incorporated under Dutch law on 9 April 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands (Chamber of Commerce number 34334259).

The Condensed Consolidated Interim Financial Statements of ABN AMRO Bank N.V. for the six-month period ending on 30 June 2021 include financial information of ABN AMRO Bank N.V., its controlled entities, interests in associates and joint ventures. The Condensed Consolidated Interim Financial Statements were prepared by the Executive Board and authorised for issue by the Supervisory Board and Executive Board on 10 August 2021.

Basis of preparation

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the European Union (EU).

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with ABN AMRO Bank's 2020 Consolidated Annual Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies applied in the Condensed Consolidated Interim Financial Statements are the same as those applied in the 2020 Consolidated Annual Financial Statements of ABN AMRO Bank, except for the amendments explained in the Changes in accounting policies section.

The Condensed Consolidated Interim Financial Statements are prepared under the going concern assumption and presented in euros, which is the functional and presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Presentation of net gains/(losses) on derecognition of financial assets measured at amortised cost

The net gains/(losses) on derecognition of financial assets measured at amortised cost includes gains and losses recognised on the sale or derecognition of these financial assets, calculated as the difference between the carrying amount (which is the amortised cost adjusted for the loss allowance) and the proceeds received.

Due to increasing sales of financial assets at amortised cost during the first half of 2021, the net gains/(losses) on derecognition of financial assets measured at amortised cost is presented as a separate line item in the income statement. Previously, the net gains/(losses) were part of other operating income.

Changes in accounting policies and presentation

Please note that only the amendments applicable to ABN AMRO are included. For a full description of the amendments, please refer to the the 2020 Consolidated Annual Financial Statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

As of 1 January 2021, ABN AMRO applies the phase 2 amendments of the IBOR reform. This second set of amendments addresses the issues caused by the replacement phase of the IBOR reform. Replacement issues can occur when contractual cash flows of financial instruments are modified or 'repapered' to reference a new benchmark of risk-free rate. Application of the phase 2 amendment had a very limited effect in the first half year of 2021. While ABN AMRO operates in global financial markets, the majority of its financial instruments are linked to the euro area key interest rate benchmarks EONIA and EURIBOR. The IBOR reform in the euro area has not affected the basis of contractual cash flows or hedging relationships in 2021, making the relief provided by the phase 2 amendments unnecessary. With respect to ABN AMRO's exposure to non-euro area key financial benchmarks, developments in the relevant benchmarks are being closely monitored. For derivative products, CSAs are being repapered. Following the transition roadmap set out by the ABN AMRO bank-wide IBOR reform project, repapering of non-euro benchmark financial instruments is scheduled to begin in the second half of 2021.

2 Segment reporting

Retail Banking

Retail Banking provides banking products and services to individuals. In addition, a wide variety of banking and insurance products and services are provided through our branch network, online, via contact centres and through subsidiaries. ABN AMRO Hypotheken Groep, Alfam, ICS and Moneyou are part of Retail Banking.

Commercial Banking

Commercial Banking serves business clients with turnover of up to EUR 250 million, and clients active in commercial real estate (excluding publicly listed companies, which are served by Corporate & Institutional Banking) and small businesses. ABN AMRO's asset-based finance activities are included in Commercial Banking.

Private Banking

Private Banking provides total solutions to meet its clients' global wealth management needs and offers a rich array of products and services designed to address these clients' individual requirements. Private Banking operates under the brand name of ABN AMRO MeesPierson in the Netherlands and internationally under ABN AMRO Private Banking or various local brand names such as Banque Neuflize OBC in France and Bethmann Bank in Germany.

Corporate & Institutional Banking

Corporate & Institutional Banking serves business clients with turnover exceeding EUR 250 million. CIB has a full service offering in the Netherlands. In Northwest Europe, CIB serves clients with turnover exceeding EUR 100 million. The focus in Northwest Europe is on the sectors Shipping, Financial Institutions and Corporates, centred around three transition themes: mobility, energy and digital. Clearing has a global presence. CIB offers loan products (Structured Finance), flow products (Capital Markets and Transaction Banking), advisory products (Corporate Finance) and specialised products (Clearing and Corporate Investments). In August 2020, CIB announced its refocused strategic direction and decided to exit the Americas and APAC (except for Clearing) while reducing its positions in global sectors.

Group Functions

Group Functions is organised into the following main departments: Innovation & Technology, Finance, Risk Management, HR & Transformation, Group Audit, Strategy & Sustainability, Corporate Office and Brand, Marketing & Communications. The majority of Group Functions' costs are allocated to the business lines.

Segment income statement of the first six months of 2021

						First half 2021
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Income						
Net interest income	1,173	720	320	446	9	2,669
Net fee and commission income	142	124	286	264	-10	805
Net trading income		-1		95	-49	46
Share of result in equity-accounted investments	17		5	-16	-3	3
Net gains/(losses) on derecognition of financial assets measured at amortised cost				-107	-1	-108
Other operating income	64	17	11	37	34	164
Operating income	**1,396**	**860**	**624**	**719**	**-19**	**3,579**
Expenses						
Personnel expenses	210	128	196	221	424	1,179
General and administrative expenses	336	77	96	152	1,132	1,793
Depreciation, amortisation and impairment losses of tangible and intangible assets	2	4	14	6	72	99
Intersegment revenues/expenses	487	337	173	193	-1,190	
Operating expenses	**1,036**	**546**	**479**	**572**	**438**	**3,071**
Impairment charges on financial instruments	-36	-33	-1	-86	1	-156
Total expenses	**1,000**	**513**	**478**	**486**	**439**	**2,915**
Profit/(loss) before taxation	**396**	**347**	**146**	**232**	**-458**	**664**
Income tax expense	82	89	42	75	38	325
Profit/(loss) for the period	**315**	**259**	**104**	**157**	**-496**	**339**
Attributable to:						
Owners of the parent company	315	259	104	157	-498	337
Non-controlling interests					2	2

Segment income statement of the first six months of 2020

	First half 2020					
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Income						
Net interest income	1,334	744	320	594	49	3,041
Net fee and commission income	159	126	249	302	-23	813
Net trading income		-1		43		41
Share of result in equity-accounted investments	4	3	4	-3		8
Net gains/ (losses) on derecognition of financial assets measured at amortised cost			-1			-1
Other operating income	12	9	18	-86	54	6
Operating income	**1,509**	**882**	**590**	**849**	**80**	**3,909**
Expenses						
Personnel expenses	202	121	179	205	352	1,059
General and administrative expenses	315	68	92	144	679	1,299
Depreciation, amortisation and impairment losses of tangible and intangible assets	3	4	44	13	76	141
Intersegment revenues/expenses	467	317	166	187	-1,136	
Operating expenses	**987**	**511**	**480**	**549**	**-28**	**2,499**
Impairment charges on financial instruments	83	306	30	1,395		1,814
Total expenses	**1,070**	**817**	**510**	**1,943**	**-28**	**4,312**
Profit/(loss) before taxation	**438**	**65**	**80**	**-1,095**	**108**	**-404**
Income tax expense	108	15	34	-200	39	-4
Profit/(loss) for the period	**330**	**49**	**46**	**-894**	**69**	**-400**
Attributable to:						
Owners of the parent company	330	49	46	-894	69	-400

Retail Banking

Net interest income amounted to EUR 1,173 million (H1 2020: EUR 1,334 million). The decline was mainly attributable to continued pressure on deposit margins. Income on residential mortgages declined, reflecting slightly lower margins (in a competitive market) and average volumes (mainly due to high mortgage redemptions).

Net fee and commission income decreased by EUR 17 million to EUR 142 million in H1 2021, largely due to a decline in the number of payment transactions as a result of Covid-19.

Other operating income increased by EUR 52 million to EUR 64 million in H1 2021, largely reflecting a revaluation gain on ABN AMRO's equity stake in Tink.

Personnel expenses were EUR 210 million (H1 2020: EUR 202 million), reflecting additional resources for mortgages to support and further improve our strong operational capabilities (in a competitive mortgage market), and an increase in salary and wages.

General and administrative expenses increased by EUR 21 million, totalling EUR 336 million in H1 2021, reflecting higher regulatory levies and IT expenses.

Impairment charges showed a release of EUR 36 million (mainly due to the improved macroeconomic outlook partly offset by management overlays), while H1 2020 included impairment charges of EUR 83 million (largely collective provisioning as a result of Covid-19).

Commercial Banking

Net interest income amounted to EUR 720 million (H1 2020: EUR 744 million). The decline was mainly due to continued pressure on deposit margins and lower average corporate loan volumes.

Net fee and commission income was EUR 124 million and remained broadly flat compared to H1 2020. Lower payment services in H1 2021 (as a result of Covid-19) were compensated for by higher fee income from trade and guarantees (as trade volumes showed signs of recovery).

Personnel expenses increased by EUR 7 million, totalling EUR 128 million in H1 2021, and included a higher number of FTEs (partly due to upscaling of AML activities) and an increase in salary and wages.

General and administrative expenses increased by EUR 9 million to EUR 77 million due to the upscaling of AML activities and higher regulatory levies.

Impairment charges showed a release of EUR 33 million in H1 2021, reflecting the improved macroeconomic outlook and releases for individual files, while H1 2020 included collective provisioning for clients in sectors most impacted by Covid-19.

Private Banking

Net interest income remained stable at EUR 320 million in H1 2021. Continued pressure on deposit margins (in a low interest rate environment) was mitigated by lowering the threshold for charging negative interest rates on client deposits.

Net fee and commission income increased by EUR 37 million, totalling EUR 286 million, supported by growth in asset management fee income due to positive stock market developments and, to a lesser extent, clients converting cash to securities.

Personnel expenses increased by EUR 17 million, totalling EUR 196 million in H1 2021, and included a higher number of FTEs (partly due to upscaling of AML activities) and an increase in salary and wages.

Depreciation and amortisation declined by EUR 30 million, mainly because H1 2020 included the impairment of EUR 34 million on the goodwill and other intangible assets for Private Banking Belgium.

Impairment charges amounted to a EUR 1 million release in H1 2021, while H1 2020 included charges including the impact of Covid-19, reflecting the improved macroeconomic outlook.

Corporate & Institutional Banking

Net interest income amounted to EUR 446 million in H1 2021 (H1 2020: EUR 594 million). The decline was largely driven by lower average corporate loan volumes due to the non-core wind-down.

Net fee and commission decreased by EUR 38 million to EUR 264 million, largely reflecting the non-core wind-down.

Net trading income increased by EUR 52 million, totalling EUR 95 million, supported by higher volumes of FX instruments and improved CVA/DVA/FVA results.

Net gains/ (losses) on derecognition of financial assets measured at amortised cost amounted to EUR 107 million negative (H1 2020: nil), as H1 2021 included a discount to book value on a loan disposal to accelerate the wind-down.

Other operating income amounted to EUR 37 million (H1 2020: EUR 86 million negative), mainly due to positive equity participation results.

Personnel expenses increased by EUR 16 million to EUR 221 million, including an increase in salary and wages.

General and administrative expenses amounted to EUR 152 million (H1 2020: EUR 144 million) and included higher regulatory levies and IT expenses.

Impairment charges showed a release of EUR 86 million, reflecting the improved macroeconomic outlook and good progress made on the non-core wind-down. H1 2020 included EUR 1,395 million in impairment charges, reflecting the economic impact of Covid-19 and related oil price developments, and three exceptional client files.

Group Functions

Net interest income was EUR 9 million (H1 2020: EUR 49 million) and included the negative impact of EUR 30 million net largely for the recognition of a provision relating to the accrued interest for German dividend withholding tax credits.

Net fee and commission income amounted to EUR 10 million negative (H1 2020: EUR 23 million negative) and included lower syndicate fees paid as a result of a reduced need for funding.

Net trading income was EUR 49 million negative (H1 2020: nil) as H1 2021 included the negative impact of EUR 49 million net mainly for the recognition of a provision for the potential repayment of German dividend withholding tax credits.

Other operating income amounted to EUR 34 million (H1 2020: EUR 54 million) and included lower hedge accounting-related results.

Personnel expenses increased by EUR 72 million to EUR 424 million, reflecting a higher number of FTEs (reflecting the upscaling of AML and regulatory activities) and an increase in salary and wages.

General and administrative expenses increased by EUR 453 million to EUR 1,132 million, mainly due to the AML settlement in H1 2021 (EUR 480 million), which was partly compensated by cost savings.

Selected assets and liabilities by segment

						30 June 2021
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				2,385		2,385
Derivatives			20	3,902	857	4,779
Securities financing				8,552	19,256	27,809
Residential mortgages	141,628	1	4,800		2,270	148,699
Consumer loans	5,240	506	4,738			10,484
Corporate loans	1,665	38,470	5,403	32,315	1,226	79,079
Other loans and advances customers	28	178	6	7,800	128	8,140
Other	2,073	2,506	2,379	10,110	113,022	130,090
Total assets	**150,635**	**41,662**	**17,344**	**65,063**	**136,759**	**411,464**
Liabilities						
Financial liabilities held for trading				1,726		1,726
Derivatives			1	4,293	861	5,155
Securities financing				277	19,547	19,824
Current accounts	24,274	40,309	24,525	24,946	811	114,865
Demand deposits	59,299	11,670	31,655	436	1	103,060
Time deposits	6,150	140	3,541	3,793	13,663	27,287
Other due to customers	155	1		676	22	854
Other	60,757	-10,458	-42,378	28,917	80,318	117,156
Total liabilities	**150,635**	**41,662**	**17,344**	**65,063**	**115,222**	**389,927**

						31 December 2020
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Assets						
Financial assets held for trading				1,315		1,315
Derivatives			30	5,084	1,267	6,381
Securities financing				5,349	11,376	16,725
Residential mortgages	141,082	1	4,473		3,186	148,741
Consumer loans	5,690	556	4,684	8		10,937
Corporate loans	1,675	38,495	5,406	37,817	1,351	84,744
Other loans and advances customers	20	161	5	7,437	114	7,736
Other	2,010	2,264	2,601	5,515	106,653	119,044
Total assets	**150,477**	**41,477**	**17,199**	**62,525**	**123,946**	**395,623**
Liabilities						
Financial liabilities held for trading				563		563
Derivatives			14	6,159	1,219	7,391
Securities financing				368	10,995	11,363
Current accounts	21,732	39,799	24,275	24,424	804	111,033
Demand deposits	60,830	12,495	33,841	368		107,534
Time deposits	6,302	242	3,396	3,150	5,947	19,037
Other due to customers	175	1		738	51	966
Other	61,438	-11,060	-44,328	26,756	83,940	116,747
Total liabilities	**150,477**	**41,477**	**17,199**	**62,525**	**102,956**	**374,634**

3 Overview of financial assets and liabilities by measurement base

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Fair value through other comprehensive income	Total
					30 June 2021
Financial assets					
Cash and balances at central banks	72,447				72,447
Financial assets held for trading		2,385			2,385
Derivatives		4,150	629		4,779
Financial investments			546	41,997	42,543
Securities financing	27,809				27,809
Loans and advances banks	3,731				3,731
Loans and advances customers	246,139		262		246,401
Assets held for sale	868		270		1,138
Other financial assets	5,943				5,943
Total financial assets	**356,936**	**6,535**	**1,707**	**41,997**	**407,176**
Financial liabilities					
Financial liabilities held for trading		1,726			1,726
Derivatives		4,582	573		5,155
Securities financing	19,824				19,824
Due to banks	40,584				40,584
Due to customers	246,066				246,066
Issued debt	62,708		911		63,619
Subordinated liabilities	6,578				6,578
Other financial liabilities	3,317				3,317
Total financial liabilities	**379,077**	**6,308**	**1,484**		**386,869**

(in millions)	Amortised cost	Fair value through profit or loss - Trading	Fair value through profit or loss - Other	Fair value through other comprehensive income	Total
					31 December 2020
Financial assets					
Cash and balances at central banks	60,190				60,190
Financial assets held for trading		1,315			1,315
Derivatives		5,436	945		6,381
Financial investments			855	46,600	47,455
Securities financing	16,725				16,725
Loans and advances banks	3,394				3,394
Loans and advances customers	251,753		406		252,159
Other financial assets	3,796				3,796
Total financial assets	**335,856**	**6,751**	**2,206**	**46,600**	**391,414**
Financial liabilities					
Financial liabilities held for trading		563			563
Derivatives		6,585	807		7,391
Securities financing	11,363				11,363
Due to banks	36,719				36,719
Due to customers	238,570				238,570
Issued debt	66,000		949		66,949
Subordinated liabilities	8,069				8,069
Other financial liabilities	2,161				2,161
Total financial liabilities	**362,881**	**7,148**	**1,756**		**371,785**

4 Operating income

(in millions)	First half 2021	First half 2020
Net interest income	2,669	3,041
Net fee and commission income	805	813
Net trading income	46	41
Share of result in equity-accounted investments	3	8
Net gains/(losses) on derecognition of financial assets measured at amortised cost	-108	-1
Other income	164	6
Total operating income	**3,579**	**3,909**

Operating income in the first six months of 2021

Net interest income decreased by EUR 373 million in H1 2021 compared to H1 2020, due to further pressure on deposit margins in a low interest rate environment and decreasing corporate loan volumes related to the wind-down of the CIB non-core portfolio. Interest income on loans and advances to customers declined due to an average volume decrease in H1 2021 compared with H1 2020 and was partly offset by charging negative interest on deposits. Interest expense on issued debt decreased due to the declining balance of issued debt as a result of increased participation in the TLTRO III facility.

Net fee and commission income decreased by EUR 8 million in H1 2021 compared with H1 2020. The fee and commission income amounted to EUR 1,085 million. The fee and commission expense was EUR 280 million. The net decrease was mainly related to the CIB non-core wind-down and to the negative impact of Covid-19 on payment services. The decrease was partly offset by an increase in portfolio management and trust fees at Private Banking due to positive results on the stock market.

Net trading income increased by EUR 5 million in H1 2021, totalling EUR 46 million. The increase was mainly attributable to higher FX instruments volumes and improved CVA/DVA/FVA results. This was offset by the negative impact due to the recognition of a provision for the potential repayment of German dividend withholding tax credits. Commodity trading income decreased due to lower volumes in the US.

The share of result in equity-accounted investments decreased from EUR 8 million in H1 2020 to EUR 3 million in H1 2021. The decrease was mainly driven by an impairment taken on a portfolio of joint ventures and associates and was partly offset by results on other equity participations.

The net loss on derecognition of financial assets measured at amortised cost increased by EUR 107 million in H1 2021 mainly due to discounts to book value on loan disposals as part of the CIB non-core wind-down.

Other operating income increased by EUR 158 million to EUR 164 million in H1 2021 (H1 2020: EUR 6 million). This was due mainly to a EUR 156 million increase in the result from financial transactions due to revaluation gains relating to equity interests in other entities, including the investment in Tink and Capital A funds.

Fee and commission income

Fee and commission income by segment is specified in the following tables:

						First half 2021
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Fee and commission income from:						
Securities and custodian services	10		31	301	1	343
Payment services	144	97	14	39		295
Portfolio management and trust fees	24	1	260	2		287
Guarantees and commitment fees	16	16	3	25		59
Insurance and investment fees	21		18			39
Other service fees	10	31	8	13		63
Total fee and commission income	**224**	**145**	**334**	**380**	**1**	**1,085**
Timing fee and commission income						
Recognised at a point in time	92	105	165	363	1	726
Recognised over time	132	40	169	17		359
Total fee and commission income	**224**	**145**	**334**	**380**	**1**	**1,085**

						First half 2020
(in millions)	Retail Banking	Commercial Banking	Private Banking	Corporate & Institutional Banking	Group Functions	Total
Fee and commission income from:						
Securities and custodian services	13		36	438	1	489
Payment services	149	102	12	41	1	304
Portfolio management and trust fees	19	1	213			233
Guarantees and commitment fees	15	14	3	48		80
Insurance and investment fees	22		16			39
Other service fees	10	30	8	24		73
Total fee and commission income	**229**	**148**	**289**	**552**	**1**	**1,218**
Timing fee and commision income						
Recognised at a point in time	99	112	153	516	1	881
Recognised over time	131	35	135	36		337
Total fee and commission income	**229**	**148**	**289**	**552**	**1**	**1,218**

5 Operating expenses

(in millions)	First half 2021	First half 2020
Personnel expenses	1,179	1,059
General and administrative expenses	1,793	1,299
Depreciation, amortisation and impairment losses of tangible and intangible assets	99	141
Total operating expenses	**3,071**	**2,499**

Operating expenses in the first six months of 2021

Total operating expenses increased by EUR 572 million to EUR 3,071 million in H1 2021, compared with EUR 2,499 million in H1 2020. This increase was driven by higher personnel expenses (EUR 120 million) and higher general and administrative expenses (EUR 494 million), which were partly offset by lower depreciation, amortisation and impairment losses of tangible and intangible assets (EUR 42 million).

Total general and administrative expenses for H1 2021 increased by EUR 494 million compared to H1 2020. The increase was mainly attributable to the settlement of EUR 480 million with the Netherlands Public Prosecution Service regarding shortcomings in money laundering prevention. In addition, agency staff, contractors and consultancy costs went up in H1 2021, mainly as a result of additional resources for the upscaling of AML activities.

Depreciation, amortisation and impairment losses of tangible and intangible assets decreased by EUR 42 million compared to H1 2020. This decrease was mainly due to the fact that the H1 2020 result included an impairment of goodwill and other intangible assets (EUR 34 million) on ABN AMRO's branch in Belgium.

Personnel expenses

(in millions)	First half 2021	First half 2020
Salaries and wages	855	767
Social security charges	118	107
Pension expenses relating to defined benefit plans	2	1
Defined contribution plan expenses	159	142
Other	46	42
Total personnel expenses	**1,179**	**1,059**

Personnel expenses in the first six months of 2021

Total personnel expenses for H1 2021 went up by EUR 120 million compared to H1 2020. This was mainly attributable to an EUR 88 million increase in salaries and wages and a EUR 17 million increase in defined contribution plan expenses. Both increases were due to further growth of the number of FTEs in connection with the AML remediation programme and a 2.75% increase in salaries under the collective labour agreement.

6 Income tax expense

(in millions)	First half 2021	First half 2020
Income tax expense	325	-4

Income tax expense amounted to EUR 325 million in H1 2021, EUR 329 million higher than in H1 2020. The increase was mainly attributable to a higher H1 2021 result compared with the H1 2020 result. In H1 2021, the expense for the AML settlement with the Netherlands Public Prosecution Service was treated as not deductible for tax purposes.

7 Financial assets and liabilities held for trading

Financial assets and liabilities held for trading relates mainly to client-facilitating activities carried out by the Global Markets business. These contracts are managed on a combined basis and are therefore assessed on a total portfolio basis and not as stand-alone asset and liability classes.

Financial assets held for trading

(in millions)	30 June 2021	31 December 2020
Trading securities		
Government bonds	1,646	639
Corporate debt securities	734	674
Equity securities	3	1
Total trading securities	**2,384**	**1,314**
Trading book loans	2	2
Total financial assets held for trading	**2,385**	**1,315**

The EUR 1.1 billion increase in financial assets held for trading was largely related to the purchase of Dutch government bonds. These portfolios are mainly a result of primary dealership and are held for the purpose of client facilitation.

The increase in corporate debt securities was the result of movements in various bonds, mainly positions in credit and financial institutions.

Financial liabilities held for trading

(in millions)	30 June 2021	31 December 2020
Bonds	1,638	469
Other liabilities held for trading	88	94
Total financial liabilities held for trading	**1,726**	**563**

The EUR 1.2 billion increase in financial liabilities held for trading was mainly due to the resale of Dutch government bonds as a result of primary dealership.

The decrease in other liablities held for trading stems mainly from regular maturity of trades and hedging activities designed to stabilise the value of the products.

8 Derivatives

Derivatives comprise derivatives held for trading and derivatives held for risk management purposes. Derivatives held for trading serve to help us facilitate the needs of our clients. Derivatives held for risk management purposes include all derivatives that qualify for hedge accounting and derivatives included in an economic hedge.

								30 June 2021
	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
Exchange traded								
Fair value assets		2						2
Fair value liabilities	1	1	64					66
Notionals	8,217	70	3					8,290
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,000,134			1,558			98,291	1,099,983
Other bilateral								
Fair value assets	2,843	766	268	72	182	17	629	4,777
Fair value liabilities	3,501	531	195	142	147		573	5,089
Notionals	152,252	70,903	2,741	678	18,407	256	38,817	284,054
Total								
Fair value assets	2,843	769	268	72	182	17	629	4,779
Fair value liabilities	3,502	532	260	142	147		573	5,155
Notionals	1,160,604	70,973	2,743	2,236	18,407	256	137,108	1,392,327

								31 December 2020
	Derivatives held for trading			Economic hedges			Hedge accounting	Total derivatives
(in millions)	Interest rate	Currency	Other	Interest rate	Currency	Other	Interest rate	
Exchange traded								
Fair value assets	1	1	9			2		12
Fair value liabilities	1	1	16					18
Notionals	9,466	239	10			97		9,812
Over-the-counter								
Central counterparties								
Fair value assets								
Fair value liabilities								
Notionals	1,059,416			1,031			104,203	1,164,650
Other bilateral								
Fair value assets	3,573	1,164	293	83	285	25	945	6,369
Fair value liabilities	5,062	781	298	164	257	5	807	7,373
Notionals	147,007	60,000	3,588	782	20,005	369	34,636	266,387
Total								
Fair value assets	3,573	1,164	303	83	285	27	945	6,381
Fair value liabilities	5,063	782	314	164	257	5	807	7,391
Notionals	1,215,889	60,239	3,598	1,813	20,005	467	138,839	1,440,850

The EUR 55.3 billion decline in the notional amount of interest rate derivatives held for trading was due mainly to a decrease in volume.

The notional amount of currency derivatives held for trading increased by EUR 10.7 billion, mainly due to higher client activity.

The notional amount of interest rate derivatives used for hedge accounting decreased by EUR 1.7 billion. The portfolio of interest rate swaps decreased as a result of interest rate risk management activities.

9 Financial investments

(in millions)	30 June 2021	31 December 2020
Financial investments		
Debt securities held at fair value through other comprehensive income	41,997	46,600
Held at fair value through profit or loss	546	855
Total financial investments	**42,543**	**47,455**

Debt securities held at fair value through other comprehensive income consist mainly of goverment bonds.

Financial investments held at fair value through other comprehensive income

The fair value of financial investments measured at FVOCI (including gross unrealised gains and losses) is specified in the following table.

(in millions)	30 June 2021	31 December 2020
Interest-earning securities		
Dutch government	4,494	4,510
US Treasury and US government	6,425	6,383
Other OECD government	19,374	22,729
Non-OECD government	1,137	1,366
International bonds issued by the European Union	2,168	1,725
European Stability Mechanism	2,053	2,637
Mortgage- and other asset-backed securities	3,273	3,529
Financial institutions	3,072	3,166
Non-financial institutions	1	555
Total investments held at fair value through other comprehensive income	**41,997**	**46,600**

10 Securities financing

	30 June 2021			31 December 2020		
(in millions)	Banks	Customers	Total	Banks	Customers	Total
Assets						
Reverse repurchase agreements	6,033	13,106	19,138	3,209	7,801	11,010
Securities borrowing transactions	4,323	4,347	8,670	3,266	2,448	5,715
Total	**10,356**	**17,453**	**27,809**	**6,475**	**10,249**	**16,725**
Liabilities						
Repurchase agreements	491	17,545	18,035	222	9,264	9,486
Securities lending transactions	316	1,473	1,789	398	1,479	1,877
Total	**807**	**19,017**	**19,824**	**620**	**10,743**	**11,363**

Securities financing transactions include balances relating to reverse repurchase activities and cash collateral on securities borrowed. ABN AMRO controls credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with ABN AMRO when deemed necessary.

Changes in securities financing assets and liabilities with banks and customers result from the cyclicality of the business.

11 Fair value of financial instruments

The internal controls of fair value measurement, the valuation techniques and the inputs used for these valuation techniques are consistent with those set out in the notes to ABN AMRO's 2020 Consolidated Annual Financial Statements.

Fair value is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

ABN AMRO analyses financial instruments held at fair value in the three categories described below.

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets that are not considered to be active, or using valuation techniques where all inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using a valuation technique where at least one input with a significant effect on the instrument's valuation is not based on observable market data. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

ABN AMRO recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The following table presents the valuation methods used in determining the fair values of financial instruments carried at fair value.

	30 June 2021				31 December 2020			
(in millions)	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value	Quoted market prices in active markets	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs	Total fair value
Assets								
Government debt securities	1,646			1,646	639			639
Corporate debt securities	489	245		734	537	137		674
Equity securities	3			3	1			1
Other financial assets held for trading		2		2		2		2
Financial assets held for trading	**2,138**	**247**		**2,385**	**1,177**	**139**		**1,315**
Interest rate derivatives		3,421	123	3,544	1	4,471	130	4,602
Foreign exchange contracts	2	937	10	950	1	1,439	10	1,450
Other derivatives		285		285	11	318		329
Derivatives	**2**	**4,644**	**133**	**4,779**	**12**	**6,228**	**140**	**6,381**
Equity instruments	89	67	390	546	221	65	569	855
Other								
Financial investments at fair value through profit or loss	**89**	**68**	**390**	**546**	**221**	**65**	**569**	**855**
Government debt securities	35,210		441	35,651	38,876		473	39,350
Corporate debt securities	3,030	1	43	3,074	3,123	555	43	3,722
Other debt securities	3,273			3,273	3,529			3,529
Financial assets held at fair value through other comprehensive income	**41,512**	**1**	**484**	**41,997**	**45,528**	**555**	**517**	**46,600**
Loans and advances at fair value through profit or loss		262		262		406		406
Total financial assets	**43,742**	**5,221**	**1,007**	**49,970**	**46,938**	**7,393**	**1,226**	**55,558**
Liabilities								
Short positions in government debt securities	1,328			1,328	151			151
Corporate debt securities	206	104		310	236	82		318
Other financial liabilities held for trading		88		88		94		94
Financial liabilities held for trading	**1,534**	**192**		**1,726**	**387**	**176**		**563**
Interest rate derivatives	1	4,216		4,216	1	6,032		6,033
Foreign exchange contracts	1	678		679	1	1,038		1,039
Other derivatives	64	195		260	16	303		319
Derivatives	**66**	**5,089**		**5,155**	**18**	**7,373**		**7,391**
Issued debt		911		911		949		949
Total financial liabilities	**1,600**	**6,192**		**7,792**	**405**	**8,498**		**8,904**

Transfers between fair value hierarchies

There were no material transfers between the fair value hierarchies.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets carried at fair value:

	Assets				Liabilities
(in millions)	Derivatives	Financial investments at fair value through profit or loss	Financial assets held at fair value through other comprehensive income	Loans and advances at fair value through profit or loss	Issued debt
Balance at 1 January 2020	**125**	**514**	**517**	**13**	
Purchases		28			
Redemptions					
Gains/(losses) recorded in profit and loss[1]			-6		
Unrealised gains/(losses)[2]	3	-27	-3		
Transfer between levels	23	-4			
Other movements		-4	-12	-1	
Balance at 30 June 2020	**151**	**507**	**496**	**12**	
Balance at 1 January 2021	**140**	**569**	**517**		
Purchases		18			
Redemptions		-17			
Gains/(losses) recorded in profit and loss[1]			-6		
Unrealised gains/(losses)[2]	-33	44	-26		
Transfer between levels	26	-36			
Other movements		-189			
Balance at 30 June 2021	**133**	**390**	**484**		

1 Included in other operating income.
2 Unrealised gains/(losses) on derivatives held for trading are included in net trading income, on instruments measured at FVTPL in other operating income and on instruments measured at FVOCI in other comprehensive income.

Level 3 sensitivity information

Interest-earning securities - government bonds

ABN AMRO has a position in a Polish bond, denominated in euros (in Note 9 Financial investments, and part of Other OECD governments), for which the market is relatively illiquid. This bond is valued using a discounted cash flow model. The main inputs are the interest rate curve, liquidity spread and credit spread. The valuation spread is determined using an internal model. The sensitivity analysis is performed using a range of reasonable valuation spreads.

Interest-earning securities - other

Preference shares are shares for which the dividend is fixed for a period of ten years, after which the dividend is redetermined and the shares can also be redeemed. The position is valued using a discounted cash flow model for which the relevant inputs are the interest curve, liquidity spread and credit spread. The liquidity spread and credit spread are unobservable inputs and are derived from similar securities. The sensitivity of the preference shares is determined by using a range of reasonable spreads and by considering the call option that is held by the issuer.

Equity shares - preferred shares

Equities measured at fair value through profit and loss and classified as level 3 mainly comprise private equity investments. Private equity shares are measured at fair value, with two calculation techniques being applied:

- Using comparable pricing in accordance with the European Private Equity and Venture Capitalist Association (EVCA) guidelines. This valuation technique is based on earnings multiples of comparable listed and unlisted companies. The fair value calculation of an investment is strongly linked to movements on the public equity markets;

- Net Asset Value (NAV) for fund investments and asset-backed investments. This is determined by using audited and unaudited company financial statements and any other information available, publicly or otherwise. As a consequence, the net asset value calculation of an investment is strongly linked to movements in the quarterly performance of the company and can be used as an indicator of fair value.

New investments are initially valued at fair value. Subsequently, the fair value technique, either EVCA technique or NAV calculation, is applied for direct investments.

The sensitivity for using comparable pricing is determined by stressing the earnings multiples in positive and negative market scenarios, whereas sensitivity testing for the NAV calculation based on the quarterly performance cannot be applied.

Derivatives

ABN AMRO applies a credit valuation adjustment (CVA) that reflects counterparty credit risk in the fair value measurement of uncollateralised and partially collateralised OTC derivatives. For counterparties that do not have an observable credit spread, ABN AMRO applies a proxied credit spread extracted from counterparties of comparable credit quality that do have an observable credit spread. ABN AMRO performs a probability of default assessment for each counterparty and allocates an appropriate internal credit risk measure known as a Uniform Counterparty Rating (UCR).This UCR, which is significant to the entire fair value measurement of the derivative contracts included in the following table of level 3 sensitivity information, is internally generated and is therefore an unobservable input.

(in millions)	Valuation technique	Unobservable data	Carrying value	Possible alternative assumptions		Unobservable data range		Unobservable data base
				Applying minimum	Applying maximum	Applying minimum	Applying maximum	
30 June 2021								
Equity shares	Private equity valuation	EBITDA multiples	59	-6	6	5.0	6.0	5.5
Equity shares	Private equity valuation	Net asset value	330	-33	33			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	441	-14	17	12	90	55
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	43	-2		84	365	118
Derivatives held for trading	Discounted cash flow	Probability of default	133	-6	8	0.1%	100.0%	32.7%
31 December 2020								
Equity shares	Private equity valuation	EBITDA multiples	73	-7	7	5.0	6.0	5.5
Equity shares	Private equity valuation	Net asset value	496	-45	40			
Interest-earning securities - government bonds	Discounted cash flow	Liquidity and credit spread	473	-19	11	31	100	56
Interest-earning securities - other	Discounted cash flow	Liquidity and credit spread	43	-3	1	114	430	159
Derivatives held for trading	Discounted cash flow	Probability of default	140	-8	9	1.7%	100.0%	15.2%

Financial assets and liabilities not carried at fair value

The methods and assumptions applied to estimate the fair values of financial instruments not carried at fair value are consistent with those set out in Note 21 of the Consolidated Annual Financial Statements 2020.

						30 June 2021
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	72,447	72,447			72,447	
Securities financing	27,809		27,809		27,809	
Loans and advances banks	3,731		3,247	490	3,737	6
Loans and advances customers	246,139		21,648	237,175	258,823	12,684
Total	**350,126**	**72,447**	**52,704**	**237,665**	**362,816**	**12,689**
Liabilities						
Securities financing	19,824		19,824		19,824	
Due to banks	40,584		9,093	31,600	40,693	109
Due to customers	246,066		83,634	161,100	244,734	-1,332
Issued debt	62,708	43,590	23,267		66,858	4,150
Subordinated liabilities	6,578	5,142	1,959		7,102	524
Total	**375,760**	**48,733**	**137,778**	**192,700**	**379,210**	**3,450**

						31 December 2020
	Carrying value				Total fair value	Difference
(in millions)		Quoted market prices in active markets	Valuation techniques -observable inputs	Valuation techniques -significant unobservable inputs		
Assets						
Cash and balances at central banks	60,190	60,190			60,190	
Securities financing	16,725		16,725		16,725	
Loans and advances banks	3,394		3,015	380	3,395	1
Loans and advances customers	251,753		44,633	219,993	264,627	12,874
Total	**332,061**	**60,190**	**64,373**	**220,373**	**344,936**	**12,876**
Liabilities						
Securities financing	11,363		11,363		11,363	
Due to banks	36,719		7,141	29,837	36,978	259
Due to customers	238,570		75,868	162,525	238,393	-177
Issued debt	66,000	53,491	18,125		71,616	5,616
Subordinated liabilities	8,069	7,036	1,731		8,767	699
Total	**360,720**	**60,527**	**114,228**	**192,362**	**367,117**	**6,397**

12 Loans and advances banks

(in millions)	30 June 2021	31 December 2020
Interest-bearing deposits	2,087	1,739
Loans and advances	1,375	1,339
Mandatory reserve deposits with central banks	195	220
Other loans and advances banks	81	101
Subtotal	**3,738**	**3,399**
Less: loan impairment allowances	6	6
Total loans and advances banks	**3,731**	**3,394**

Loans and advances banks increased by EUR 0.3 billion to EUR 3.7 billion at 30 June 2021, mainly due to an increase in interest-bearing deposits.

Mandatory reserve deposits are held with local central banks in accordance with statutory requirements. These deposits are not available to finance ABN AMRO's day-to-day operations.

13 Loans and advances customers

(in millions)	30 June 2021	31 December 2020
Residential mortgages (excluding fair value adjustment)	146,516	145,672
Fair value adjustment from hedge accounting on residential mortgages	2,270	3,186
Residential mortgages, gross	**148,785**	**148,857**
Less: loan impairment allowances - residential mortgage loans	87	116
Residential mortgages	**148,699**	**148,741**
Consumer loans, gross	10,772	11,232
Less: loan impairment allowances - consumer loans	288	294
Consumer loans	**10,484**	**10,937**
Corporate loans (excluding fair value adjustment)	72,312	78,463
Fair value adjustment from hedge accounting on corporate loans	535	652
Financial lease receivables	5,255	5,734
Factoring	2,991	2,548
Corporate loans, gross[1]	**81,093**	**87,397**
Less: loan impairment allowances - corporate loans	2,271	3,053
Corporate loans at amortised cost	**78,822**	**84,344**
Corporate loans at fair value through P&L	**257**	**400**
Government and official institutions	994	1,060
Other loans[1]	7,144	6,673
Fair value adjustment from hedge accounting on other loans		1
Other loans and advances customers, gross[1]	**8,138**	**7,734**
Less: loan impairment allowances - other	4	3
Other loans at amortised cost	**8,135**	**7,730**
Other loans at fair value through P&L	5	6
Other loans and advances customers	**8,140**	**7,736**
Total loans and advances customers	**246,401**	**252,159**

[1] Excluding loans at fair value through P&L.

Loans and advances customers decreased by EUR 5.8 billion to EUR 246.4 billion at 30 June 2021, primarily due to a decline in corporate loans.

Residential mortgages (excluding fair value adjustment) increased by EUR 0.8 billion to EUR 146.5 billion at 30 June 2021 due to the active housing market.

Consumer loans (gross) decreased by EUR 0.5 billion to EUR 10.7 billion at 30 June 2021, due to lower demand as a result of Covid-19.

Corporate loans (gross) decreased by EUR 6.3 billion to EUR 81.1 billion at 30 June 2021, mainly due to the wind-down of the CIB non-core business.

Other loans increased by EUR 0.5 billion to EUR 7.1 billion at 30 June 2021, due to an increase in cash collateral posted at Clearing.

For information on loan impairment allowances, please refer to the Risk, funding & capital information section.

14 Assets held for sale

The 30 June 2021 held-for-sale position of EUR 1.4 billion consists mainly of EUR 868 million in corporate loans. In the United States, an amount of EUR 606 million in corporate loans (CIB) was classified as held-for-sale due to the announced deal with a third party for the sale of the shipping and intermodal lending portfolios. This sale is part of the wind-down of the CIB non-core portfolio.

The announced sale of the Maas Capital Investments (CIB) includes participations in the shipping, intermodal and offshore services sectors for a total amount of EUR 223 million.

On 30 November 2020, ABN AMRO announced plans to sell its head office at Gustav Mahlerlaan in Amsterdam for EUR 254 million which is part of Group Functions.

15 Due to banks

This item comprises amounts due to banking institutions, including central banks and multilateral development banks.

(in millions)	30 June 2021	31 December 2020
Current accounts	1,762	1,903
Demand deposits	3	3
Time deposits	38,302	34,100
Cash collateral on securities lent	507	703
Other	10	10
Total due to banks	**40,584**	**36,719**

Total due to banks rose by EUR 3.9 billion due to an increase in our participation in the TLTRO III facility of EUR 3.0 billion, from EUR 32.0 billion to EUR 35.0 billion. The remainder was due to an increase in interbank deposits.

In the first half of 2021, ABN AMRO reported interest income for TLTRO of:
- EUR 0.00, based on the effective interest rate of 0.00% for the funding; and
- EUR 80.7 million, based on the unconditional government grant of 0.50%.

At the end of Q2 2021, there was no reasonable assurance that the lending performance threshold for the reference period 1 October 2020 to 31 December 2021 will be met. As a result, no interest income is reported for the conditional government grant.

16 Due to customers

This item is comprised of amounts due to non-banking clients.

(in millions)	30 June 2021	31 December 2020
Current accounts	114,865	111,033
Demand deposits	103,060	107,534
Time deposits	27,287	19,037
Other	854	966
Total due to customers	**246,066**	**238,570**

Total due to customers increased by EUR 7.5 billion, mainly due to an increase in time deposits and current accounts, and partly offset by a decrease in demand deposits.

Current accounts increased by EUR 3.8 billion, mainly as a result of commercial clients retaining their cash positions and an increase in savings from retail clients due to a change in spending patterns caused by Covid-19.

Demand deposits decreased by EUR 4.5 billion, mainly due to lowering of the threshold for charging negative interest rates on client deposits and the further wind-down of Moneyou.

Time deposits increased by EUR 8.3 billion, mainly due to an increase in deposits by several large corporates and non-corporates as a result of excess liquidity, partly offset by the impact of lowering the threshold for charging negative interest rates on client deposits.

17 Issued debt and subordinated liabilities

The following table shows the types of debt certificates issued by ABN AMRO and the amounts outstanding. Changes in these debt instruments involve a continual process of redemption and issuance of long-term and short-term funding.

(in millions)	30 June 2021	31 December 2020
Bonds and notes issued	51,163	56,716
Certificates of deposit and commercial paper	11,544	9,283
Total at amortised cost	**62,708**	**66,000**
Designated at fair value through profit or loss	911	949
Total issued debt	**63,619**	**66,949**
- of which matures within one year	*20,399*	*19,279*

Total issued debt decreased by EUR 3.3 billion to EUR 63.6 billion at 30 June 2021, due to lower funding needs driven by higher client deposits and an increase of our TLTRO III participation. The decrease reflected the decline of covered bonds and senior preferred funding, partly offset by new issuance of senior non-preferred funding and an increase in the amount of certificates of deposit and commercial paper. Long-term funding raised in H1 2021 included EUR 1.6 billion senior non-preferred funding.

The amounts of debt issued and redeemed during the period are shown in the Condensed consolidated statement of cash flows. Further details of the funding programmes are provided in the Risk, funding & capital information chapter.

Subordinated liabilities

The following table shows outstanding subordinated liabilities issued by ABN AMRO and the amounts outstanding.

(in millions)	30 June 2021	31 December 2020
Subordinated liabilities	6,578	8,069

Subordinated liabilities decreased by EUR 1.5 billion to EUR 6.6 billion at 30 June 2021, mainly due to a redemption of Tier 2 instruments and early call exercise. No perpetual loans were recorded at reporting date. The issued and outstanding loans qualifying as subordinated liabilities are subordinated to all other current and future liabilities.

18 Provisions

(in millions)	30 June 2021	31 December 2020
Insurance fund liabilities	8	11
Provision for pension commitments	104	106
Restructuring provision	222	226
Other staff provision	141	136
Legal provisions	99	98
Credit commitments provisions	157	92
Other provisions	314	258
Total provisions	**1,045**	**926**

Total provisions increased by EUR 119 million to EUR 1,045 million at 30 June 2021, compared with EUR 926 million at 31 December 2020. This was largely due to increases in Credit commitments provisions (EUR 65 million), mainly as a result of Covid-19 and Other provisions (EUR 56 million).

Legal provisions

The increase of EUR 1 million in legal provisions is mainly due to additional provions for variable interest, offset by outflows for Euribor-based mortgage and interest rate derivatives sold to SME clients provisions.

Interest rate derivatives for SME clients

In 2015, ABN AMRO started a review, at the request of the Netherlands Authority for the Financial Markets (AFM) and the Dutch Ministry of Finance, to determine whether the bank had acted in accordance with its duty of care obligations in respect of the sale of interest rate derivatives to SME clients. In the second quarter of 2015, ABN AMRO first recognised a provision for compensating clients who had been disadvantaged in this respect and suffered loss or damage.

ABN AMRO has set up its own client reassessment process and the related checks and balances with respect to the Uniform Recovery Framework devised by a committee of independent experts ('the Committee') appointed by the Dutch Minister of Finance. In the first quarter of 2020, ABN AMRO finalised the process of sending all clients a letter containing the outcome of the reassessment. At various points in the process, the reassessments were checked by an independent external file reviewer (in ABN AMRO's case, by the audit firm PwC), supervised by the AFM. Except for a limited number of proceedings relating to the Uniform Recovery Framework before a dispute committee and the local courts, ABN AMRO has completed the execution of the Uniform Recovery Framework. The total provision for SME derivatives-related issues amounted to EUR 8 million at 30 June 2021. This comprised the total amount of client compensation (EUR 0.6 billion) and project costs (EUR 0.3 billion), after payments already made for both elements (EUR 0.8 billion).

Euribor-based mortgages

ABN AMRO has sold mortgage loans with floating, often Euribor-based, interest rates to consumers. These rates include a margin charge. Under the applicable terms and conditions, ABN AMRO has the right to unilaterally adjust the margin charge. ABN AMRO's decision to increase the margin charge in 2012 resulted in two class actions, on top of multiple individual cases, being instigated. The central question in these cases is whether ABN AMRO's right in the terms and conditions to unilaterally adjust the margin charge is an unfair contractual clause. On 22 November 2019 the Supreme Court quashed the ruling of the Amsterdam Court of Appeal in the Euribor collective cases. The case has been referred to another Court of Appeal (The Hague) in order to be dealt with further. This Court will need to take all relevant aspects into account to judge if the clauses are unfair.

On 13 February 2020 ABN AMRO and the foundation Stichting Euribar reached an agreement on a settlement for clients with Euribor-Woninghypotheek mortgages. Key points of the agreement are compensation for the past and certainty for the future Euribor margin charge. By mid-June 2021, all respective clients who were eligible for the settlement had received a personal offer from ABN AMRO. So far, 80% of this group has accepted the proposed settlement. Meanwhile, the other foundation, Stichting Stop de Banken, broke off the negotiations aimed at reaching an agreement and announced it will proceed with the class action. The hearing at the The Hague Court of Appeal has been set for 9 November 2021.

ABN AMRO has recognised a provision for the Euribor-based mortgage cases.

Variable interest rates for consumer loans

On 3 March 2021, the Kifid Appeals Committee confirmed a ruling of the Kifid Disputes Committee about the recalculation of the variable interest charged to a specific client on a revolving credit. ABN AMRO is currently in constructive talks with the Dutch Consumers' Association (Consumentenbond Claimservice) to explore a compensation scheme for affected clients.

ABN AMRO has maintained and updated the provision that was made in 2020, as we consider it more likely than not that similar individual Kifid rulings will lead to outflow.

For civil case law, no provision has been accounted for, as ABN AMRO considers it more likely than not that this will not lead to outflow.

ABN AMRO cannot give a reliable estimate of the (potentially substantial) total financial risk of the contingent liabilities not provided for, because currently it is unclear what the exact scope of the Kifid ruling is and whether the ruling will have a certain knock-on effect on other products. Recent rulings from Kifid regarding other credit providers (regarding mortgage loans) suggest that Kifid envisages a broad scope.

Other provisions

The increase in other provisions was mainly due to the recognition of a provision for the potential repayment of German dividend withholding tax credits and accrued interest. For more information on this provision, please refer to Note 19 Commitments and contingent liabilities.

AML remediation programme

ABN AMRO had itself identified shortcomings in its 'Client Life Cycle' processes. To address these shortcomings, as well as increasingly strict regulations and continuously evolving forms of financial crime, ABN AMRO had already started an extensive bank-wide AML remediation programme. The remediation of client files is progressing according to a timetable agreed with the supervisor and is expected to be completed by the end of 2022. The total provision regarding the AML programme amounted to EUR 116 million at 30 June 2021.

AML settlement

In April 2021, ABN AMRO accepted a settlement offer from the Netherlands Public Prosecution Service in connection with its investigation of the bank's AML activities in the Netherlands over the period 2014-2020. ABN AMRO agreed to pay a fine of EUR 300 million and a disgorgement of EUR 180 million. The total amount of EUR 480 million has been recorded in other expenses at Group Functions in Q1 2021 and has therefore no further impact on past or present provisions. ABN AMRO was informed that an individual filed a complaint against the AML settlement between the Netherlands Public Prosecution Service and ABN AMRO under section 12 of the Dutch Code of Criminal Procedure with the Court of Appeal in The Hague.

19 Commitments and contingent liabilities

(in millions)	30 June 2021	31 December 2020
Committed credit facilities	**54,999**	**55,207**
Guarantees and other commitments:		
Guarantees granted	1,715	1,890
Irrevocable letters of credit	4,966	5,535
Recourse risks arising from discounted bills	980	1,556
Total guarantees and other commitments	**7,661**	**8,981**
Total	**62,659**	**64,188**

The total of committed credit facilities, guarantees and other commitments decreased by EUR 1.5 billion to EUR 62.7 billion at 30 June 2021 compared with EUR 64.2 billion at 31 December 2020. This was mainly the result of a decrease of EUR 1.3 billion in the guarantees and other commitments.

The decrease in guarantees and other commitments is related to lower outstanding volumes for corporate and institutional clients and the wind-down of the CIB non-core portfolio. This resulted in a decrease of EUR 0.6 billion in recourse risks arising from discounted bills and a decrease of EUR 0.6 billion in irrevocable letters of credits given.

Other contingent liabilities

ABN AMRO is involved in a number of legal proceedings in the ordinary course of business in various jurisdictions. In presenting the consolidated Financial Statement, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the income statement when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which expected cash outflow cannot be reasonably estimated or that are not more likely than not to lead to a cash outflow. Some of these matters may be regarded as a contingency.

Equity trading

German authorities are conducting investigations into the involvement of individuals from various banks and other parties in equity trading extending over dividend record dates in Germany, including several forms of tainted dividend arbitrage (i.e. dividend stripping, including cum/ex and cum/cum) for the purpose of obtaining German tax credits or refunds in relation to withholding tax levied on dividend payments including, in particular, transaction structures that have resulted in more than one market participant claiming such credit or refund with respect to the same dividend payment. ABN AMRO's legal predecessor, Fortis Bank (Nederland) N.V., ABN AMRO and several (former) subsidiaries were directly or indirectly involved in these transactions in the past in various roles. Certain criminal investigation proceedings relate to the activities of these entities and individuals involved at the time. This also resulted in search warrants being issued against ABN AMRO. ABN AMRO cooperates with these investigations. ABN AMRO has no knowledge of the results of any such investigation.

Furthermore, ABN AMRO frequently receives information requests from German authorities in relation to other (criminal) investigations. ABN AMRO cooperates and provides the requested information to the extent possible. Although a number of subsidiaries associated with these transactions have been sold by means of a management buy-out, legal risks remain for ABN AMRO, in particular relating to criminal and civil law. All material tax issues with respect to ABN AMRO's reclaims for cum/ex transactions have been settled with the German tax authorities. With respect to cum/cum transactions, the German Federal Ministry of Finance released 2 circular rulings dated 9 July 2021 (published 15 July 2021) in which there is a change in interpretation of tax legislation compared to previous circular rulings. These new circular rulings require the German local tax authorities to recollect dividend withholding tax credited to taxpayers where such credits relate to cum/cum strategies. ABN AMRO has collected dividend withholding tax related to transactions that might be considered as cum/cum transactions under the new circular rulings. As a result, ABN AMRO's updated assessment is that it is more likely than not that ABN AMRO has to repay certain dividend withholding tax amounts relating to cum/cum transactions to the German tax authorities, resulting in recognition of a tax provision (see also Note 18 Provisions). With respect to cum/cum securities lending transactions with German counterparties as borrowers, ABN AMRO is exposed to civil law compensation claims from these counterparties for crediting entitlements that have been denied or will be reclaimed by the relevant German tax authorities. Based on the analyses performed, ABN AMRO considers it rather unlikely that such claims will be successful. However, it cannot be ruled out.

It cannot be excluded that ABN AMRO or subsidiaries will be faced with financial consequences as a result of their involvement in dividend stripping transactions, including penalties and other measures under criminal law and civil law claims. It is currently unclear, however, how the German prosecution authorities' investigations will impact ABN AMRO and its subsidiaries and to what extent penalties or forfeiture orders will be imposed. It is also uncertain whether tax authorities or third parties will successfully claim amounts from ABN AMRO in (secondary) liability or other civil cases. Therefore, the financial impact cannot be reliably estimated at this time and no provision has been made in this respect.

Netherlands Public Prosecution Service investigation into Dutch tax matter

The Netherlands Public Prosecution Service ("NPPS") is conducting an investigation regarding transactions which ultimately led to a set-off by a third party of dividend withholding tax credits against its corporate tax liabilities in the Netherlands during the period 2009-2013. The investigation of the NPPS is related to ongoing tax proceedings before the Dutch courts between the third party and the Dutch tax authority regarding the set-off by the third party of dividend withholding tax credits against its corporate tax liabilities. The District Court ruled in favour of this third party in 2018. The Court of Appeal annulled the ruling of the District Court and ruled in favour of the Netherlands tax authority in 2020. An appeal with the Supreme Court has been filed against the ruling of the Court of Appeal and is currently pending. The NPPS informed ABN AMRO that it is a suspect in the investigation due to its involvement in certain of these transactions.

The timing of the completion of the investigation and the outcome are uncertain. It cannot be excluded that ABN AMRO will be faced with financial consequences as a result of the investigation. The potential financial impact of the investigation cannot be reliably estimated at this time and no provision has been made.

Cross liabilities

Section 2:334t of the Dutch Civil Code requires that in the event of an entity being divided into two or more parts through a legal demerger, each part remains liable to the creditors of the other demerged part. Such liabilities relate only to obligations existing as at the date of the legal demerger. As explained in more detail in Note 34 of the 2020 Consolidated Annual Financial Statements, ABN AMRO was subject to a demerger with RBS N.V. in 2010.

20 Related parties

Parties related to ABN AMRO Bank include NLFI with control, the Dutch State with significant influence, associates, pension funds, joint ventures, the Executive Board, the Executive Committee, the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other related entities. ABN AMRO has applied the partial exemption for government-related entities described in IAS 24 paragraphs 25-27.

As part of its business operations, ABN AMRO frequently enters into transactions with related parties. Transactions conducted with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships with the exception of items specifically disclosed in this note. Normal banking transactions relate to loans and deposits and are entered into under the same commercial and market terms that apply to non-related parties.

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Loans and advances to the Executive Board, Executive Committee members and close family members, where applicable, consist mainly of residential mortgages granted under standard personnel conditions.

For further information, please refer to Note 35 of the Consolidated Annual Financial Statements 2020.

Balances with joint ventures, associates and other

(in millions)	Joint ventures	Associates	Other	Total
30 June 2021				
Assets	12	250		262
Liabilities	80	398		479
Guarantees given		15		15
Irrevocable facilities		19		19
First half 2021				
Income received	18	1		20
Expenses paid	5	46	142	194
31 December 2020				
Assets	14	204		218
Liabilities	79	426		504
Guarantees given		15		15
Irrevocable facilities		17		17
First half 2020				
Income received	16	3		19
Expenses paid	5	15	121	140

The EUR 45 million increase in assets with associates was mainly due to higher loans and receivables banks held by financial institutions, and higher loans and receivables customers held by other corporations.

The EUR 27 million decrease in liabilities with associates was mainly due to lower customer balances held with other corporations, and lower balances with non-financial corporations.

The EUR 32 million increase in expenses paid in associates was mainly due to higher expenses in non-financial corporations, partly offset by lower expenses as a consequence of divestments in other financial corporations.

Expenses paid in the column Other reflects pension contributions paid to the ABN AMRO pension fund.

Balances with the Dutch State

(in millions)	30 June 2021	31 December 2020
Assets		
Financial assets held for trading	981	414
Derivatives	52	171
Financial investments	4,494	4,510
Loans and advances customers	663	714
Liabilities		
Financial liabilities held for trading	1,190	79
Derivatives	593	807
Due to customers	465	731
Other liabilities	1	1
	First half 2021	First half 2020
Income statement		
Interest income	36	42
Interest expense	13	20
Net trading income	76	-185

On 1 April 2010, ABN AMRO signed an indemnity agreement with the Dutch State (currently represented by NLFI) for a shortfall in capital above a certain amount related to specific assets and liabilities of RFS Holdings B.V. In 2019, Royal Bank of Scotland (RBS) acquired all shares in RFS Holding. However, NLFI has given certain warranties related to its previously owned shares in RFS Holdings and the indemnity agreement continues to exist. RFS Holdings is sufficiently capitalised. Consequently, ABN AMRO has assessed the risk for any shortfall as remote.

Transactions conducted with the Dutch State are limited to normal banking transactions, taxation and other administrative relationships. Normal banking transactions relate to loans and deposits, financial assets held for trading and financial investments, and are entered into under the same commercial and market terms that apply to non-related parties.

Transactions and balances related to taxation, such as levies and fines in the Netherlands, are excluded from the table above.

The EUR 0.6 billion increase in financial assets held for trading was mainly due to higher positions in Dutch government bonds, as a result of primary dealership in the Netherlands and client facilitation. Most of these contracts are hedged with short positions in government bonds.

The EUR 0.1 billion decrease in derivatives related to assets was mainly due to lower lending positions with the Dutch State. Derivatives transactions with the Dutch State are related to the normal course of business.

The EUR 1.1 billion increase in financial liabilities held for trading mainly related to higher amounts of Dutch government bonds, as a result of primary dealership in the Netherlands and client facilitation. Most of these contracts are hedged with short positions in government bonds.

The EUR 0.2 billion decrease in derivatives related to liabilities was mainly due to lower lending positions with the Dutch State. Derivatives transactions with the Dutch State are related to the normal course of business.

Net trading income increased by EUR 261 million to a profit of EUR 76 million, mainly due to the sale of Dutch government bonds.

21 Post balance sheet events

With respect to cum/cum transactions, the German Federal Ministry of Finance released two circular rulings dated 9 July 2021 (published 15 July 2021) in which there is a change in interpretation of tax legislation compared to previous circular rulings. As a result, ABN AMRO's updated assessment is that it is more likely than not that ABN AMRO will have to repay certain dividend withholding tax amounts relating to cum/cum transactions to the German tax authorities, resulting in recognition of a tax provision. Please refer to Note 19 Commitments and contingent liabilities for more information.

Independent auditor's review report

To: the shareholders and supervisory board of ABN AMRO Bank N.V.

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the accompanying interim report of ABN AMRO Bank N.V. (hereinafter: ABN AMRO or the bank) based in Amsterdam for the period from 1 January 2021 to 30 June 2021.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of ABN AMRO for the period from 1 January 2021 to 30 June 2021, are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- The condensed consolidated statement of financial position as at 30 June 2021
- The following consolidated statements for the period from 1 January 2021 to 30 June 2021:
  the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial statements section of our report.

We are independent of ABN AMRO in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the supervisory board for the condensed consolidated interim financial statements

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the bank's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of the bank and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of management and others within the bank
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to, the bank's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement

Amsterdam, 10 August 2021

Ernst & Young Accountants LLP

Signed by **A.B. Roeders**

Enquiries

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Investor call

A conference call for analysts and investors will be hosted on Wednesday 11 August 2021 at 11:00 am CET (10:00 London time). To participate in the conference call, we strongly advise analysts and investors to pre-register for the call using the information provided on the ABN AMRO Investor Relations website.

More information can be found on our website abnamro.com/ir.

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Disclaimer & cautionary statements

ABN AMRO has included in this document, and from time to time may make certain statements in its public statements, that may constitute "forward-looking statements". This includes, without limitation, such statements that include the words "expect", "estimate", "project", "anticipate", "should", "intend", "plan", "probability", "risk", "Value-at-Risk ("VaR")", "target", "goal", "objective", "will", "endeavour", "outlook", "optimistic", "prospects" and similar expressions or variations of such expressions. In particular, the document may include forward-looking statements relating but not limited to ABN AMRO's potential exposures to various types of operational, credit and market risk. Such statements are subject to uncertainties.

Forward-looking statements are not historical facts and represent only ABN AMRO's current views and assumptions regarding future events, many of which are by nature inherently uncertain and beyond our control. Factors that could cause actual results to deviate materially from those anticipated by forward-looking statements include, but are not limited to, macroeconomic, demographic and political conditions and risks, actions taken and policies applied by governments and their agencies, financial regulators and private organisations (including credit rating agencies), market conditions and turbulence in financial and other markets, and the success of ABN AMRO in managing the risks involved in the foregoing.

Any forward-looking statements made by ABN AMRO are current views as at the date they are made. Subject to statutory obligations, ABN AMRO does not intend to publicly update or revise forward-looking statements to reflect events or circumstances after the date the statements were made, and ABN AMRO assumes no obligation to do so.