

ABN AMRO Bank N.V.

Abbreviations and Definitions of important terms

Abbreviations

Term	Definition
AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
ALM	Asset & Liability Management
AMA	Advanced Measurement Approach
AML	Anti-Money Laundering
AT1	Additional Tier 1
A-IRB	Advanced Internal Ratings-Based
bps	Basis points
BRRD	Bank Recovery and Resolution Directive
CBS	Centraal Bureau voor de Statistiek (Statistics Netherlands)
CCP	Central Counterparty Clearing House
CCR	Counterparty Credit Risk
CP/CD	Commercial paper/ Certificates of Deposit
CDC	Collective Defined Contribution
CDD	Customer Due Diligence
CDR	Commission Delegated Regulation
CDS	Credit Default Swap
CEM	Current exposure method
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CIB	Corporate & Institutional Banking
CLA	Collective Labour Agreement
COR	Cost of Risk
CRD	(the EU's) Capital Requirements Directive
CRR	Capital Requirements Regulation
CSA	Credit Support Annexes
CTF	Counter-Terrorism Financing
CVA	Credit Valuation Adjustment
DDoS	Distributed Denial of Service
DAC6	Directive on Administrative Cooperation
DFC	Detecting Financial Crime
DNB	De Nederlandsche Bank N.V. (Dutch central bank)
DoD	Definition of Default

Term	Definition
DR	Depository receipt
DVA	Debit Valuation Adjustment
EAD	Exposure At Default
EBA	European Banking Authority
EC	Economic Capital
ECB	European Central Bank
ECL	Expected credit loss
EDTF	Enhanced Disclosure Task Force
EEA	European Economic Area
EES	Employee Engagement Survey
ESG	Environmental, social and governmental
EU	European Union
FTE	Full-Time Equivalent (a measurement of number of staff)
FVA	Funding Valuation Adjustment
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign exchange
GDP	Gross domestic product
GfK	Gesellschaft für Konsumforschung (Society for Consumer Research)
GHG	Greenhouse gas
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates
ICAAP	Internal Capital Adequacy Assessment Process
ICS	International Card Services B.V.
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Ratings-Based (approach)
KPI	Key Performance Indicator
KYC	Know Your Client
LCR	Liquidity Coverage Ratio

Term	Definition
LGD	Loss Given Default
lhs	Left hand sided
LtD ratio	Loan-to-Deposit (ratio)
LtMV	Loan-to-Market-Value
MDA	Maximum Distributable Amount
MREL	Minimum Requirements for own funds and Eligible Liabilities
NAV	Net Asset Value
NCTO	New Client Take On
NCV	Net Collateral Value
NMD	Non-maturing deposits
NHG	Nationale Hypotheek Garantie (Dutch State-guaranteed mortgages)
NII	Net Interest Income
NIM	Net Interest Margin
NLFI	NL Financial Investments (foundation)
NPE	Non-Performing Exposures
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
NVB	Nederlandse Vereniging van Banken (Dutch Banking Association)
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over-The-Counter
PD	Probability of Default
PSD II	Payment Services Directive
PV01	Present Value of 1 basis point

Term	Definition
RARORAC	Risk-Adjusted Return On Risk-Adjusted Capital
RBS	Royal Bank of Scotland
rhs	Right hand sided
RMBS	Residential Mortgages-Backed Securities
ROE	Return on Equity
ROU	Right of use
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA-CCR	Standardised approach for measuring counterparty credit risk
SDG	Sustainable Development Goal
SIRA	Systematic Integrity Risk Analysis
SMEs	Small and Medium-sized Enterprises
SPE	Special Purpose Entity
SPPI	Solely payments of principal and interest
SRD	Shareholders Rights Directive
SREP	Supervisory Review and Evaluation Process
STAK AAB	Stichting Administratiekantoor Continuïteit ABN AMRO Bank
TCFD	Taskforce on Climate-related Financial Disclosures
TLTRO	Targeted Long-Term Refinancing Operations
TRIM	Targeted Review of Internal Models
UCR	Uniform Counterparty Rating
UTP	Unlikely-to-pay
VaR	Value-at-Risk

Definitions of important terms

Term	Definition
ABN AMRO Bank	ABN AMRO Bank N.V. and its consolidated subsidiaries.
Additional tier 1 capital (AT1)	Capital that consists of items that meet the following main criteria: they should be perpetual, subordinated, have neither a maturity date nor an incentive to redeem, have full dividend/coupon discretion and be loss absorbing at discretion of the Bank.
Advanced Internal Ratings-Based (A-IRB)	The highest and most detailed level of credit risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.
Advanced Measurement Approach (AMA)	The highest and most detailed level of operational risk calculation for determining capital adequacy levels under Basel II, based on the use of internal models to assess risk.
Ageas	Ageas SA/NV (formerly known as Fortis SA/NV) and Ageas N.V. (formerly known as Fortis N.V.) together.
Bail-in	An arrangement in which creditors of a failing financial institution are required to cancel some of its debts as part of a plan to save it from collapse.
Basel III/IV	The finalised Basel III standards of 7 December 2017 (Basel IV) imply a major change in the way banks have to determine their risk-weighted assets (RWAs) when calculating their minimum regulatory capital. For additional information, please refer to the Regulatory environment in Annual Report 2018.
Basis point (bp)	One hundredth of 1 percentage point.
Capital adequacy	Measure of a company's financial strength, often expressed in equity as a percentage of total assets or, in the case of banks, in the CET1 ratio.
Certificate of deposit	An unsecured short-term funding instrument with maturities up to one year.
Client assets	Assets, including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Client assets also include cash and securities of clients held on accounts with ABN AMRO.

Term	Definition
Commercial paper (CP)	An unsecured short-term funding instrument with maturities up to one year.
Consortium	Refers to The Royal Bank of Scotland Group plc ('RBS Group'), Ageas and Banco Santander S.A. ('Santander'), which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ('RFS Holdings'). On 3 October 2008, the State of the Netherlands became the successor of Ageas.
Cost of risk	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.
Coverage ratio	Coverage ratio shows the extent to which the stage exposures are covered by the allowances for credit losses.
Covered bonds	Covered bonds are secured long-term funding instruments. This type of bond differs from a standard bond because of the possibility of recourse to a pool of assets. In a default event, the bondholder has recourse to the issuer and the respective pool of assets.
Credit risk	Risk of a financial loss that occurs if a client or counterparty fails to meet the terms of a contract or otherwise fails to perform as agreed.
Credit valuation adjustments	Market value adjustments for counterparty credit risk.
Depository receipt	Negotiable certificate issued by a bank representing shares in a foreign company traded on a local stock exchange.
Duration of equity	Duration of equity indicates the sensitivity of the market value of equity to a 1% parallel change in the yield curve. The targeted interest risk profile results in a limit of the duration of equity between 0 and 7 years.

Term	Definition
Economic capital (EC)	An estimate of the amount of capital that the bank should possess in order to be able to sustain larger-than-expected losses with a given level of certainty.
Employee engagement	A business management concept that describes the level of enthusiasm and dedication a worker feels toward his/her job.
Encumbered assets	Assets that have been pledged or are subject to an arrangement, either explicitly or implicitly, in any way to secure, collateralise or credit enhance a transaction.
Exposure at Default (EAD)	EAD models estimate the expected exposure at the time of a counterparty's default.
Fortis Bank Nederland	The legal entity Fortis Bank (Nederland) N.V., previously named Fortis Bank Nederland (Holding) N.V., which merged with ABN AMRO Bank Standaard pursuant to the Legal Merger.
Full-time equivalent (FTE)	The ratio of the total number of paid hours during a period to the number of working hours in that period.
Impaired exposures	Exposures for which not all contractual cash flows are expected and/or exposures more than 90 days past due for which impairments are determined on a portfolio basis.
Impaired ratio	The impaired ratio shows which fraction of the gross carrying amount of a financial asset category consists of impaired exposures.
Interest-Only Mortgages	Type of mortgage in which the mortgagor is required to pay only interest with the principal repaid in a lump sum at a specified date.
International Financial Reporting Standards (IFRS)	IFRS, formerly known as International Accounting Standards, are drawn up and recommended by the International Accounting Standards Board. The European Union has required IFRS to be used by all exchange-listed companies in the EU since the start of the financial year 2005.

Term	Definition
Leverage ratio	Ratio dividing the Bank's tier 1 capital by its total exposure value and is expressed as a percentage.
Liquidity coverage ratio (LCR)	The LCR is intended to promote resilience to potential liquidity disruptions over a thirty-day horizon. The LCR requires banks to hold sufficient highly-liquid assets equal to or greater than the net cash outflow during a thirty-day period.
Market risk (banking book)	Market risk in the banking book, mainly interest rate risk, is the risk of a yield curve development that is unfavourable for the bank. Other market risks are limited in the banking book, either through hedging (foreign rate exchange risk) or in general (other market risk types).
Market risk (trading book)	Market risk in the trading book is the risk of loss resulting from unfavourable market price movements which can arise from trading or holding positions in financial instruments in the trading book.
Maximum Distributable Amount	Article 141 CRD IV provides that institutions which fail to meet their combined buffer requirement must calculate, according to a pre-defined regulatory formula, the maximum amount they are allowed to pay in the form of dividends (on CET1 instruments), discretionary coupons (on Additional Tier 1 instruments) or through the creation of new obligations to pay bonuses and pensions rights.
Medium-term notes	Medium-term notes are unsecured funding instruments with maturities up to ten years and issued in several currencies.
Minimum Requirement of own funds and Eligible Liabilities (MREL)	The MREL consists of own funds and part of a bank's liabilities. If a bank fails and goes into resolution, the MREL acts as a buffer to absorb losses and to provide new capital to the bank.

Term	Definition
Net Promoter Score (NPS)	This metric shows the extent to which customers would recommend ABN AMRO's products or services to others. The customer is regarded as a 'promoter' (score of 9 or 10), as 'passively satisfied' (score of 7 or 8) or as a 'detractor' (score of 0 to 6). The NPS is calculated by subtracting the percentage of 'detractors' from the percentage of 'promoters'. The score is expressed as an absolute number between -100 and +100.
Net Stable Funding Ratio (NSFR)	The objective of the NSFR is to promote resilience over a longer time horizon by creating additional incentives to fund activities with more stable sources of funding on an ongoing basis.
NII-at-Risk	The NII-at-Risk metric indicates the change in net interest income during the coming 12 months, comparing the NII calculated using a constant yield curve with the NII calculated using a yield curve that is gradually shifted to a total of 200 basis points. The net interest income is negatively impacted when rates rise.
NLFI	Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments). On 29 September 2011 the Dutch State transferred its shares in ABN AMRO Group N.V. and in ABN AMRO Preferred Investments B.V. to NLFI. NLFI is a foundation and was set up to avoid potential conflicting responsibilities that the Minister of Finance might otherwise face, as a shareholder and as a regulator, and to avoid political influence being exerted.
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.
Past due ratio	The past due ratio shows which fraction of the gross carrying amount of a financial asset category is past due but not impaired.
Permanent modification	Terms and conditions of a contract such as interest, principal, repayment terms, tenor or financial covenants are changed permanently.

Term	Definition
Preference share	A share that receives a fixed rate of dividend ahead of ordinary shares.
Qualifying revolving exposures	Qualifying revolving exposures are revolving, unsecured and uncommitted exposures to private individuals that meet additional criteria specified in the CRD. These outstanding balances are permitted to fluctuate, based on decisions to borrow and repay, up to a limit set by the bank.
Refinancing	A contract is considered to be refinanced when the objective of the new contract is to enable the repayment or partial repayment of an existing contract where the counterparty is unable to meet the existing obligations.
Risk-weighted assets (RWA)	Total assets and off-balance sheet items calculated to reflect the risks relating to the various balance sheet items.
Royal Bank of Scotland (RBS)	The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.
Savings mortgages	Mortgages with a separate savings account, whereby the savings balance is used to repay the principal at maturity.
Senior non-preferred	Unconditional, senior and unsecured obligations and rank pari passu amongst themselves and senior to subordinated notes, but junior to senior preferred notes and any claims benefiting from legal or statutory preferences.
Senior preferred	Debt securities that give the note holders the first crack at recovering their funds, in the event that the company declares bankruptcy and liquidates its assets.
STAK AAB	An independent holder of shares in ABN AMRO Bank's issued share capital, for the purpose of administration (ten titel van beheer) in exchange for depositary receipts.
Standardised Approach (Basel II)	This approach measures credit risk in a standardised manner, supported by external credit assessments.

Term	Definition
Sustainable client assets	Sustainable client assets are assets that ABN AMRO invests for its clients in investment funds, products and securities that explicitly base their investment approach and decisions on sustainable criteria. These investments explicitly factor in the social and environmental effects of investments.
Temporary modification	Terms and conditions of a contract such as interest, principal, repayment terms, tenor or financial covenants are changed temporarily.
Tier 1 ratio	Tier 1 capital, the sum of the bank's CET1 capital and AT1 capital, expressed as a percentage of total risk-weighted assets.
Tier 2 capital	Capital that is available for depositors and senior creditors in case of bankruptcy.
Trust Monitor AFM/NVB	A survey conducted by market research institute GfK on what people in the Netherlands think about banks in general and their own bank and how they experience various aspects of services provided by banks.
Uniform Counterparty Rating (UCR)	The UCR is an obligor rating and refers to the probability of default by an obligor, i.e. the likelihood that a counterparty will fail to pay interest and/or principal and/or other financial obligations to the bank.
Value-at-Risk banking book	Value-at-Risk banking book (VaR banking book) is used as a statistical measure for assessing interest risk exposure. It estimates potential losses and is defined as the predicted maximum loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time, and at a specified level of statistical confidence. A VaR for changes in the interest rate for the banking book is calculated at a 99% confidence level and a two-month holding period.

