ABN·AMRO

ABN AMRO's business, strategy, performance and approach to value creation.

A personal bank in the digital age

ABN AMRO Bank N.V.

Integrated Report 2020

ABN AMRO is one of the Netherlands' leading banks. We have a clear purpose: **Banking for better, for generations to come**. We provide financial services and advice to millions of individuals and businesses.

About this Report

Welcome to ABN AMRO's 2020 Integrated Report. This Report covers our business, strategy and performance. Its primary purpose is to explain how, over time, we create value for our stakeholders – not only as a provider of banking and other financial services, but also as a responsible employer and an active contributor to society as a whole.

Statement from our Executive Board

As ABN AMRO's Executive Board, we are responsible for the content, accuracy and integrity of this Report. In our opinion, it represents a fair and balanced impression of the bank's performance, strategy and management, as well as its ability to create value for stakeholders. The Report also addresses significant opportunities and risks resulting from our strategy. We also confirm that this Report has been prepared and assured in accordance with the International Integrated Reporting <IR> Framework.

Robert Swaak
Chief Executive Officer

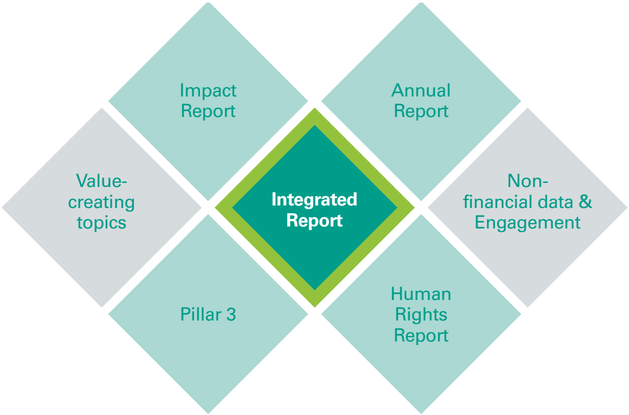
Tanja Cuppen
Chief Risk Officer

Christian Bornfeld
Chief Innovation & Technology Officer

Annemieke Roest[1]
Chief Financial Officer ad interim

Our 'core and more' approach

This Integrated Report is ABN AMRO's 'core' report. We also publish other 'more' reports; these are designed to provide stakeholders with additional information on specific subjects such as risk and capital management, sustainability performance, disclosures on human rights, and background information (see illustration, below). They include our Annual Report, which also contains the bank's financial statements. For a list of our corporate reports, please refer to our website: Further details of our approach to reporting may be found on page 56.



[1] As per 1 March 2021, Annemieke Roest is acting as Chief Financial Officer ad interim, pending approval of Lars Kramer's appointment as ABN AMRO's new CFO.

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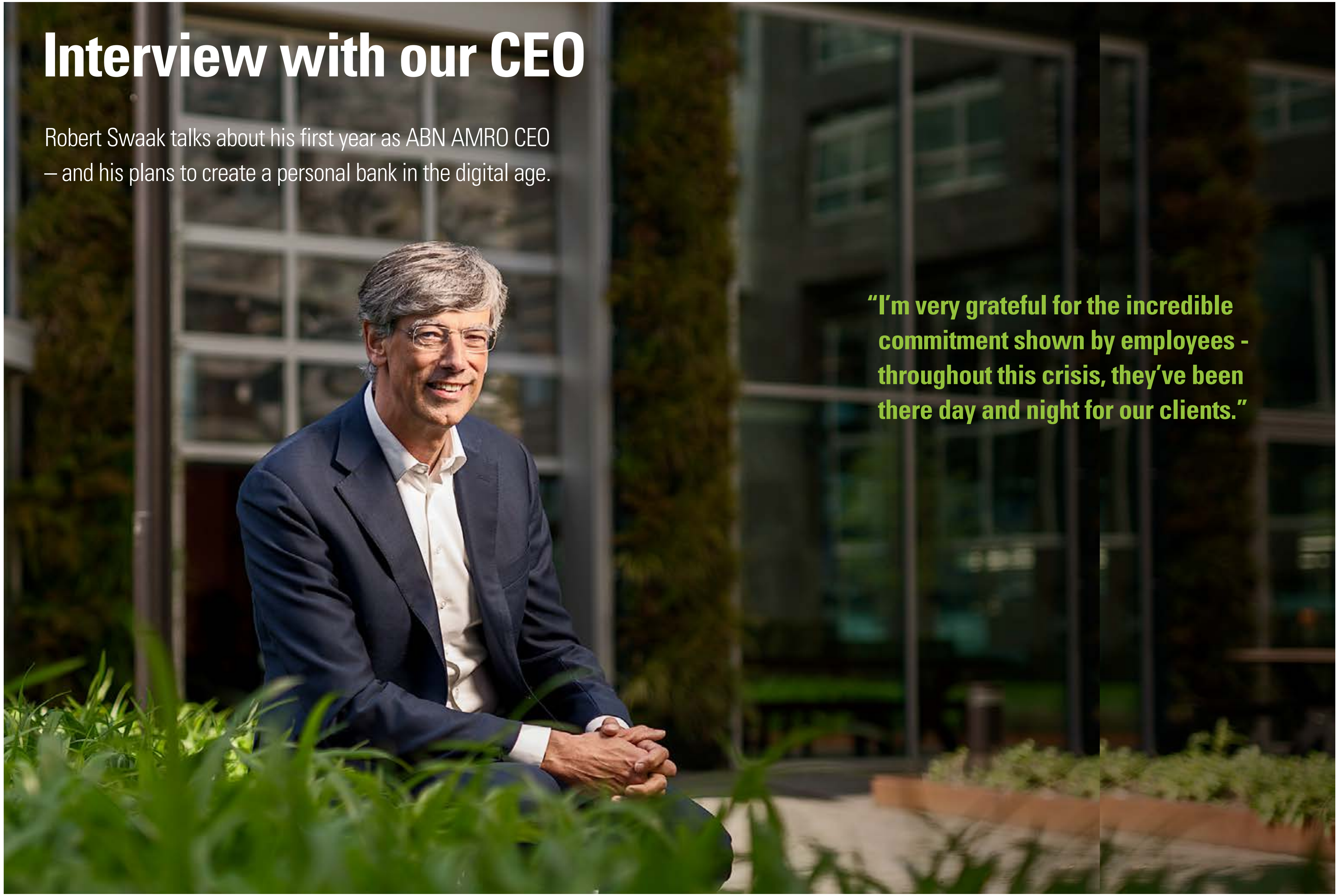
Interview with our CEO

Robert Swaak talks about his first year as ABN AMRO CEO – and his plans to create a personal bank in the digital age.



"I'm very grateful for the incredible commitment shown by employees - throughout this crisis, they've been there day and night for our clients."

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It's been an extraordinarily difficult year – a baptism of fire for you as CEO?

When I came into the bank, that was right at the start of Covid-19, so we had to adjust very quickly. It was the worst public health crisis for more than a century. Straight away, we had to take the bank's operations off-site, and put in place relief measures for our clients. We did it, we did it quickly and what impressed me most of all, we did it as one bank. I'm very grateful for the incredible commitment shown by employees – throughout this crisis, they've been there day and night for our clients.

> "The bank has a strong foundation, but needed focus and a clear profile."

What about the results for the year? To what extent do they reflect these difficult market conditions?

Clearly, the impact of Covid-19 affected our 2020 financial results. We ended the year with a modest loss. There were definite positives – we made progress on our priorities, and we delivered on our cost programme. Unfortunately, we will not be proposing a dividend for 2020. We had an increase in impairments, linked to Covid-19, oil prices and exceptional client files.

Many of the non-performing loans in our Corporate & Institutional Banking business came from outside the Netherlands and Northwest Europe, and from areas we are now winding down as part of our strategy review. We had impairments in Clearing, and we have done a lot of work over the past year to further strengthen our risk management there.

Coming into ABN AMRO, you started working on the strategy review. What did you see at that point as the bank's strengths and weaknesses?

I wouldn't say weaknesses – these were more areas we could improve on. The fact is, ABN AMRO has real strengths: it has a tremendous brand – that's one of the reasons I joined the bank. It is also a bank that has a long heritage, has strong market positions, and is steeped in its corporate relationships. We are well capitalised and our digital capabilities are very good, although not always that well known. Our conclusion was: the bank has a strong foundation, but needed focus and a clear profile.

One of those choices you mention was to refocus Corporate & Institutional Banking.

We were asking too much of our Corporate & Institutional Banking business. We just did not have the right scale in some markets to deliver the returns we wanted – I'm talking here about Trade & Commodity Finance and oil & gas outside Europe. It makes perfect sense for us to be in corporate banking, but we need to focus it on our main markets in the Netherlands and Northwest Europe – more in line with our other businesses.

With the strategy review, where do you expect future growth to come from?

You have to start by asking: what are our core strengths? In corporate banking, we have valuable, long-standing relations with clients. We are focusing now on a number of specific sectors, where we have leading market positions. Among SMEs, for example – or in a sector like Transport & Mobility where we have real expertise and experience. And what is important is that all these sectors are predicated on sustainability, where we are also a market leader. Mortgages in the Netherlands is an area where we are currently underrepresented. We've identified segments of that market where we can grow our market share. Obviously, at the moment, with the pandemic, we have to be careful – a lot depends on the wider economy.

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You have said you want to create "a personal bank in the digital age". What exactly do you mean by that?

Let me give you an example. With Covid-19, video banking has really taken off. Before the pandemic, we used to say clients wouldn't like video banking. Now, client satisfaction with video banking is higher than ever. That is not because we're doing it better – that is because we are recognising that clients are happy to use video banking, providing we are still with them personally. It is about combining convenience and expertise, and that is what digital allows us to do. With technology, banks could become just another utility, but we have chosen a different route. We think, based on our market positions and the knowledge we have of our clients, that we can add real value through personal interaction, especially at decisive moments in a client's life when they need it most – when they are buying a house or about to retire, for example.

At the date of this interview, the investigation of the public prosecutor into your anti-money laundering activities is ongoing. What can you say about it?

I can't say anything about an ongoing investigation, other than that we're cooperating fully. We are making progress in our remediation programmes. Currently, around 3,800 colleagues are dedicated to these activities. Our culture and licence to operate are clear priorities for us and we are fully committed to our role as a gatekeeper of the financial system.

What about the bank's approach to sustainability? Has it been affected by Covid-19?

Covid-19 has shown just how important sustainability is. In effect, it has shown us the kind of drastic measures we would have to take to get on top of climate change. Sustainability is not going to go away – on the contrary. When SMEs talk to us about funding, two-thirds of them want to know: how can I restructure my business to be more sustainable? I want us to use our influence. People say we should get out of oil & gas. But I want to stay close to oil & gas, because we want to help those companies transition to a more sustainable model. As a bank, we have a big impact on society. We are very aware of this. It is reflected in our purpose: *Banking for better, for generations to come.*

"As a bank, we have a big impact on society. We are very aware of this. It is amongst others reflected in our purpose: *Banking for better, for generations to come.*"

What do you expect for the rest of 2021? Do you think we can put the current crisis behind us?

This is a crisis unlike anything we have seen before. It challenges you to think about how we can get out of it, and particularly what kind of business model we will need. That is important. You need that perspective – you need to own your own future. Contrary to what happened in 2008, the world reacted very quickly to this crisis, which was definitely the right thing to do. It is clear that some industries have been badly affected; there are others, however, that will bounce back. On the consumer side, there is significant pent-up demand. You can see that because additional savings are already finding their way into the stock markets. That pent-up demand will probably only be released when we have effective vaccine programmes.

Our Bank

ABN AMRO offers a full range of banking and financial products. We have four businesses: Retail Banking, Commercial Banking, Private Banking and Corporate & Institutional Banking. In 2020, like many other companies, our business environment was overshadowed by Covid-19 – and its economic and social consequences.

In the next few pages, we will look in more detail at our business, some highlights of the year, and our current operating environment.

Five million people and businesses trust us with their money, savings and investments.

5 MILLION

Our Bank

ABN AMRO is one of the Netherlands' leading banks. Our focus is on Northwest Europe. We provide banking services to retail, private and business clients. There are more than 19,000 ABN AMRO employees worldwide. Our vision is to be a personal bank in the digital age, serving clients where we have scale in the Netherlands and Northwest Europe.

We have four businesses:

Through **Retail Banking** in the Netherlands, we provide personal finance – from current accounts to credit cards, investment services, mortgages and insurance. In the Netherlands, five million people have an account with ABN AMRO – more than a quarter of the Dutch population.

Commercial Banking provides financing and advice, mainly to small and medium-sized enterprises (SMEs). ABN AMRO is the first-choice bank for around a quarter of all Dutch SMEs, the backbone of the country's economy. ABN AMRO is the first-choice bank for around a quarter of all Dutch small to medium enterprises (SMEs), the backbone of the country's economy. At the end of 2020, our commercial loans – to both SMEs and other companies – totalled just over EUR 40 billion.

We also offer financial advice and wealth management services through our **Private Banking** operations. We are active in four countries: the Netherlands, Belgium, France and Germany. In total, our Private Banking business manages client assets worth almost EUR 190 billion.

Corporate & Institutional Banking works with larger companies – many of them multinationals. Our business offers a range of financial products to more than 2,000 clients worldwide, including structured finance, fixed income, debt capital and clearing. We're currently winding down our Corporate & Institutional Banking activities outside Europe; Clearing will remain a global business.

In addition, we have **Group Functions** to support our businesses in areas such as Innovation & Technology, Finance, Risk Management, HR & Transformation, Group Audit, Strategy & Sustainability, Legal, Corporate Office and Brand, Marketing & Communications.

Currently, just over 80% of ABN AMRO's operating income is generated in the Netherlands; the remaining 20% comes from outside our home market, though this is likely to decrease in the coming years because of the refocusing of our Corporate & Institutional Banking business.

Focus on Netherlands and Northwest Europe

Netherlands: Group Functions, Retail Banking, Private Banking, Commercial Banking, Corporate & Institutional Banking

Belgium: Private Banking, Commercial Banking, Corporate & Institutional Banking

France: Private Banking, Commercial Banking, Corporate & Institutional Banking

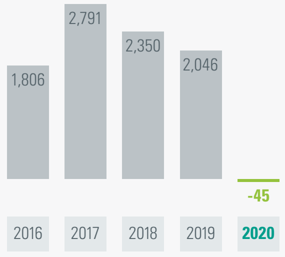
Germany: Private Banking, Commercial Banking, Corporate & Institutional Banking

UK: Commercial Banking, Corporate & Institutional Banking

ABN AMRO branch offices:
In Europe: Athens (Greece), Oslo (Norway).
Outside Europe: Chicago (US), Dallas (US), Hong Kong, New York (US), Sao Paulo (Brazil), Shanghai (China), Singapore, Sydney (Australia), Tokyo (Japan)

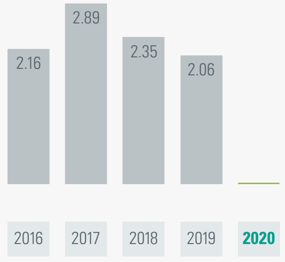
Annual net profit/loss (in EUR millions)

-€45



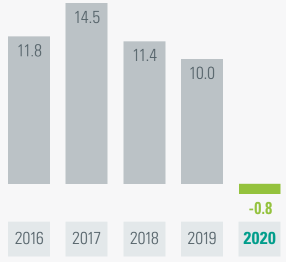
Earnings per share (in EUR)

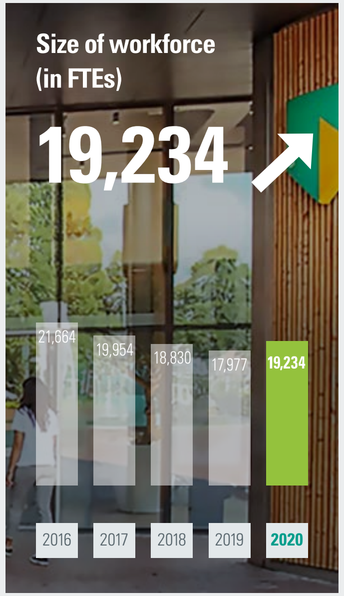
–

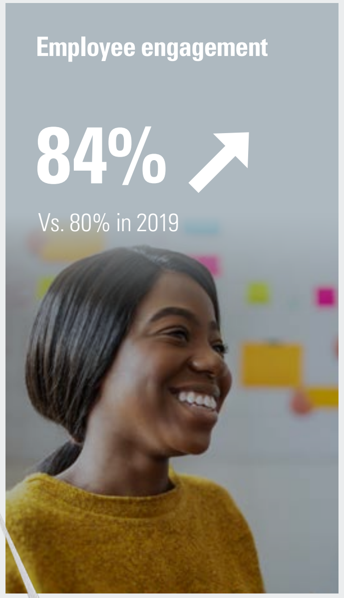


Return on equity (in %)

-0.8%

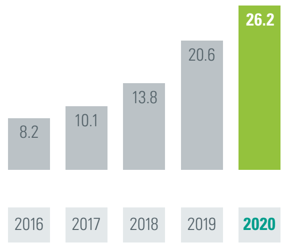






Clients' sustainable investments (in EUR billions)

€26.2



Note: the charts on this page are for illustrative purposes only. For details of our key performance indicators and strategic targets, please see page 61-63.

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Number of employees (in FTEs)

19,234

More than 80% of our employees work in the Netherlands for our businesses or in Group Functions. We also have around 5,621 temporary workers and sub-contractors.

By business (end 2020)
(in %)

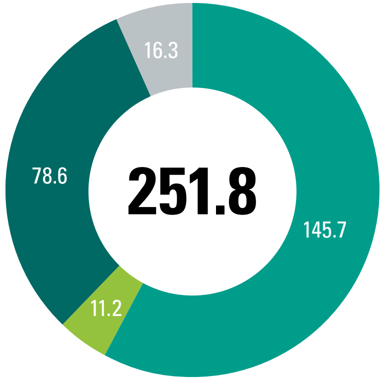
- Retail Banking
- Commercial Banking
- Private Banking
- Corporate & Institutional Banking
- Group Functions

By location (end 2020)
(in %)

- Netherlands
- Rest of Europe
- Rest of the world

Loans and advances to clients (in EUR billions, end 2020)

At the end of 2020, our loan portfolio was worth just over EUR 250 billion. Of the total, residential mortgages accounted for more than half, corporate loans for just over 30%.



- Residential mortgages
- Consumer loans
- Corporate loans
- Loans to professional counterparties and other loans

Executive Committee

Our Executive Committee oversees our strategy, policies, risk appetite and performance. The Committee is part of ABN AMRO's 'management body', along with the Supervisory Board.


Robert Swaak
Chief Executive Officer and Chairman


Clifford Abrahams[1]
Chief Financial Officer


Christian Bornfeld
Chief Innovation & Technology Officer and Vice-Chairman[2]


Tanja Cuppen
Chief Risk Officer


Frans van der Horst
CEO Retail Banking


Daphne de Kluis
CEO Commercial Banking


Pieter van Mierlo
CEO Private Banking


Rutger van Nouhuijs
CEO Corporate & Institutional Banking


Gerard Penning
Chief Human Resources Officer

[1] Please note that Clifford Abrahams stepped down as ABN AMRO's CFO in February 2021. For more details, see page 51.
[2] Christian Bornfeld took over from Clifford Abrahams as Executive Board Vice-Chairman on 1 March 2020.

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Supervisory Board

The Supervisory Board oversees the work of our senior management – its role is to advise, challenge and support our Executive Board and Committee.


Tom de Swaan - Chairman


Arjen Dorland - Vice-Chairman


Laetitia Griffith


Michiel Lap


Jurgen Stegmann


Anna Storåkers


Mariken Tannemaat


Tjalling Tiemstra

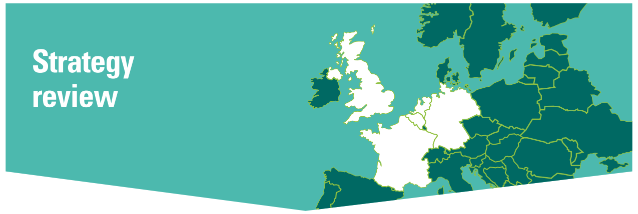
ABN AMRO in 2020

Covid-19 pandemic

ABN AMRO introduces a raft of measures to help clients during the Covid-19 pandemic. Measures include payment holidays and state-guaranteed loans; the bank also launches a dedicated platform to provide extra support for SMEs. Video banking is extended across all businesses.

ABN AMRO's new CEO

Robert Swaak is appointed ABN AMRO's new CEO. He takes over from Kees van Dijkhuizen, who steps down at the bank's AGM in April 2020 after three years at the helm. At the end of February 2021, CFO Clifford Abrahams leaves to pursue opportunities elsewhere.



Strategy review

ABN AMRO presents the outcome of its strategy review in November, setting out a clear vision: to be a personal bank in the digital age. As part of the review, ABN AMRO unveils new targets for 2024 – and confirms plans to wind down Corporate & Institutional Banking activities outside Europe, with the exception of Clearing.

Anti-money laundering

Anti-money laundering (AML) activities are further expanded. More employees are drafted into AML, while ABN AMRO agrees to collaborate with other Dutch banks through Transaction Monitoring Netherlands to combat financial crime.

Impairments rise sharply

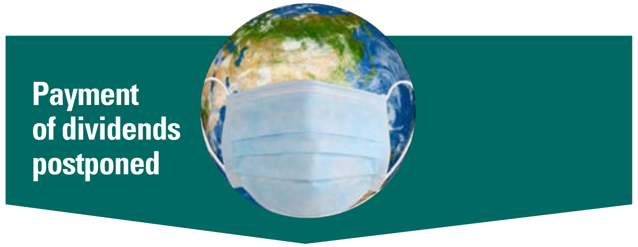
Impairments rise sharply during the year, a result of several one-off client-related losses and the impact of Covid-19 and fluctuations in world oil prices.

Data protection & cybercrime

Data protection & cybercrime continue to grow in importance. During the year, there is an increase in ransomware and phishing attacks. Separate DDoS[1] attacks are repelled with only limited damage to services – thanks to ABN AMRO's mitigation measures.

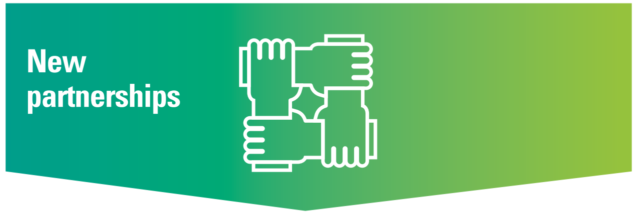
Fintech investments

ABN AMRO Ventures continues to invest in fintech. Among the fund's investments are OpenInvest, specialising in ESG investing, and data privacy company Privitar. In December, the size of the ABN AMRO Ventures fund is increased by a third to EUR 150 million.



Payment of dividends postponed

ABN AMRO postpones payment of its 2019 dividend on the recommendation of the European Central Bank (ECB), given the severity of the economic crisis following Covid-19. The bank will not propose a dividend for 2020.



New partnerships

New partnerships are agreed with Aegon Asset Management and ODDO BHF – in impact investing and equity brokerage, respectively. ABN AMRO also signs a new partnership with Techstars, a network of up-and-coming entrepreneurs.

[1] DDoS – Distribution Denial of Service (a malicious attempt to disrupt normal traffic to a server, service or network).

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The World Around Us

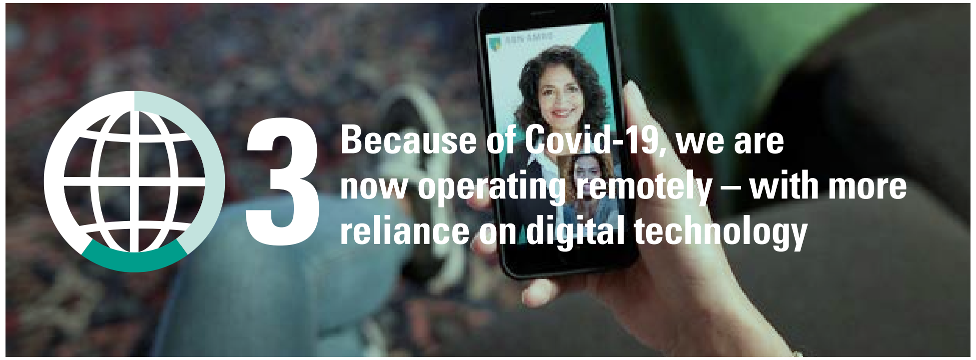
In 2020, we were faced with the worst global health crisis in a century; this health crisis has also become an economic crisis. Lockdown measures and fear of infection, introduced to stop the spread of Covid-19, hit businesses hard. Throughout the pandemic, our priority has been to support our clients, and protect the health of our employees.

Covid-19 has sent our economies into reverse. In 2020, the global economy shrank by an estimated 3.5%. For the eurozone, that figure was 7.2%.[1] Some sectors, of course, were hit harder than others. Among those most affected are the travel industry, leisure, hospitality and oil & gas. In addition to Covid-19, there are continued trade tensions – most notably between the US and China. Brexit may also impact cross-border trade despite the recent EU-UK deal.

Not surprisingly, consumer confidence has tumbled. At the start of the pandemic, the Dutch consumer confidence index dropped to its lowest level in seven years. Interest rates have been cut further – 'lower for longer' has been a reality for banks and investors for several years. Negative rates are having a direct impact on banks' profitability. Eurozone banks – ABN AMRO included – have started to apply negative rates, but have not passed these on in full to clients.

The Netherlands – our main market – has been less affected than other economies. This is mainly because of the Dutch government's softer lockdown approach during the first wave of the pandemic, and its continued financial support for businesses. As a result, the number of corporate bankruptcies actually declined in 2020. Thanks to government support, corporations have not struggled for liquidity. Deposits at our Retail and Private Banking businesses also increased – a reflection of lower consumer spending – though fees charged for credit cards and private banking have come under pressure. To combat the crisis, the ECB has continued to issue new money to support the eurozone economy. Banks are generally well-capitalised, in contrast to the 2008 financial crisis. The housing market also remains strong, despite a weaker economy – thanks to low interest rates, a shortage of available properties and recent tax changes. More than half of ABN AMRO's loan book is in residential mortgages.

[1] Source: International Monetary Fund World Economic Outlook, January 2021.



Covid-19 has impacted more than just our economy – it has affected many aspects of our lives. We are using more digital technology. We are also working more from home and commuting less. And we are attaching more importance to 'society' – to protecting the most vulnerable in our communities. Many of these trends were evident before Covid-19; the pandemic has simply accelerated them.

During recent lockdowns, we saw a significant increase in online and mobile banking. More clients are using technology to make payments or apply for loans – and even fewer are visiting our branches, either because of official restrictions or out of concern for the virus. Using digital technology allows us to be more efficient – to deliver quicker, more convenient service to clients. It also highlights the importance of protecting client data, and of maintaining access to mobile banking services, whatever the circumstances. Online, clients expect quick, frictionless service – if anything, Covid-19 has increased this expectation.

Internally, we are seeing the same emphasis on digital technology. The need for digital skills within the bank – in data analytics or digital marketing, for example – is higher than ever. Access to technology has also increased potential competition, particularly from big tech companies that may see opportunities in financial services. For some employees, working from home has been a positive experience; however, we are conscious that, for others, it can be hard, particularly those looking after children or elderly relatives.

Banking regulation has increased in recent years – a reaction to the global financial crisis. We still have a full regulatory agenda, including the EU's Sustainable Finance Action Plan and new capital requirements under Basel IV – though implementation of Basel IV was delayed by a year due to Covid-19. Over the past year, there has also been more emphasis on banks' duty of care for their clients – important given the potential impact of the current economic crisis on businesses and personal finances.

Society's expectations have also shifted. Covid-19 has, in effect, highlighted banks' positive role in society – in supporting business, economic growth and job creation. Social issues, such as access to healthcare, human rights, privacy and economic inequality have risen up the agenda. So has climate change and the environment: governments in Europe have made a 'green recovery' central to their economic strategies; the EU Commission has launched its own European Green Deal. Government support will open up opportunities for banks like ABN AMRO and for businesses to make a long-term switch to more sustainable business models.

Our Strategy

As part of our strategy, we are focusing on markets where we have scale: the Netherlands and Northwest Europe. We also want to further improve the customer experience, make ABN AMRO the first-choice bank for sustainability and create a personal bank in the digital age.

In 2021, we will continue to implement the results of our latest strategy review.

In this section, we present our strategic results for 2020 and examine our strategy, and the ambitions and targets that will take us through to 2024.

Our Strategy

Our strategy is based on our purpose: 'Banking for better, for generations to come'; its aim is to build a better bank fit for the future – one able to adapt to a rapidly changing economic and social environment.

The bank's strategy – introduced in 2018 – is based on three pillars: customer experience, sustainability and future-proof bank. In 2020, we made significant progress in many areas, despite the Covid-19 pandemic. Employee engagement was higher; we switched more of our energy portfolio to renewables – and expanded sustainable financing. We fell short of our Net Promoter Score (NPS)[1] targets for both Retail and Commercial Banking, however. We also failed to meet targets for return on equity, cost/income and dividends. The table, opposite, shows our performance against both Group targets and our three strategic pillars. During the year, we carried out an extensive review to give our strategy a clearer direction and focus, setting new targets and ambitions that will take the bank through to 2024.

Over the next few pages, we look in more detail at the basis of our strategy – our *strategic differentiators* – as well as the results of our strategy review, our new targets and our decision to wind down most of our Corporate & Institutional Banking outside Europe.

1 Net Promoter Score (NPS) is based on a customer loyalty survey. For further details, see page 32.

Group targets	Metric	2020 targets	2020 results	2019 results
Non-financial				
	Gender diversity at the top	30% women at the top	30%	28%
	Gender diversity at the subtop	35% women at the subtop	28%	27%
	Dow Jones Sustainability Index (DJSI) ranking	Top 5% of banking sector	Top 10% of banking sector	Top 10% of banking sector
	Banking Confidence Monitor	Leading among large Dutch banks	3.3	3.2
Financial				
	Return on average equity	10-13%	-0.8%[2]	10.0%
	Cost/income ratio	56-58%	66.4%	61.2%
	CET1 (fully-loaded)	17.5-18.5%	17.7%	18.1%
	Dividend payout ratio	At least 50% of net sustainable profit		62%[3]

Strategic pillars	Metric	2020 targets	2020 results	2019 results
Customer experience				
Net Promoter Score (relational)	Retail Banking	≥ -10	-11	-10
	Commercial Banking	≥ +1	-1	+1
	Private Banking	≥ +9	+13	+9
	Corporate & Institutional Banking	≥ +29	+35	+29
Sustainability				
We are committed to helping our clients become more sustainable	Renewable energy commitment as a % of energy portfolio	20%	21%	14%
	Sustainable financing	EUR 3.0 billion	EUR 5.0 billion	–[4]
	Sustainable investments (client assets)	EUR 22.5 billion	EUR 26.2 billion[5]	EUR 20.6 billion
We provide our clients with insight into their sustainability performance	Clients rated on our CASY[6] sustainability rating tool			
	▸ Commercial Banking	100%	59%	35%[7]
	▸ Corporate & Institutional Banking	100%	89%[5]	84%
We help our clients invest to make their homes and real estate more sustainable	Average energy label (residential properties)	63% rated A-C	62% rated A-C	60% rated A-C
	Average energy label (commercial properties)	31% average A	39% average A	22% average A[8]
Future-proof bank				
Employee engagement		≥ 80%	84%	80%

2 Excluding Corporate & Institutional Banking's non-core activities, return on equity for 2020 was 5.4%.
3 ABN AMRO has followed the ECB's recommendations on dividend payments and has not yet submitted the proposal for final dividend 2019 to the Annual General Meeting.
4 In 2019, sustainable financing as a KPI was still under development and not reported externally.
5 This figure is not comparable to the 2019 result, as we enhanced our scope for this KPI during 2020.
6 CASY: Client Assessment on Sustainability.
7 This figure has been restated from 42% to reflect changes in methodology.
8 This figure has been restated from 26% to reflect changes in methodology.

Definitions for above indicators and its methodological and scope changes (where applicable) may be found on page 61-63.

Our value-creating topics

To identify those areas that should be at the centre of our strategy, we carry out a regular, detailed assessment of our operating environment – resulting in our *value-creating topics*, or VCTs. These are where we believe ABN AMRO can create most value for stakeholders. In our latest assessment – completed in November 2020 – we selected nine as *strategic differentiators*. Each of these strategic differentiators is linked directly to our strategy, and updated to take account of our 2020 strategic review (see page 19). For every differentiator, we analyse the effect (by stakeholder group), and set clear targets and KPIs.[1] We do the same for our *27 fundamental value creators* – areas such as 'secure banking' and 'client data protection', which we see as vital if we are to successfully implement our strategy. Our assessment is based on input from stakeholders, both internal and external. Results are also approved by the bank's Executive Committee before finalisation. In our 2020 assessment, four strategic differentiators were added: clear and appropriate advice, diversity & equal opportunity, risk profile/management and financial performance. Four were removed and were added to our fundamental value creators: ethics & integrity, co-creation & innovation, system stability and talent attraction.

For comparison purposes, we have included our *strategic differentiators and fundamental value creators* for both 2020 and our previous assessment in 2018. *Strategic differentiators*, chosen in 2020, will apply to reporting from 2021 onwards. This Report is based primarily on results from our 2018 assessment. For more details, please see page 57 or our separate Value-Creating Topics Report, available online.

[1] Please note that we do not have strategic KPIs in place for all strategic differentiators. In such cases, we use non-strategic KPIs, or other metrics, some of which are available only internally.

Results of our 2020 assement

Strategic differentiators 2020 assessment

- Customer experience
- Digitalisation
- Clear and appropriate advice NEW

- Responsible investment & financing
- Circular economy
- Diversity & equal opportunity NEW

- Viable business model
- Risk profile / management NEW
- Financial performance NEW

Strategic pillars

Customer experience

Sustainability

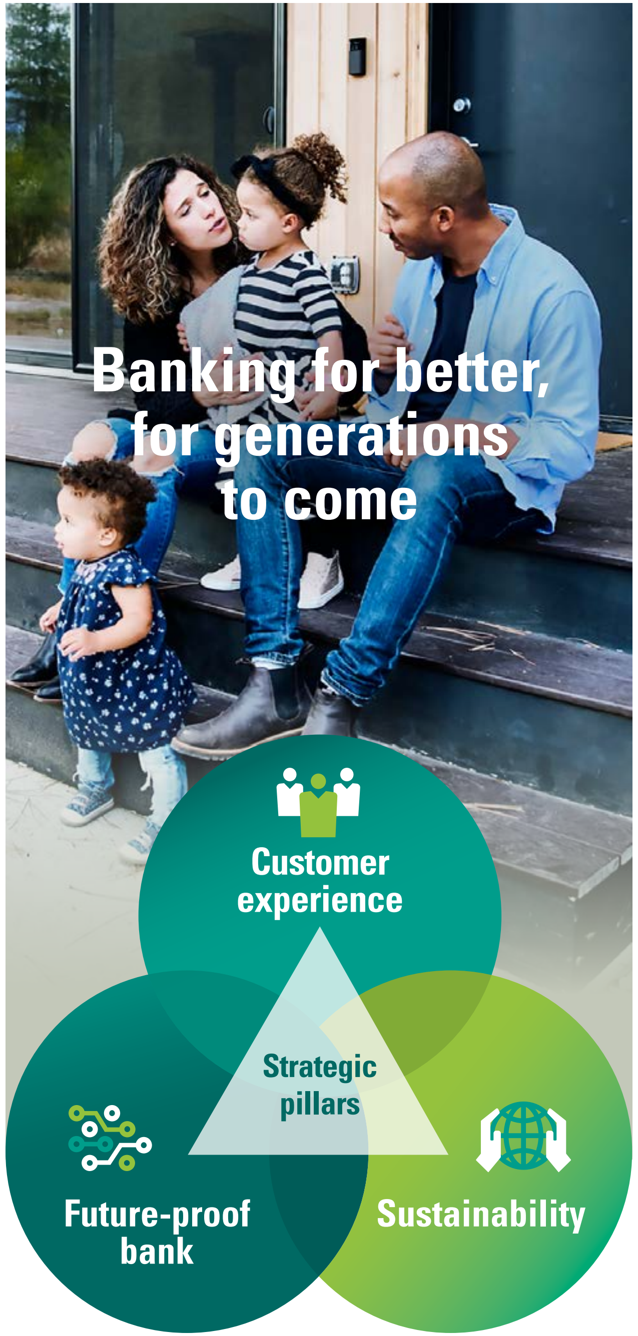
Future-proof bank

Fundamental Value Creators 2020 assessment

Adaptability, anti-corruption, client data protection, co-creation & innovation, community investment, corporate governance, employee empowerment, employee health & safety, employee training & education, environmental impact, ethics & integrity, fair taxes, financial inclusion, geo-political instability, human rights, non-financial performance, platforms and ecosystems, policy influence, regulatory compliance, remuneration policy, responsible procurement, secure banking, stakeholder engagement, strong balance sheet, system stability, talent attraction, vision & leadership

Results of 2018 assessment

Strategic Differentiators 2018 assessment	Fundamental Value Creators 2018 assessment
Strategic pillar sustainability: Responsible investment & financing, circular economy, ethics & integrity; **strategic pillar customer experience:** customer experience, co-creation & innovation, digitalisation; **strategic pillar future-proof bank:** viable business model, system stability, talent attraction.	Adaptability, anti-corruption, client data protection, corporate governance, employee empowerment, regulatory compliance, secure banking, strong balance sheet, vision & leadership



A personal bank in the digital age

Our strategy review resulted in a clear vision for ABN AMRO: to be a personal bank in the digital age. As part of this vision, we will focus on markets where we have scale in the Netherlands and Northwest Europe. The review gives us a distinct profile and focus, and – importantly – sets a clear roadmap for the bank through to 2024. We will also wind down most of our Corporate & Institutional Banking outside of Europe – a decision we announced in August.

We remain committed to maintaining a moderate risk profile; culture and our licence to operate are also clear priorities for the bank. To support our strategy, we have set new targets and ambitions, covering both financial and non-financial performance; these targets update and replace the ones we set in 2018. We believe that having a clear vision is essential if we are to steer the bank through difficult operating conditions post Covid-19, with continued low interest rates and a severe economic slowdown.

On the next page, for each of our three strategic pillars, we have set out our strategy and ambitions for the next four years. Details of our 2024 targets appear on page 20.

Corporate & Institutional Banking

As part of our strategy review, we are refocusing Corporate & Institutional Banking on our core markets in the Netherlands and Northwest Europe, and exiting all corporate banking activities outside Europe, with the exception of Clearing. Trade & Commodity Finance will be discontinued – and our Natural Resources and Global Transport & Logistics businesses will focus on European clients only. Our Clearing business – where we are a market leader – will remain global.

Positions will be wound down over the next 3-4 years, which has generally been received with regret by the clients directly affected. Other clients have expressed their disappointment that, though they understand the bank's considerations, they are no longer able to conduct business with ABN AMRO. However, clients are generally content with the way ABN AMRO has carried out this programme. By the end of 2020, we had already made progress with our wind-down – with loans from non-core activities down EUR 7.8 billion, or 45%, since mid-2020 with only one complaint.

We expect that refocusing the business will release capital, save an estimated EUR 200 million in costs and reduce risks associated with international markets.

Customer experience

A personal bank in the digital age for the resourceful and ambitious

Clients expect quick, frictionless and personal service; they want secure banking, and round-the-clock access to their accounts. To provide this, we are moving to a digital-first model, providing convenience in day-to-day banking, with access to financial advice and expertise when it matters. With this approach, we can support clients throughout their lives – from their first bank account to retirement planning.

Which Strategic Differentiators?
- Customer experience
- Digitalisation
- Clear & appropriate advice

Strategy 2024:

In the Netherlands, we will look to increase our market share among SMEs and in mortgages. We will also refocus Corporate & Institutional Banking on the Netherlands and Northwest Europe. We want to grow our business among affluent clients and entrepreneurs – where we have expertise. We want to maintain our leading position among Dutch corporates, where we have a good franchise in private and corporate banking. We will also focus on growth opportunities in niche markets, including energy, mobility, the digital transition, financial services and real estate.

Ambitions 2024:
- Increase ABN AMRO's share of new mortgages in the Netherlands to at least 20%
- At least 20% market share among Dutch SMEs
- Positive NPS for SMEs and mortgage borrowers
- Grow market share among affluent clients and entrepreneurs in the Netherlands
- Maintain leading position in Dutch corporates
- Build top-3 position in Northwest Europe corporate banking for chosen niche sectors[1]
- Grow market share among wealthy clients in Northwest Europe

Sustainability

Distinctive expertise in supporting clients' transition to sustainability

We view sustainability as a business opportunity; our aim is to become a first-choice partner for sustainability. More companies are switching to sustainable business models. At the same time, retail clients are adopting more sustainable lifestyles. As a bank, our role is to support this transition. We have identified three key areas where we can do so: climate change, the circular economy, and social impact – increasingly important in the wake of Covid-19.

Which Strategic Differentiators?
- Responsible investment and financing
- Circular economy
- Diversity and equal opportunities

Strategy 2024:

In the next few years, we will expand sustainable financing. We will also increase project financing for renewables for mid-sized to large Dutch corporates, and extend sustainable, ESG and Impact investment options for our clients. At the same time, we want to increase the number of circular economy deals we negotiate, particularly through leasing and product-as-a-service transactions. We will also set ambitions on social impact, focusing on financial inclusion, supporting equal opportunities and financial resilience.

Ambitions 2024:
- Increase volume of client loans and investments to at least one-third of sustainable assets
- Increase client ESG and Impact investments to EUR 46 billion
- Increase financing for circular economy deals to EUR 3.5 billion
- Increase number of A labels in our mortgage portfolio to 28%

Future-proof bank

Enhance customer service, compliance and efficiency

We want to build a bank that is fit for the future – that means rigorously simplifying and centralising ABN AMRO's operating model, and digitising high-volume processes end-to-end. We will also streamline our product portfolio, and further strengthen our approach to compliance and risk management. At the same time, we will continue to build a skilled, motivated and diverse workforce, able to implement our strategy. To achieve this, we will focus on retraining to fill the skills gap.

Which Strategic Differentiators?
- Viable business model
- Risk profile/management
- Financial performance

Strategy 2024:

Taken together, we expect these measures to produce further cost savings of EUR 700 million; we are targeting total costs of no more than EUR 4.7 billion by 2024. We will continue to streamline our product portfolio, reducing it by 60% over the next four years. At the same time, we will increase our IT efficiency by moving more activities to the Cloud, and stepping up our DevOps programme. We will also increase our STP rate of high volume processes[2] – and press ahead with our People Agenda, developing new skills in our workforce, particularly in digital and data analytics. Regrettably, there will be job losses, most from 2022 onwards.

Ambitions 2024:
- Reduce ABN AMRO's cost base to no more than EUR 4.7 billion
- At least 90% STP rate of high-volume processes
- 100% of DevOps teams moved to Cloud
- At least 90% of households' and SMEs' customer service requests handled digitally
- Streamline our product portfolio by at least 60%

[1] Energy, mobility and digital transition, financial services and real estate.
[2] Straight through processing (STP) percentage of high volume product & service processes that is fully automated end-to-end.

Our 2024 strategic targets

Our ambitions feed through into a series of strategic targets that we have set for 2024, these targets cover both our strategic pillars and our financial performance.

Strategic pillars	Metric	2024 targets
Customer experience		
	Relational NPS mortgages[1]	> 0
	Relational NPS SMEs (incl. self-employed)[1]	> 0
	Market share growth in focus segments[2]	2-5 percentage points in focus segments
Sustainability		
	Percentage sustainability (acceleration) asset volume[3]	30%
	Percentage of women at subtop[4]	34%
Future-proof bank		
	Straight-through-processing rate of high volume processes	90%
	Absolute cost base	EUR ≤ 4.7 billion
	Cost of risk	25-30bps through-the-cycle
	Return on equity	8% (10% ambition with normalised rates)
	CET1 ratio (Basel IV)	13%

1 Net Promoter Score is calculated as the percentage of promoters minus the percentage of detractors.
2 Focus segments are mortgages, SMEs, wealthy and affluent clients, entrepeneurs, and corporate banking in Northwest Europe.
3 The definition of sustainability (acceleration) asset volume is based on ABN AMRO's Sustainability Acceleration Standards. These standards contain clear definitions with regard to clients' sustainability policies, practice and governance. 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.
4 Percentage of women at Hay scales 12 and 13 in the Netherlands.

Operational sustainability targets

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.

	2021	2022	2023	2024
Percentage sustainability (acceleration) asset volume[3]				
ESG + impact investments	26%	29%	31%	35%
Mortgages	22%	24%	26%	28%
CIB (core) loans	12%	16%	20%	25%
CB loans	11%	15%	21%	27%
Total	21%	23%	26%	30%
External Rating				
S&P Global ESG Dow Jones Sustainability Index	top 5%	top 5%	top 5%	top 5%

Opportunities & risks

Our strategy brings definite opportunities: to position ABN AMRO as a leader in sustainability, to create a skilled, motivated workforce, and to ensure quicker, more personalised customer service. We are also aware that there are risks to our strategy – some associated with our operating environment, others with our ability to manage significant change risk.

Key:

- **Short-term** 0-2 years
- **Medium-term** 2-5 years
- **Long-term** More than 5 years

Please note that these are indicative only. In many cases, there is an effect over the short, medium *and* long terms. In the table, we have shown the principal effects only.

Customer experience	Strategic differentiators	Opportunities	Risks
	Customer experience	▶ Save clients' time through effective mobile (digital) banking ▶ Increase efficiency by expanding self-service banking ▶ Promote financial inclusion ▶ Target financial advice where most needed	▶ Difficulties in adapting to new customer service model ▶ Loss of face-to-face contact with clients because of continued branch closures ▶ Increase in number of clients facing financial hardship or difficulties repaying loans
	Digitalisation	▶ Make customer service quicker and more reliable ▶ More targeted, personalised digital ▶ Further accelerate implementation of digital or video banking	▶ Possible loss of client data because of increased cyber attacks ▶ Lower cross-selling rates via digital channels[1] ▶ Delays in IT transformation process
	Clear and appropriate advice	▶ Provide more personalised service to clients ▶ Use financial expertise to distinguish bank from competitors ▶ Strengthen 'Know Your Client' compliance	▶ Shortage of necessary skills to provide advice, particularly in niche markets ▶ Misplaced advice leading to additional claims from clients

[1] As compared with cross-selling in branches

	Strategic differentiators	Opportunities	Risks
Sustainability	Responsible investment & financing	▶ Position ABN AMRO as a leader in sustainable finance ▶ Develop new fee-based sustainability advice business ▶ Increase insight into client needs, leading to new financing opportunities	▶ Economic recession leading to lower demand for sustainable financing ▶ Additional regulatory requirements associated with new environmental or social regulation ▶ Changing public or political expectations in wake of Covid-19 pandemic ▶ Reputation risk if bank fails to deliver on sustainability commitments
	Circular economy	▶ As a leader, set new industry standards for circular financing ▶ Use frontrunners as inspiration for current and new clients ▶ Generate a positive impact on environment ▶ Help clients adapt and improve existing business activities and models	▶ Shortage of viable projects to finance ▶ Limited number of suitable financial products ▶ Reduced need for circular financing because of pandemic
	Diversity and equal opportunities	▶ Bring in new talent and create more inclusive working environment ▶ Strengthen reputation by better reflecting make-up of society ▶ Increase creativity and improve decision-making	▶ Failure to meet publicly-stated targets ▶ Delays in implementing diversity measures ▶ Failure to achieve required cultural change within bank, reducing equality
Future-proof bank	Viable business model	▶ Simplify and rationalise current range of products and services ▶ Adapt business model to new normal following pandemic ▶ Increase efficiency through digitalisation and refocusing costs	▶ Lower profitability as a result of economic downturn and low interest rates ▶ Long-term risk of disintermediation in banking sector ▶ Emergence of fintech and other big tech competitors
	Financial performance	▶ Improve financial performance through growth in target markets, cost cuts and stronger risk profile ▶ Free up resources for investment in new growth opportunities	▶ Possibility of deep economic recession following Covid-19, further affecting investor returns ▶ Persistently low rates reducing the bank's net interest income ▶ Need to cut costs further, leading to underinvestment in innovation, skills and product development
	Risk profile / management	▶ Further enhance risk profile and restore confidence in bank's risk management ▶ Reduce potential losses from increased impairments or rising credit risk ▶ Strengthen performance on compliance and crime detection, improving public confidence	▶ Increased compliance risk or loss of reputation if bank fails to maintain strong risk management ▶ Negative impact on bank's short-term profitability

Value Creation

Our goal is to create long-term value for ABN AMRO's clients, employees, investors and society as a whole. We also work hard to minimise the negative effects of our lending and investment activities on social issues and the environment.

EUR 15.7 BILLION

In 2020, we approved mortgages in the Netherlands amounting to some EUR 15.7 billion.

This section is devoted to value creation – over the next few pages, we will look in more detail at how we create value for our stakeholders.

How we create value

Value creation is central to our strategy. We create value in various ways – not just as a bank, but also as an employer. By lending to business, we support economic growth and job creation. We also provide mortgages so that people can buy their own homes.

Much of the value we create is financial, but it may also be social or environmental – the benefits of home ownership, for example, are not limited to a property's financial value.

We are conscious that, like any business, our activities may also cause harm. By financing business growth, we may indirectly be damaging the environment, or infringing basic labour rights. We work to minimise these negative effects, wherever possible, by applying strict rules on lending and investment activities, increasing financing for sustainable business and encouraging employees to speak out if they suspect any violation of our standards or guidelines.

Our value creation model

Our value creation model (VCM) is intended to show the process of value creation. The model uses the <IR> framework capitals – these capitals may be either increased or decreased as a consequence of the bank's activities. There are six capitals in total: manufactured, financial, intellectual, human, social and natural. For definitions, see page 57.

Our VCM comprises five sections (from left to right on pages 25-26):

- **Inputs**
  These are the resources (or capitals) we need to operate our business, ranging from the time, skills and know-how of our employees to the equity provided by investors.
- **Business activities**
  This is our 'engine room'; it shows, in effect, what we do with inputs to create value for stakeholders.
- **Outputs**
  These show the results of our activities – the loans we make, for example, or the salaries we pay our employees.
- **Outcomes**
  These show the effect of our outputs – investing in new technologies, for example, may allow us to provide quicker customer service, but it may also lead to job losses in areas where processes can be easily automated.
- **Impacts**
  As well as outcomes, we also estimate – in euros – the total impact of our activities on stakeholders. This allows us to identify possible dilemmas, and to see clearly the consequences of our business decisions.

For more information, see our Impact reporting methodology on page 66 or our Impact Report, available online: There is also a separate note on the future availability of resources and inputs on page 58.

Our value creation model

Inputs		KPIs for inputs
Manufactured	▶ Offices, property and equipment ▶ Loans, investment services and other financial products ▶ Deposits and savings	**EUR 238.6 billion** in total deposits (excluding other banks) **EUR 973 million** in total spending on general IT **EUR 252 billion** in total loans to clients **112** bank branches
Financial	▶ Fees, commissions and interest paid on loans ▶ Net interest income ▶ Financial capital from investors	**EUR 5.9 billion** in net interest income **EUR 1.6 billion** in total fees & commissions **EUR 21 billion** in total equity **EUR 89 billion** in corporate and commercial lending[1]
Intellectual	▶ Banking and other payment systems ▶ Policies, controls and guidelines ▶ Our brand and reputation	Each year, we invest in technology and improve both internal processes and our service to clients. **EUR 408 million** spent on anti-money laundering
Human	▶ Our employees' time, skills, resources and know-how	Total number of employees (FTEs) **19,234** in **14** countries **EUR 13 million** in spending on external training, skills and career development
Social	▶ Client relationships ▶ Employee engagement and motivation ▶ Industry networks and cooperation	**EUR 5.6 million** in investments made by ABN AMRO's Social Impact Fund **EUR 0.9 million** in community investment made through ABN AMRO Foundation
Natural	▶ Consumption of energy, water and other natural resources at our offices	**101 GwH** in total energy use (excluding transport), of which **70%** was renewable energy **EUR 2 billion** in investments through green bonds issued by ABN AMRO

Our purpose

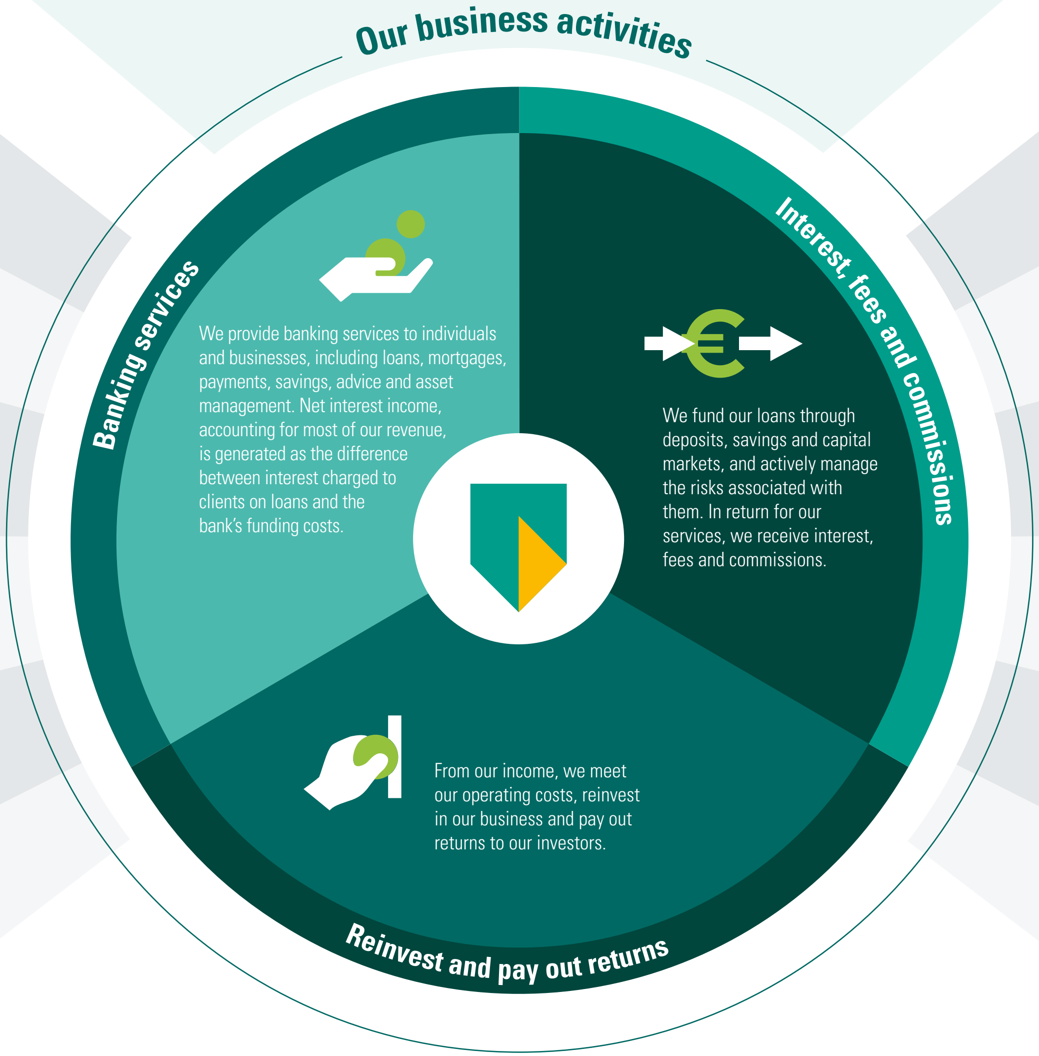
Banking for better, for generations to come

Our strategy

A personal bank in the digital age

Pillars:

Customer experience | Sustainability | Future-proof bank

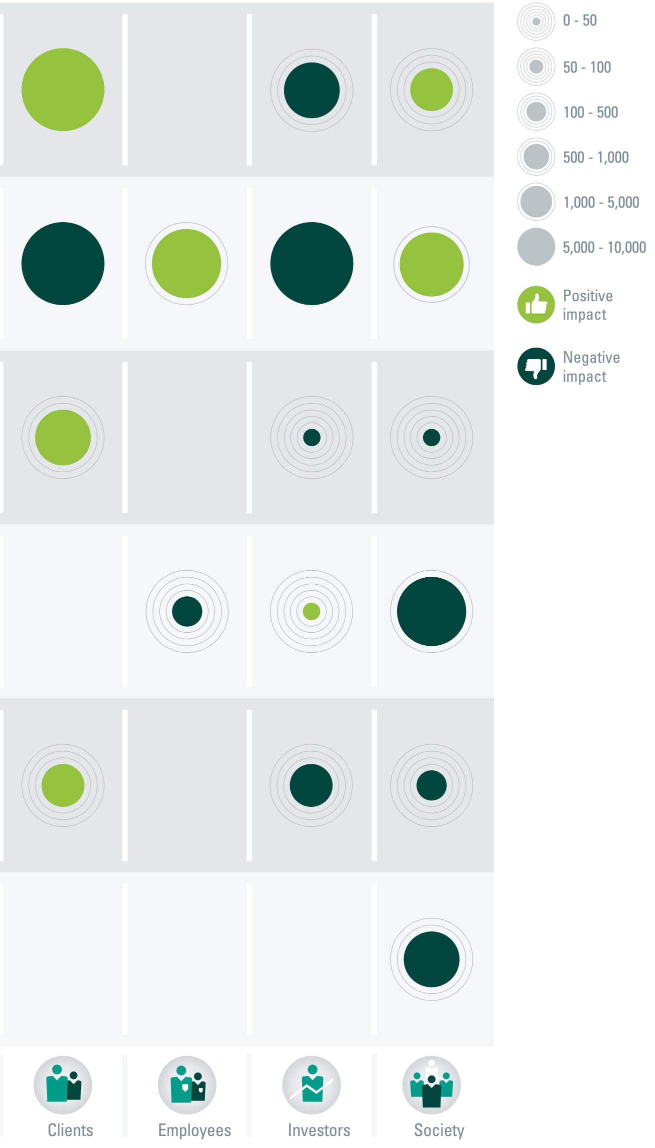


[1] Excludes professional counterparties and other loans.

Input and output metrics are included for illustrative purposes only.
All figures are for 2020, unless otherwise stated.

	Output KPIs	Outcomes
Manufactured	**EUR 15.7 billion** Total of residential mortgages granted **EUR 89 billion** Total loans or advances to business **EUR 26.2 billion** Sustainable investments (client assets) **EUR 5.0 billion** Sustainable loans granted **EUR 196 billion** Depreciation of tangible assets	The value of basic banking services (including money transfers, storage and management) remained broadly unchanged compared with 2019, as did house values for clients. This was partly offset by an increase in fees and commissions during the year from security and custodian services.
Financial	**EUR 1.8 billion** Total interest paid to clients and ECB **EUR 401 million** Corporate tax paid (effective tax rate: **113%** **-51%** Share price performance (compared with **-24%** in Euro STOXX Banks index)	In total, we created less financial value in 2020 – due mainly to a decrease in our profits. Tax payments were also lower, as were interest payments to clients, following a further decline in interest rates. Mortgages, however, showed an increase in value for clients – lower rates, in effect, reducing the cost of home loans compared with renting.
Intellectual	**3.3** Trust Monitor (published by the Dutch Banking Association) **118** Total client complaints relating to data privacy breaches (**0** substantiated) **90** Total client complaints relating to breach of other regulatory or voluntary codes in the Netherlands (**4** substantiated)	The value of ABN AMRO's asset management and other fee-based services decreased during the year, there was lower investment in intangible assets, such as IT services.
Human	**EUR 2.3 billion** Personnel expenses **84%** Employee engagement score **3.2%** Absentee rate	Employee well-being improved during the year; engagement rose significantly, despite the Covid-19 pandemic and increased home working. At the same time, there was no deterioration in occupational health & safety. There was, however, a loss of human capital for investors – adjusted lower to account for the decrease in profits.
Social	Net Promoter Score (vs. 2019) **-11** Retail Banking; **+13** Private Banking **-1** Commercial Banking; **+35** Corporate & Institutional Banking **99.89%** Availability of internet and mobile banking **22%** Cases with specific human rights link in the sustainability risk assessment	In 2020, a drop in ABN AMRO's brand value led to lower social value for investors.[2] At the same time, the bank continued to create value for clients, largely through the benefits of home ownership. Losses in social value – through discrimination, underpayment and child labour in ABN AMROs value chains – decreased slightly due to less exposure to sectors with high social risks.
Natural	**EUR 260 million** Value of circular economy deals approved during year **EUR 2.5 billion** Investments in renewable energy **14,056 tonnes** Carbon emissions from own operations[1] **32.4 million tonnes** Carbon emitted as a result of the bank's lending and investment services	Loss of natural resources was unchanged, compared with 2019. These losses related to pollution, additional consumption of natural resources and climate change, incurred primarily as a result of the bank's lending and investment services (offset, partly, by the purchase of carbon certificates). During the year, carbon emissions from ABN AMRO's own operations fell by 56% due mainly to office closures during the pandemic.

Impact



[1] ABN AMRO's carbon emissions are compensated by green certificates, covering both scopes 1 and 2, and scope 3 emissions relating to air travel). For more details on the bank's carbon emissions, see our Non-Financial Data & Engagement Report, available online.
[2] Source: Brand Finance.

Input and output metrics are included for illustrative purposes only. All figures are for 2020, unless otherwise stated. Impacts are shown in EUR millions (equivalent). The size of each sphere corresponds to the estimated size of impact, presented in ranges as follows: (please insert chart showing various sphere sizes). Positive impact is shown in light green, negative in dark green. Where there are no spheres, this is because there was either no material impact, or insufficient data. For more information on our impact assessment, see page 66 or our separate 2020 Impact Report, available online.

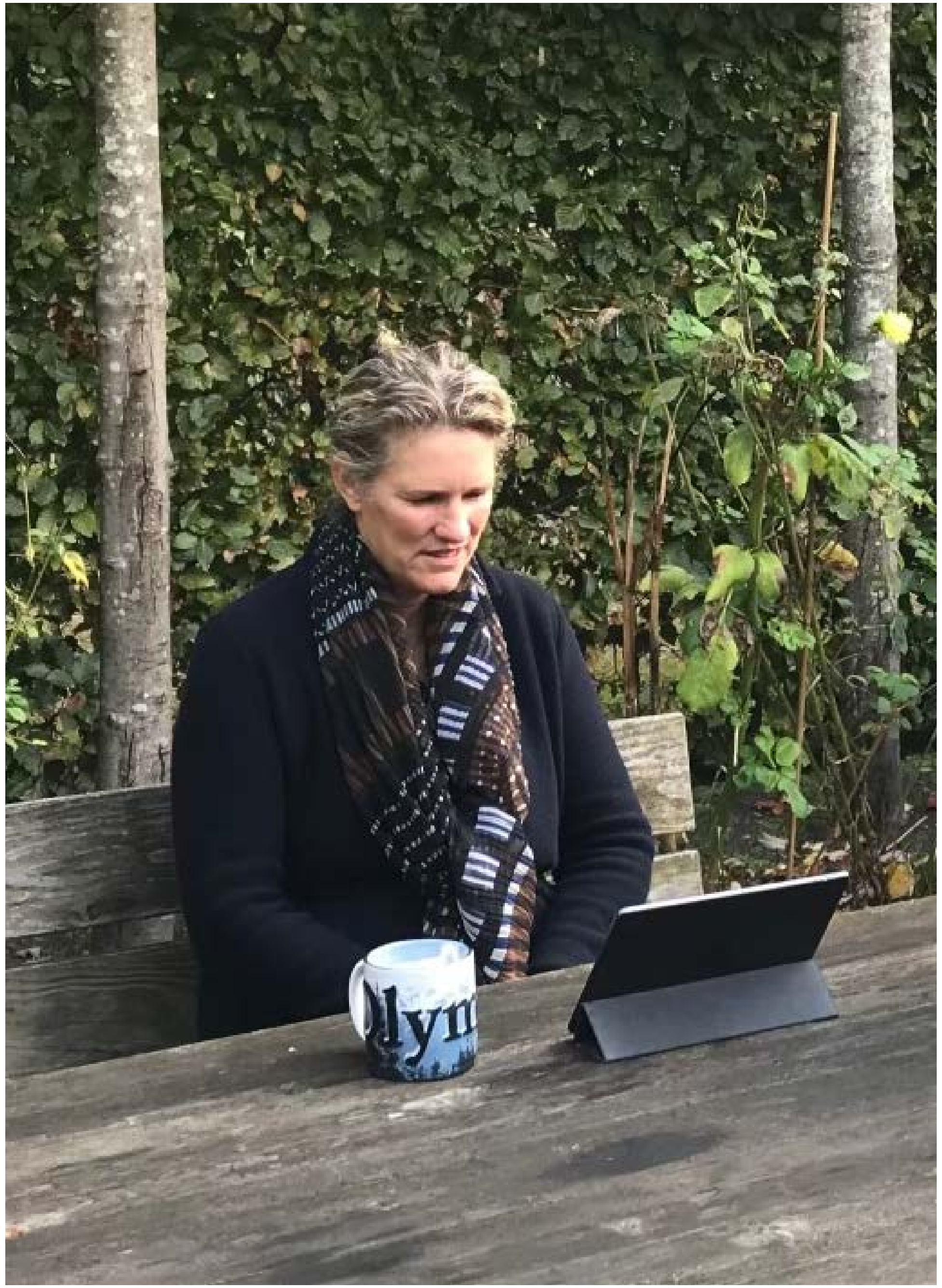
Performance and Outlook

We supported both clients and employees during Covid-19 – and continued to extend sustainable financing for business. The economic crisis adversely affected our financial performance. Our share price also fell sharply during the year. In this section, we will look at our performance in 2020, whether we achieved our value creation goals – and what we expect for 2021.

During the past year, we supported around

90,000

clients during the Covid-19 pandemic by deferring interest and loan repayments



Interview with our Chief Risk Officer

In an unprecedented year, Chief Risk Officer Tanja Cuppen talks about the implications for risk management – and the outlook for 2021.

How well prepared was ABN AMRO for something like Covid-19?

We carry out regular scenario analyses to prepare for difficult situations – pandemics are part of that, but few people imagined a pandemic on this scale. Our initial expectation was something more regional, rather like SARS[1] in 2005. In March, we discussed in the Board whether we were taking action too early. Four days later, the Dutch government ordered the first lockdown. We had mechanisms already in place to deal with situations like this, and I am pleased that these mechanisms worked well. Our risk committees met more frequently – we also switched to home working, maintained contact with our clients, and successfully kept our IT systems going. A lot had to change with our internal processes – to make sure that, with so many employees working from home, our systems remained completely secure. What we have accomplished recently with video banking really helped, in that respect.

"Few people could have imagined a pandemic on this scale."

[1] Severe Acute Respiratory Syndrome (SARS).

What about the wider economy? Where do you see the main risks for ABN AMRO?

In just 2-3 months, we saw a massive drop in the economy – in previous crises, that would have taken 2-3 years. As the pandemic has developed, we have become much more granular in our analysis. We are looking more at specific sectors. Transport is a good example. Personal transport – airlines, bus companies, tour operators and so on – have really suffered. By contrast, parcel delivery companies are doing very well – because of the increase in online shopping. So, we keep in close contact with our clients, look carefully at what is happening on the ground, and give them the information and support they need. This year, we've extended payment holidays to clients to help them get through the crisis.

"With government support, it's hard to see what's going on in the economy. Sooner or later, I'm afraid, reality will kick in."

Governments have also stepped in to support the economy. How important has that been?

For some companies, there's no doubt – it's a real solution. For others, they will still struggle. With government support, it's hard for us to see exactly what's going on in the economy. How many companies receiving support will be viable after the crisis? Sooner or later, I'm afraid, reality will kick in. That's why we take a prudent, forward-looking approach. A lot of the provisions we have taken, especially in the Netherlands, are in areas where we see increased credit risk. Ultimately, that's what banking is about – as a bank, we take risks, but we take risks that we understand, and that we can manage.

Will the strategy review change ABN AMRO's risk profile?

Risk was a central part of our strategy review. We're refocusing on the Netherlands and Northwest Europe, where we know the markets, where we have the scale to further invest in our risk management capabilities. We have also tightened up risk controls in some areas, where there was a need to do so. Clearing is one area where we've done that. There's another aspect in our strategy review that is just as important from a risk point of view – and that is the fact we're putting clients at the centre of everything we do, so we know our clients and they know us. Look at the work we are doing currently on anti-money laundering. People and companies want to bank with an institution they trust, and that is committed to keeping the financial system safe. And, in turn, we want clients who are against financial crime – being against financial crime means that, sometimes, you have to take additional safety measures. It's rather like airport security – you wouldn't fly if there wasn't proper security. In the end, our clients understand why it's important, and why we take measures to fight financial crime.

How do you see 2021? Are you optimistic for the year?

With the roll-out of new vaccines, we expect restrictions to be lifted by the second quarter – that should mean a strong economic rebound in the second half of the year. Interest rates will remain low – it's hard to see, especially in Europe, how low rates will disappear any time soon. It will be a year of opportunity – in the sense that it will create opportunities for those businesses that can adapt to the new realities. Look at the sectors we are focusing on in our corporate banking – mobility, for example, and those involved in the digital transformation or renewable energy. There are definite opportunities ahead – we are cautiously optimistic for our prospects as we implement our strategy.

Clients

We provide a range of personal and corporate banking services to clients. These include mortgages and loans, credit cards, savings accounts, payments and investments. In return, clients pay us fees, commissions and interest; they expect quick, reliable, round-the-clock service – and access to financial advice when needed.

Supporting clients during Covid-19

In 2020, Covid-19 put significant financial pressure on the bank's clients. Retail clients faced increased economic uncertainty – and the possibility, in some cases, of losing their jobs. Some corporate clients lost revenue and were forced to shut businesses temporarily during lockdowns. In difficult times, we have a clear responsibility to support our clients. At the start of the pandemic, ABN AMRO – along with other Dutch banks – offered three or six-month payment holidays to borrowers, effectively suspending repayments on loans. We also made guaranteed loans available for Commercial Banking clients, in line with government measures. And, for small businesses, we launched the Small Credits for Corona Guarantee Scheme (KKC) via our New10 app.

In total, we supported around 90,000 clients by deferring loan repayments. For Commercial Banking clients, we took an 'opt-out' approach[1] to payment holidays. Among retail clients, less than 1% made use of the payment holidays. Of these, the vast majority have resumed repayments on their loans – there was only a small increase in arrears during the year. By the end of 2020, we had granted just over EUR 400 million in state-guaranteed loans to corporate clients.

For a small number of clients, payment holidays were not sufficient. In these cases, we worked directly with clients to find an appropriate solution, including reducing monthly repayments or extending repayment periods. During the pandemic, we increased staffing levels at our Financial Restructuring & Recovery (FR&R) team to help small businesses in financial difficulty. To individual clients, we also offered financial awareness reports, free of charge – and advice through our financial coaches. In 2020, we joined other financial groups and Nibud – the Netherlands' National Institute for Family Finance Information – to provide special training for those in financial hardship.

These measures were designed to support clients with temporary payment difficulties. Our corporate clients, generally, were not short of liquidity. In the first quarter, Corporate & Institutional Banking clients drew on their credit facilities, but that reversed after March. In 2020, we saw no overall increase in mortgage or consumer loan defaults. Once government support is withdrawn, possibly

[1] For most corporate clients, six-month payment holidays were applied automatically; clients could opt out, as required.

Net Promoter Score (2016-2020)

Based on NPS surveys. For details, see page 32. Please note that, prior to 2016, we did not report on NPS separately for Commercial and Corporate & Institutional Banking. Please note that, for the second half of 2020, non-core activities were excluded from NPS scores for Corporate & Institutional Banking.

in 2021, we may see an increase in client demand for loans and other credits. Similarly, we are aware that more retail clients may face financial difficulties because of rising unemployment.

Shift to digital banking

In recent years, we had already been moving our banking services to digital; Covid-19 has, in effect, accelerated that shift. With lockdowns, we extended video banking across our businesses. In 2020, almost all client meetings at Retail Banking took place by video – and more than half at Commercial and Private Banking.

Digitalisation allows us to offer more convenient customer service. We continued to expand self-service – for simple tasks like ordering a new bank card or requesting a statement. That allows us to reserve face-to-face time for financial advice, when needed (buying a house, for example, or taking out a loan).

ABN AMRO already has an extensive range of mobile banking apps. Tikkie, our payments app, now has more than six million users. In 2020, Tikkie payments totalled EUR 3.6 billion, a 39% increase from the previous year – thanks, in part, to the impact of Covid-19. In 2020, more than 80% of our retail clients used our ABN AMRO mobile banking app. Increasingly, our main operations – what we call the backbone of our bank – are digitised. The shift to digital banking also reflects clients' increased take-up of new technologies.

Over the past decade, with digitalisation, we significantly reduced the size of our branch network.[1] During the pandemic, we found that older clients in particular were reluctant to visit branches for fear of infection. Our aim is that, by the end of 2021, clients won't have to go into a bank branch unless they want to. A further 17 branches were closed in 2020; we expect to continue closing branches at a similar rate in the years ahead, depending on client behaviour.

To achieve this aim, more work is needed 'under the bonnet'. We are sharing more platforms across our businesses, part of working better as one bank. We are also digitising more internal processes. To do this, we will need to further strengthen personal identification and verification – in certain cases, clients are still required to confirm their identity in person. Often, this is a legal issue rather than a technical one – over the use of biometrics as a form of ID, for example. In our Retail Banking business, around 80% of sales are already processed digitally.

Tikkie, our payments app, now has more than six million users.

The shift to digital banking also increases the importance of data protection. As in previous years, our systems again came under cyber attack in 2020. There was an increase in ransomware and phishing attacks. We were able to repel separate DDoS attacks with only limited damage to services. During the year, availability of our internet and mobile banking remained very high – at 99.89%, slightly above the sector average[2] – crucial for maintaining system stability. By using data, we can get to know our clients better – the better we know them, the easier it is to offer the right products or services at the right time, particularly when clients are no longer visiting branches to the extent they used to. As part of our strategy review, we are introducing a new, more effective Customer Relationship Management (CRM) system, expected to go live later in 2021.

Product rationalisation, partnerships and new financial technologies

Alongside digitalisation, we are rationalising our products and services. This should simplify decision-making for clients. We have already made progress in this area, reducing – for example – our mortgages to four basic types. Our goal, ultimately, is to scale back our portfolio by 60% over the next four years. In 2020, we also discontinued our Kendu investment app for lack of clients, and announced – as part of our strategy review – that our consumer finance unit Moneyou would be repositioned in 2021 as a provider of price-competitive mortgages.

During the year, we continued to work with outside partners – either to save costs or to bring in new expertise. We are working with Microsoft, for example, on Cloud computing and analytics, and looking at new Beyond Banking services, such as book-keeping. Alongside this, we have an active innovation strategy to bring forward new products and services, and increase our fee income. All our businesses have dedicated innovation labs, supported by our Group Innovation department. In 2020, we also signed a new three-year partnership with Techstars that will connect the bank to a network of up-and-coming entrepreneurs.

1 Since 2015, we have closed 148 – or 57% – of our bank branches in the Netherlands.
2 Source: Dutch Banking Association (Banking Confidence Monitor, 2020). The sector average for the year was 99.88%.

Throughout the year, we continued to invest in fintech – through our EUR 150 million corporate venture fund, ABN AMRO Ventures. Among recent investments were OpenInvest, specialising in ESG investing, and PrimaryBid – a platform that allows retail investors to participate in public share offerings on the same terms as institutional investors. ABN AMRO Ventures takes a strategic approach: investments must bring a strategic benefit, as well as financial returns for the bank.

Customer loyalty

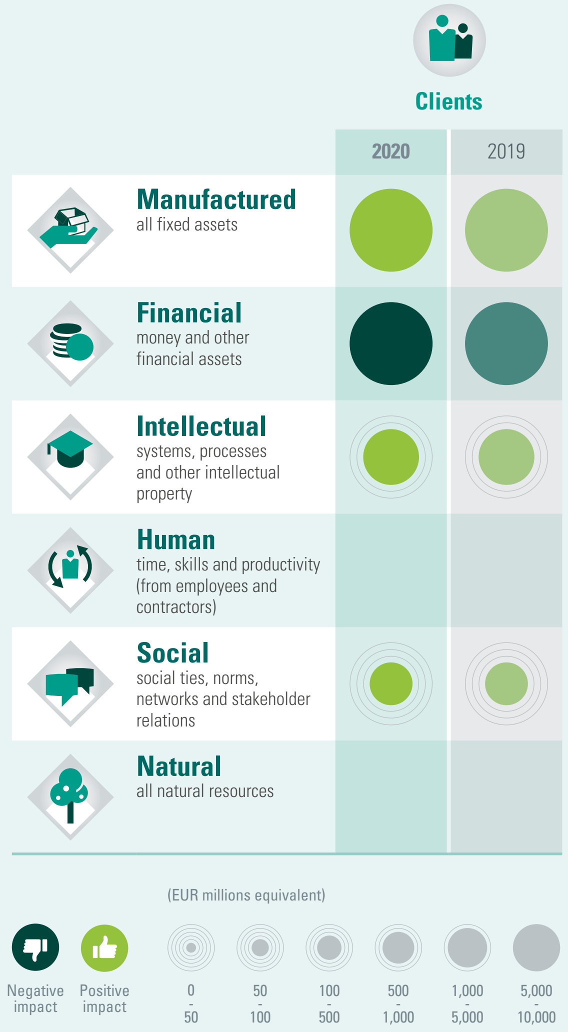
To measure progress with customer experience, ABN AMRO uses the Net Promoter Score, or NPS. In early 2020, our NPS increased across our corporate businesses. In effect, Covid-19 served to highlight the bank's importance for clients facing increased economic uncertainty. We saw the same effect on our wider reputation; our RepTrak index rose in 2020.[1] The second half of the year proved more difficult for many of our corporate clients, particularly as payment holidays and other support measures were withdrawn. Overall, for 2020, our NPS improved for both Private Banking and Corporate & Institutional Banking, though it was lower for Retail Banking and Commercial Banking (for results, see page 30). Trust among ABN AMRO clients increased slightly: the Dutch Banking Association's Trust Monitor showed clients' confidence in ABN AMRO at 3.3, up from 3.2 the previous year. The average for the banking sector as a whole was unchanged at 3.3.

Most of the value we create for our clients is through mortgages, loans and other banking services. Home ownership also brings additional economic and social stability. In 2020, we extended EUR 15.7 billion in new home loans – a slight increase from the previous year despite the uncertainty surrounding Covid-19. By the end of the year, we had a 17% share of the Dutch home mortgage market. Meanwhile, corporate loans – to Commercial and Corporate & Institutional Banking clients – dropped by 12% to EUR 78.6 billion, due mainly to continued government support available to corporates.

During the year, we continued to charge negative interest rates to certain clients – those with at least EUR 2.5 million in savings in their accounts; this threshold was reduced to EUR 500,000 at the beginning of 2021. Below EUR 500,000, the rate remains at 0%. Even with this change, negative rates will still apply to only a small fraction of ABN AMRO clients – though both the bank and its clients are increasingly taking negative rates into account as part of the current business environment.

Our stakeholder groups and types of capital

Impact from the perspective of the stakeholder group (EUR millions equivalent – presented in ranges)



We estimate the impact of our activities on stakeholders (in EUR millions). For more information on our impact assessment, see page 66 or our separate 2020 Impact Report, available online.

[1] This index tracks our reputation in wider society. In 2020, we recorded a score of 68.8 points, compared with 64.2 points the year before.

“We agreed a new six-year facility and extended our current financing – it’s a real vote of confidence in our company.”

Leon Dijkstra CEO of Eden Hotels
Eden Hotels is a family-run business – it owns and operates fourteen city centre hotels across the Netherlands, aimed at tourists and business travellers.

For many in the hotel and hospitality sector, it has been a difficult year. We spoke to Leon Dijkstra, CEO of Eden Hotels, about how his business weathered the storm – with support from ABN AMRO.

“When the pandemic broke out, we decided to close our hotels because we had no guests. We had no income – we rely on our rooms being occupied. At that point, the government support scheme hadn’t got going. We were also in the middle of renovating some of our hotels. And there was a lot of uncertainty – we didn’t know what was going to happen.”

“So, we looked for solutions. We cut costs, went down to a skeleton staff – we asked a lot of our staff during the pandemic – and we looked at ways of raising capital. We considered selling some of our real estate and leasing it back. But our preferred option was to extend the facilities we had with the bank – it really wasn’t a good market to be selling real estate. And ABN AMRO was very proactive – it gave us immediate breathing space, waiving covenants for the second quarter. The conversation then turned quickly to what we needed in terms of longer-term financing. In the end, we agreed a new six-year facility with the bank, guaranteed by the State – and extended our current financing. That’s great for us, because it means we can look forward with confidence. We were able to restart our renovation work – we’re also planning to open a fourteenth hotel.”

“Now we can look forward to 2021. It won’t be easy. Our hotels reopened at the beginning of May, and actually the summer season was very good outside of Amsterdam. But we still have restrictions in place in the Netherlands because of the pandemic. I’m convinced that, once these restrictions are lifted, people will want to travel again. Eden Hotels has been around for seventy years. We put a lot of emphasis on customer satisfaction. We are, fundamentally, a sustainable business once we get through this crisis – so, this is a real vote of confidence in our company.”

Employees

ABN AMRO has just over 19,000 employees – and another 5,600 temporary workers and sub-contractors. They contribute their time, talent and resources to the bank. In return, employees receive salaries, training and opportunities for career development. Our employees also expect an open, healthy and inclusive working environment – one which reflects their diversity and values, and where they can discuss dilemmas openly with their managers.

Working environment during Covid-19

During recent lockdowns, our offices have remained largely closed. More than two-thirds of employees worked mostly from home – in line with advice from the Dutch government. Those in our branches had to cope in trying circumstances, with various health and social distancing measures. Reducing numbers in our offices, we believe, also helped lower infection risk on local public transport.

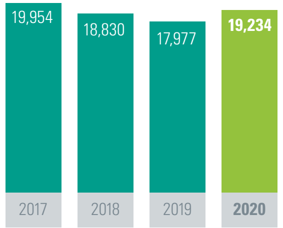
In recent years, we have invested heavily in digital technologies, and moved more internal applications to the Cloud, enabling us to move off-premise quickly – without any noticeable effect on productivity. We were also helped by our agile working approach, which puts more emphasis on self-organisation. In 2020, as part of this approach, we extended our DevOps programme as planned – though we decided to take a more 'on the job' approach to improve implementation.[1]

Overall, employees responded positively to management's handling of the pandemic. As a result, there was a significant increase this year in employee engagement. We are conscious that working from home is not easy for all employees – particularly those living alone, or with young children or elderly relatives in their care. During recent lockdowns, our 'We are colleagues' platform on our intranet provided regular advice, suggestions and information to employees working from home, including where to find help in case of stress or mental ill-health. We also offered office equipment to those at home – to ensure they had a safe and appropriate working environment.

Workforce, salaries and benefits

Much of the value we create for employees stems from salaries and other benefits, and the well-being that results from employment (in terms of financial security, improved social life etc.). In 2020, the size of ABN AMRO's workforce increased, with more staff working in anti-money laundering. Over the year, we created a net 1,257 jobs. This reverses a recent trend: between 2015

Number of employees (in FTEs)



[1] By year-end, 136 teams had made the switch to DevOps, which combines IT operations and software development to improve efficiency. After an initial 'bedding-in' period of six to nine months, we expect teams that adopt DevOps to increase their productivity by more than 20%.

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and 2019, the bank's workforce had shrunk by 18.5%, due primarily to increased automation. Over the next four years, we expect to reduce our workforce by 15% – most job losses, though, will come after 2022. In 2020, we paid a total of EUR 2.3 billion in salaries and other benefits[1], compared with EUR 2.2 billion in the previous year. At the beginning of April, employees were granted an annual salary increase of 2.5% – under the terms of our 2019 Collective Labour Agreement (CLA).[2]

Employee engagement

We want an engaged, motivated workforce. This is necessary if ABN AMRO is to remain an employer of choice in the Dutch banking sector. Increasingly, we are competing with other sectors for talent, particularly in data and digital technologies. In 2020, our annual Employee Engagement Survey showed a significant increase in engagement (see opposite). Engagement is now at its highest since we started measuring in 2013. Our Employee Net Promoter Score – or eNPS[3] – was also higher. These increases seem to reflect employees' appreciation for management's handling of the Covid-19 crisis.

Our engagement survey showed high scores in several areas, including efficiency, inclusive environment, and talent and development. Even so, there are still areas that could be improved. Despite strong gains, both senior management and vision & direction – a concern in recent years – still lag financial sector benchmark scores.[4] Addressing these areas will be a priority for 2021. Results from the survey are discussed every year by the bank's Executive Committee; they are then broken down by team, department, and skill groups. This allows us to pinpoint specific, on-the-ground issues.

Skills development and talent attraction

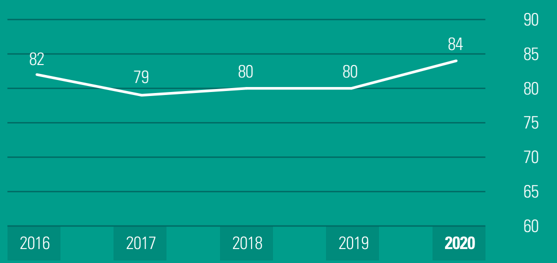
Alongside engagement, we need the right skills in our workforce – we have identified a number of critical skills, necessary for the bank's strategy. These include data and digital skills, learning agility, awareness of risk and compliance, design thinking and service design. Of these, data and digital are a clear priority. Where possible, we prefer to develop skills internally – though in certain areas we may need to recruit from outside, particularly where skills are in short supply. We have extensive training and development programmes for employees – these include the Circl Academy, responsible for all sustainability training. Overall, our approach puts emphasis on 'self-learning'; we are currently investing in a new learning platform for employees. In 2020, because of Covid-19, many of our courses and workshops – including, for example, our Leading for Better programme for management – were switched online.

Where possible, we prefer to develop skills internally.

Strategic Workforce Management allows us to identify skills gaps; it also shows us where these skills might already exist within the bank's workforce. During the pandemic, we were able to transfer some 350 employees temporarily to new positions to meet changing client

Employee engagement score
(in %)

84%



Results based on ABN AMRO's annual Employee Engagement Survey. The latest survey was conducted in September 2020. Our employee engagement target for 2020 was set at 80%. Seventy-six percent of ABN AMRO employees responded to the 2020 survey, up from 74% the previous year.

[1] Total personnel expenses (including salaries and wages, social security charges, and expenses related to both defined benefit and defined contribution pension plans)
[2] The 2019 CLA had originally agreed an increase in 2020 of 2.75%; this was converted, with the agreement of employees, into a salary increase of 2.5%, plus an additional five days paid holiday (equivalent, in total, to 2.75%).
[3] Similar to client NPS, eNPS asks employees if they would recommend ABN AMRO (as an employer) to friends and family.
[4] Based on Willis Towers Watson's Global Financial Services benchmark (covering 144 financial services organisations around the world).

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demands. As part of our approach, we are also working to reduce 3,500 official job profiles to just 37 – to make it easier in future for employees to move within the bank. During 2020, our spending on external training and skills totalled EUR 13 million.

Diversity and succession planning

ABN AMRO is pledged to creating a diverse workforce – diversity, we believe, leads to better decision-making and better customer service. It also brings the bank into line with wider society and supports employee engagement. Thirty percent of our senior management are now women – in line with our target. For the level below (the 'sub-top'), however, we are still short of our 35% target.

We are intensifying efforts to improve our performance on diversity. As part of this, we have launched new mentoring programmes, organised workshops, brought in a recruiter specialising in diversity and inclusion, and updated our job advertisements to make them more appealing to those from different cultural backgrounds. We have also put in place a comprehensive Diversity & Inclusion strategy.

At the beginning of November, we published our gender pay gap for the first time; our analysis showed a pay gap of 15% – a reflection of the fact that more men than women occupy higher-pay positions in the bank.[1]
We have also set clear goals for cultural diversity. By the end of 2020, 3.9% of our senior managers were from a culturally different background, short of our target of 6%. At the sub-top, the figure was 6.2%, just below our goal of 7%. In 2021, we will continue to work to improve our diversity performance.

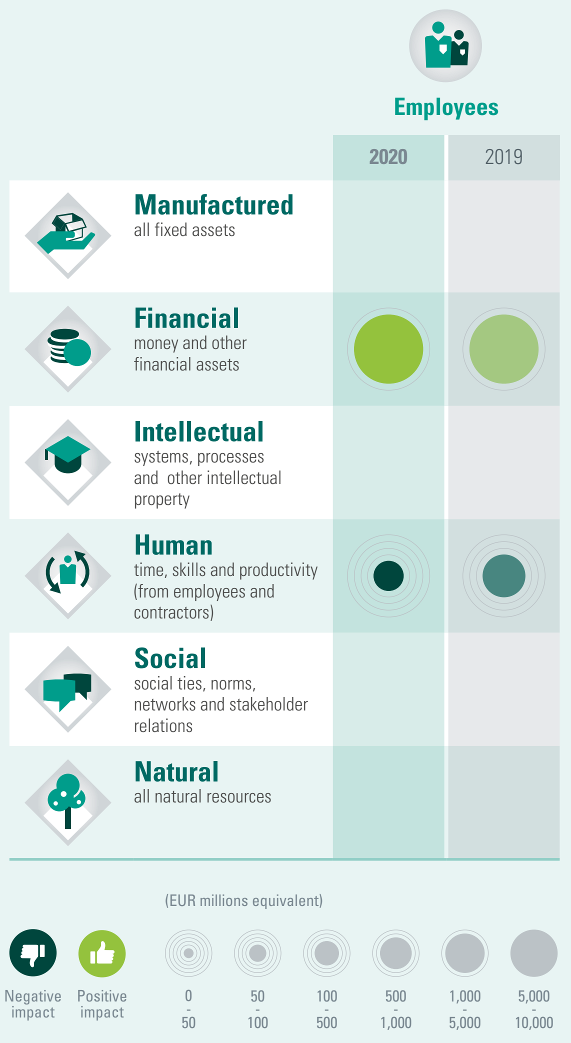
At the same time, we are further strengthening our succession planning. This ensures continuity, but it also encourages career advancement and mobility within the bank. Our succession planning programme now covers nearly 500 senior and other strategic positions across all businesses.

Future of work

Even before Covid-19, working practices were changing; they were becoming more flexible, more informal, and more reliant on digital technology. The pandemic has accelerated these trends. In response, ABN AMRO is working on a Future of Work programme. This programme will examine implications for the workplace (both office and remote), for engagement and communication with employees, for culture, leadership and the skills needed to work in the new environment. We have already announced a number of changes in this respect, including the sale and lease-back of our Amsterdam head office – and the refitting of our Foppingadreef office in the south-east of the city. As part of the plan, we will also look at how we can encourage greater flexibility in our workforce. Ultimately, the plan will set out a 'new normal' for post-Covid-19 working, and help make the transition as smooth as possible.

Our stakeholder groups and types of capital

Impact from the perspective of the stakeholder group (EUR millions equivalent – presented in ranges)



We estimate the impact of our activities on stakeholders (in EUR millions). For more information on our impact assessment, see page 66 or our separate 2020 Impact Report, available online.

[1] The pay gap is based on average gross salaries for a 36-hour week. For more information, please see our gender pay gap report, available online.

Arlene Bosman Chair of the ABN AMRO Employee Council
ABN AMRO's Employee Council represents staff throughout the bank. The Council regularly discusses organisation, pay and working conditions with the bank's Supervisory and Executive Boards.

Over the past year, ABN AMRO employees have had to get used to a very different working environment. Arlene Bosman, current Chair of the Employee Council, explains why she believes Covid-19 should bring new thinking to the workplace.

"In some areas, ABN AMRO did very well. For example, the bank switched quickly to online working. As employees, we were able to borrow office chairs and screens, so we could work properly at home. And we certainly appreciated the 'We are colleagues' platform on our intranet, which gave real support."

"That said, there were areas that could be improved. The Employee Council has drawn management's attention to the workload and the impact on colleagues' mental health, for example. Those working in branches didn't always feel they were being listened to – they were the ones on the frontline during the pandemic, keeping branches open for our clients. The question of extra costs associated with working from home also needs more attention."

"The pandemic has forced us to think about how we organise ourselves. Can we do things differently? Do we need the same number of meetings? We need to take a critical view of this. What activities should we keep? Which ones should we stop? At the moment, we're reproducing, in effect, our old ways of working, just online. At the same time, the way we're working isn't necessarily what it will be like once the lockdown is lifted and schools and offices can open again. A new way of working is emerging, and we're learning together – this will be an important focus point for us in the coming year."

"We will definitely need different skills in the future. ABN AMRO is well aware of this – this isn't necessarily connected with online working. We need people in areas like data management and anti-money laundering. One of my frustrations is that we still lose too many committed people, and put too much effort into recruiting from outside, when we have skills and potential in the bank. That's why I was really pleased to see the emphasis in the latest strategy review on reskilling – on teaching new skills."

"A new way of working is emerging – and we're learning together."

Investors

Investors provide us with the financial capital and funding needed to operate our business – they receive returns through dividends, interest and share price increases. In 2020, however, dividend payments were deferred – ABN AMRO's share price also fell significantly. Both adversely affected value created for investors.

Payments to investors

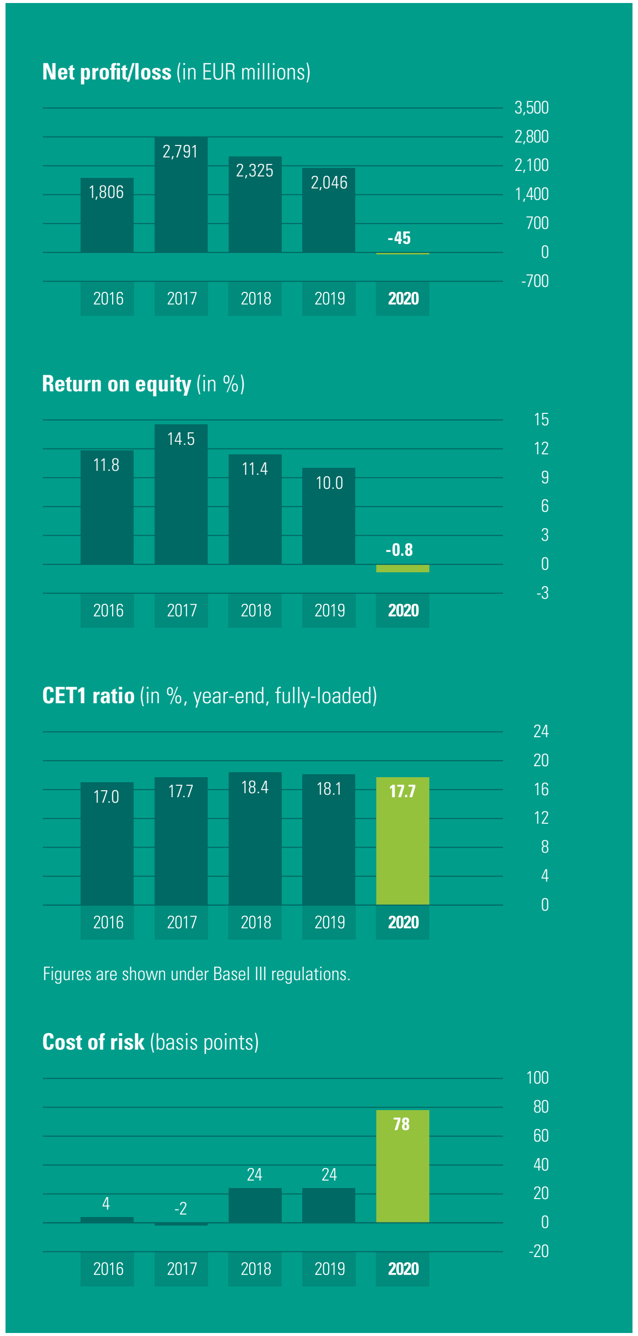
In March, ABN AMRO postponed payment of its 2019 final dividend to shareholders. This was done on the recommendation of the European Central Bank (ECB) – our main regulator – to preserve banks' capital during the economic crisis following the Covid-19 outbreak. We are well placed to pay this dividend, conditions permitting – thanks to our strong capital position. We understand that the decision to postpone payment had an effect on shareholders.

Regrettably, we will not propose a dividend for 2020 – based on the loss we recorded for the year and the ECB's request to refrain from or limit dividends until at least September 2021. We are committed to resuming payment of dividends, sustainably, conditions permitting and taking into account ECB recommendations. We will resume dividend pay-out at a ratio of 50% of net profit. We will adopt Basel IV as the primary capital metric with a Basel IV CET1 target of 13%. When our Basel IV CET1 ratio is above the threshold of 15% we will consider share buybacks subject to conditions and regulatory approval, but not before FY2021. The threshold will be recalibrated as uncertainties reduce.

Financial performance in 2020

ABN AMRO recorded a modest loss for the year of EUR 45 million – the bank's first loss in ten years – due mainly to a significant increase in impairments following the Covid-19 pandemic. Most of the losses were concentrated in the first half of 2020.

- **Net interest income** decreased by 9% as a result of continued pressure on deposit margins, stemming from low interest rates. Corporate loan volumes were also lower, reflecting the current wind-down of our non-core Corporate & Institutional Banking activities.
- **Income from fees and commissions** declined 4.5%. Credit card use was lower due to Covid-19; this offset higher income at our Clearing business from increased market volatility.
- **Operating expenses** were broadly unchanged, cost-saving measures and lower pension costs offsetting an increase in regulatory levies, higher wage costs and expenses associated with the bank's anti-money laundering programme. During the year, we reached our EUR 1.1 billion cost savings target for 2015-2020.
- **Cost/income ratio** rose to 66.4%, up from 61.2% the previous year - a result of lower net interest income in 2020.



- **Impairments** for the year totalled just over EUR 2.3 billion. These reflect the effect of the pandemic and lower world oil prices, as well as impairments related to exceptional client files.
- **Return on equity** (ROE) was -0.8%, following high impairments and – to a lesser extent – lower net interest income. In 2019, ROE was 10%. Excluding Corporate & Institutional Banking's non-core activities, the bank's ROE for 2020 would have been 5.4%.

For more information on our financial performance and capital management, see our 2020 Annual Report, available online.

Our capital position

In 2020, our capital position remained strong. At year-end, our CET1 ratio – the bank's main measurement of capital strength – stood at 17.7% under current Basel III regulations[1]. This is lower than in 2019, but gives us a significant buffer above regulatory requirements.[2] In recent years, we have built up a very strong capital position not only in response to changing regulations, but also to provide greater financial resilience.

In March 2020 the European Central Bank (ECB) and the Dutch central bank (DNB) temporarily reduced capital requirements as a result of several capital relief measures to support banks in serving the economy and addressing operational challenges. The reported CET1 ratio of 17.7% under Basel III is considerably above these capital requirements. The bank remains committed to maintaining a significant buffer in excess of its regulatory requirements at all times.

Because of Covid-19, roll-out of the ECB internal capital models review was delayed for several months; the review will now be finalised in 2021. European regulators also decided to delay implementation of Basel IV; these rules will now come into force at the beginning of 2023, one year later than originally planned.

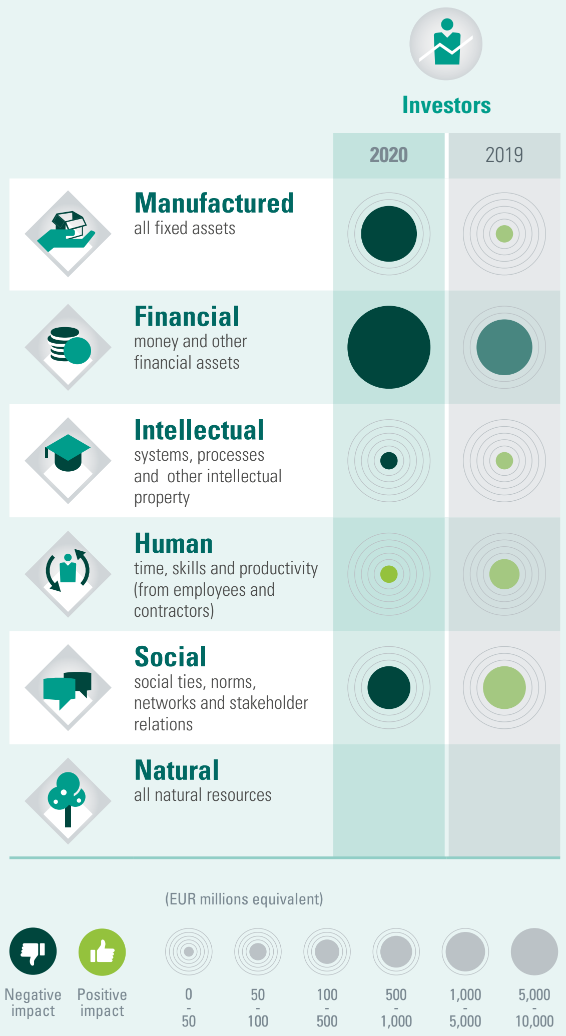
Our very strong capital position provides us with greater financial resilience.

Share price developments and viable business model

ABN AMRO's share price declined sharply in 2020; it closed the year at EUR 8.02, down nearly 51% from twelve months earlier. Our shares also underperformed other banking stocks: by comparison, the Euro STOXX Banks index was down 24% on the year. We have set out a clear strategy to build a viable, long-term business. In implementing our strategy, we will focus on the Netherlands and Northwest Europe, continue to invest in digital technologies, and remain committed to our moderate risk profile.

Our stakeholder groups and types of capital

Impact from the perspective of the stakeholder group (EUR millions equivalent – presented in ranges)



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[1] Equivalent to above 15% under Basel IV.
[2] Above the MDA (Maximum Distributable Amount) trigger of 9.6% (below this level, regulators impose automatic restrictions on distribution of earnings to shareholders).

Rients Abma Executive Director of Eumedion
Eumedion represents institutional investors in Dutch listed companies on issues such as corporate governance and sustainability. The organisation has more than fifty members, including pension funds, insurers, and asset managers.

Institutional investors are putting more emphasis on climate change. Rients Abma, Executive Director of Eumedion, talks about the importance of climate reporting and why shareholders deserve a 'say on climate'.

"Climate change is an increasingly important factor for institutional investors – they understand that climate can have a material effect on a company's performance, particularly over the long term. Investors would like to see more data – it's important that companies report both on their contribution to fighting climate change and on how climate change is affecting their business. Don't forget, institutional investors like pension funds, insurance companies and asset managers also have their own climate commitments – they're looking to reduce greenhouse gas emissions through their investments, urged on by their beneficiaries and clients. At the same time, there's a push from regulators and supervisors – they're keen to see more reporting on climate risk. Increasingly, investors are building climate into their risk-return investment analysis."

"A few years ago, investors got a say on pay – remuneration reports had to be submitted to an advisory vote at the AGM. At Eumedion, we would like to see a similar 'say on climate': companies bringing forward each year a credible, progressive Climate Transition Action Plan for an advisory vote – a plan that would set out a clear roadmap to net zero, encourage discussion, transparency and accountability, and maybe incentivise companies to be more ambitious. In 2021, Unilever and Shell will be the first companies to do this – our hope is that Dutch listed companies will follow suit."

"We'd also like to see more uniformity in reporting – we are calling for a worldwide standard setter to issue common non-financial or sustainability reporting standards. The IFRS Foundation has been vocal on this issue. At the moment, there are too many different frameworks, which makes it hard for investors to compare companies' sustainability performance."

"What's encouraging is that, in the past several years, we have seen an increase in companies reporting greenhouse gas emissions data, and setting targets. But too much of the qualitative reporting is rather 'boilerplate', it's not company-specific enough. Companies also need to go beyond reporting just their own emissions – what we call scopes 1 and 2 – and look at emissions further down the value chain, generated by their clients. In sectors like services or banking, that's where most of the emissions are. It's not easy – again, there's no settled methodology, and sometimes there are questions concerning the reliability of data. Setting targets for scope 3 is difficult. Outside of Covid-19 right now – climate change is the most important challenge we face. We need a sense of urgency. Companies – like governments, consumers and investors – have a critical role to play in helping tackle climate change, and making sure we meet the goals set out under the Paris Climate Agreement."

"A few years ago, investors got a say on pay – at Eumedion, we'd like to see them get a similar 'say on climate'."

Society

By giving us access to services and labour markets, society implicitly allows ABN AMRO to conduct its business activities – it also gives us access to services and labour markets. In return, we support society by taking a responsible approach to banking and financing sustainable business.

Sustainable investment & financing

As part of our strategy, we are increasing financing for sustainability; this includes funding for sustainable business, more circular economy deals, and loans for homeowners wanting to improve energy efficiency, as part of our Mission 2030 programme. At Private Banking, we are encouraging clients to switch to sustainable investment. Since 2015, we have also issued EUR 2 billion in green bonds and shifted more of our energy portfolio to renewables. By increasing financing, our aim is to accelerate society's shift to sustainability, and to support the transition to a new low-carbon economy. As part of this, we also measure carbon emissions from our lending and investment activities – in 2020, these emissions totalled 32.4 million tonnes.[1]

Metric	Performance
Sustainable finance	By the end of 2020, we had EUR 5.0 billion outstanding in sustainable finance to companies, exceeding our EUR 3 billion target. During the year, demand from multinationals remained high. Some smaller companies – particularly SMEs – were, however, forced to postpone investment because of Covid-19. Since the start of 2019, we have concluded more than 100 circular economy deals, worth nearly EUR 850 million – just short of our EUR 1 billion target[2]. We also expanded use of our CASY rating tool; 59% of our Commercial Banking clients and 89% of Corporate & Institutional Banking clients are now rated on CASY to help identify possible improvements in sustainability performance.
Sustainable investment (client assets)	By year-end, clients' sustainable investments with ABN AMRO amounted to just over EUR 26 billion. We have now made sustainability the default option for all Private Banking clients.[3] ABN AMRO also launched a new Impact Equity Fund, in partnership with Aegon Asset Management. Sustainable investments were lower in the first quarter, following a sharp drop in equity prices, but gained ground after that. Year-on-year, clients' total sustainable investments rose 27%.
Mission 2030	We continued to make progress with Mission 2030 – our programme to improve energy efficiency in the homes we help finance. During the year, the average energy label for residential properties on our books improved from D to C. Nearly 62% of these properties rated between A and C, up from 60% in 2019. For commercial properties, 39% were rated A, above the 31% target we had set ourselves. Mission 2030 is an important contribution to the Netherlands' climate targets – in time, we expect to replace our 2030 objectives with targets based on CO_2 emissions (per m^2), more in line with the Paris Climate Agreement and the EU's new sustainable finance standards. Mission 2030 covers approximately 800,000 homes across the Netherlands.
Renewable energy	ABN AMRO is also increasing financing for renewable energy. As part of this, we are moving more of our energy investment portfolio to renewables like wind and solar power. By the end of 2020, 21% of the portfolio was invested in renewables, ahead of our target for the year of 20%. Part of this increase was due to a reduction in our oil & gas business at Corporate & Institutional Banking. Through our Energy Transition Fund, we invest directly in renewable energy projects. In July, a new wind park supported by the Fund came into operation. Windpark De Veenwieken in the eastern Netherlands will generate enough electricity to power 20,000 households. In December, the Fund bought a 34% stake in Fiberline, a Danish maker of components for wind turbines.
Sustainable bonds	The year 2020 was a record year for sustainable capital markets. ABN AMRO supported the issue of more than EUR 10 billion in sustainable bonds, as well as a separate Covid-19-related social bond for European institutions. In recent years, we have issued EUR 2 billion in green bonds. Proceeds from these bonds are invested primarily in energy efficiency improvements in residential and commercial real estate.[4] In 2020, we also placed Europe's first-ever Tier 2 green bond, worth EUR 500 million on behalf of the Volksbank. We also invest in green bonds ourselves – these investments increased in 2020 to EUR 948 million, just short of our target for the year of EUR 1 billion.

1 These are part of our scope 3 emissions under the Greenhouse Gas Protocol. This estimate will act as a baseline for future efforts to reduce the bank's overall impact on climate change.
2 Our circular economy deals are in line with the circular-economy finance guidelines as launched by ABN AMRO in 2018, alongside fellow banks ING and Rabobank. For more information, see our corporate website.
3 For clients in countries where our Private Banking business is active. In 2019, this was already the case in the Netherlands – it has now been extended to other countries.
4 In 2020, 74% of proceeds were invested in residential mortgages (energy efficiency), 8% in commercial real estate (energy efficiency), 2% in solar and the remaining 16% in wind power.

Sustainability risk

We recognise that, in addition to creating value, we may also inadvertently cause harm to society through our lending and investment services. To assess these risks, we have an extensive Sustainability Risk Management Framework. This framework covers lending, investment, procurement and product development; it is fully integrated into our overall risk management. For climate risk, we report annually against the TCFD recommendations.[1] We also recently extended our carbon reporting to include certain scope 3 emissions from clients[2], and included a net-zero commitment in our Climate Statement.[3] To support our Sustainability Risk Management Framework, we have sector-specific policies for energy, defence, extractives, agriculture, transport, manufacturing and chemicals & pharmaceuticals.

In 2020, we also took a number of steps to formalise our approach to sustainability. We established a Sustainability Advisory Committee, updated our Sustainability Risk Policy for Lending and Project Finance, and set up a formal engagement committee for Commercial and Corporate & Institutional Banking. We also launched Sustainability Acceleration Standards (based, in part, on the EU's new taxonomy). These standards will help us harmonise our approach to sustainability; at present, they are in operation in both our Commercial Banking and our Corporate & Institutional Banking businesses.

Exclusions and engagement

As part of the Sustainability Risk Management Framework, we engage regularly with companies we finance, or invest in on behalf of clients – particularly where we believe there may be a breach of our risk policies or the principles of the UN Global Compact. In 2020, we engaged formally with 35 clients on environmental, social and governance issues, ranging from forced labour and deforestation to pollution, health & safety and suspected harm to human rights. During the year, we also agreed a new proxy engagement partnership with Federated Hermes; the partnership will support us in engagement services across the our private banking assets.

We also exclude activities that we believe are not ecologically, socially or ethically responsible[4]; these include illegal logging, tar sands, new coal-fired power plants, non-Kimberley certified diamonds, and controversial weapons, as well as businesses that may use child labour or human trafficking. We also exclude palm oil producers, processors or traders if they are not members of the Roundtable on Sustainable Palm Oil (RSPO), or planning to become members. A full list of exclusions may be found at

Social impact

With Covid-19, we have understandably seen more emphasis on protecting the vulnerable in our societies. As a bank, we have a responsibility to clients experiencing financial hardship. But we also support local communities, and invest, where possible, in local social entrepreneurs. Our social impact work focuses on three key areas: financial resilience, financial inclusion and equality. Our Social Impact Fund invests in social enterprises involved in everything from organic produce to online health and youth employment. Since 2013, we have issued EUR 2.4 million in social impact bonds.[5] In 2020, more than 1,250 employees volunteered for ABN AMRO Foundation. Together, these employees contributed nearly 11,000 hours to projects helping disadvantaged children across the Netherlands. Over the next four years, we plan to expand our social impact investing – to around EUR 5 billion – concentrating on financial inclusion and equal opportunities, both issues that came to the fore during the Covid-19 pandemic.

Human rights

Respect for human rights is embedded in our Sustainability Risk Management Framework; it's part of how we do business. Corporate clients are routinely assessed for human rights risk[6]; if necessary, issues are then addressed as part of client engagement. We acknowledge that, through our business relations, there may be risks to human rights.

1 Task Force on Climate-Related Financial Disclosures (TCFD). We have developed performance metrics in line with TCFD recommendations, including carbon emissions (scopes 1, 2 and 3). We also conduct extensive impact analysis based on various warming scenarios. For full details of our reporting, see our 2020 Annual Report, available online.
2 These include emissions related to loans to customers and retail mortgages. For a fuller definition of Scope 3 emissions, see page 61.
3 The Climate Statement reads: "The ABN AMRO bank-wide goal is to bring our lending and client investment portfolio in line with at least a well-below 2-degree scenario and to support the transition to a net zero economy in 2050." The Statement is available online at abnamro.com.
4 Please note this applies to ABN AMRO's own business only, not to business carried out on behalf of clients (unless requested)
5 For more information, please see our report on social impact 'How to create positive change', available online.
6 Human rights is covered under CASY – our Client Assessment on Sustainability.
7 'Salience' is defined according to severity, likelihood and mitigating actions (in accordance with the UN Guiding Principles on Business and Human Rights). Our latest analysis covers the 2020 reporting period; it doesn't include the impact on human rights risk associated with the wind-down of Corporate & Institutional Banking activities outside Europe.

In 2020, we updated our 'salience' analysis, which identifies ABN AMRO's principal, or 'salient', human rights issues.[7] These salient issues form the basis of our work on human rights covering potential impacts caused by ABN AMRO directly, or through the bank's lending, investment and other business activities. The 2020 analysis covers ABN AMRO's role as an employer, service provider, and procurer of goods and services, as well as a lender and provider of investment services. At the same time, we renewed our Human Rights Statement to bring the text more into line with the bank's priorities and approach; the Statement – first published in 2012 – sets out our commitment to human rights. For more information, see our Human Rights Report, available online.

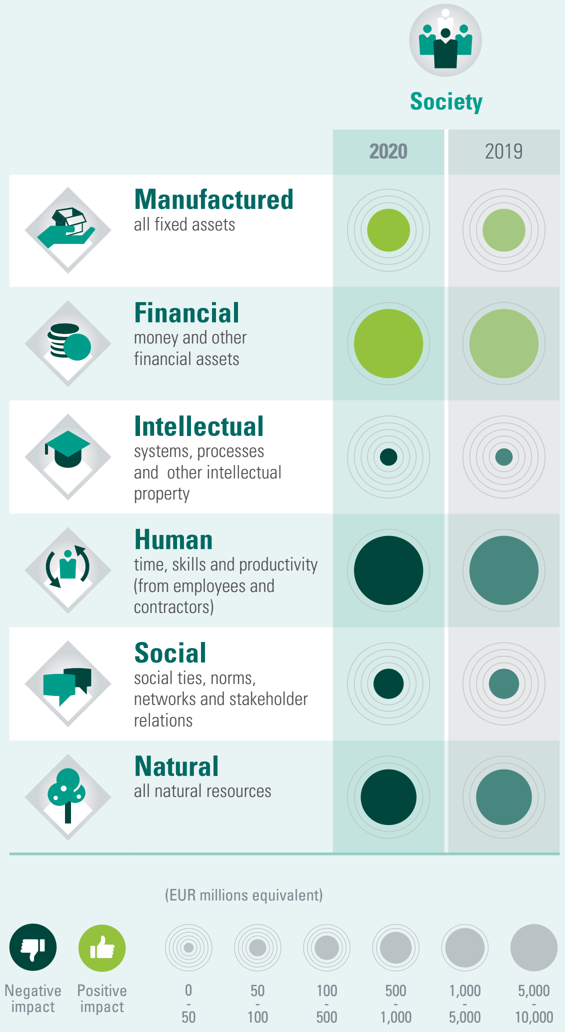
Summary of ABN AMRO 2020 salient human rights issues analysis

Bank's role	Salient issues	Who might be affected?
Employer	▶ Workplace discrimination ▶ Workplace harassment	ABN AMRO employees
Service provider	▶ Living standards and health impact caused by financial distress due to inadequate client protection ▶ Breaches of personal privacy ▶ Discrimination in banking services	Retail clients and non-profit organisations
Procurer of goods and services	▶ Labour rights	Workers of companies in our supply chain
Lender and provider of investment services	▶ Labour rights ▶ Land-related human rights ▶ Right to life and health ▶ Right to privacy[1] ▶ Freedom of opinion and expression[1]	Workers, local communities and consumers

[1] As a provider of investment services only.

Our stakeholder groups and types of capital

Impact from the perspective of the stakeholder group (EUR millions equivalent – presented in ranges)



We estimate the impact of our activities on stakeholders (in EUR millions). For more information on our impact assessment, see page 66 or our separate 2020 Impact Report, available online.

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Supporting the international development agenda

ABN AMRO supports the UN Sustainable Development Goals (SDGs). We have identified three SDGs as most relevant for the bank (see below); this is where we believe we can contribute most to the goals – by helping protect basic human rights, and supporting the transition to a more sustainable global economy.

In addition to the SDGs, we are signatories to several international initiatives. These include the Equator Principles (on responsible project finance), and the Principles for both Responsible Banking and Responsible Investment. In 2020, ABN AMRO also signed the Finance for Biodiversity pledge – to help protect the world's natural eco-systems. We are also founding members of PCAF – the Partnership for Carbon Accounting Financials. In November 2020, PCAF members – banks, insurers and asset managers – launched a common standard for measuring carbon emissions resulting from their loans or investments.

Sustainable Development Goal (source: UN)	**Our contribution** (page references in brackets)
8 DECENT WORK AND ECONOMIC GROWTH **SDG 8** **Decent work and economic growth** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	▶ Minimum labour standards built into our Sustainability Risk Management Framework and other internal policies (see page 42 and 52) ▶ Loans to businesses, including SMEs, to support economic growth and job creation (page 30)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION **SDG 12** **Responsible consumption and production** Ensure sustainable consumption and production patterns	▶ Significant financing to support business' switch to more sustainable operating models (page 41) ▶ Circular economy deals to reduce waste and consumption of scarce natural resources (page 41)
13 CLIMATE ACTION **SDG 13** **Climate action** Take urgent action to combat climate change and its impacts	▶ Continued investment in renewables through our Energy Transition Fund (page 41) ▶ Mission 2030 to reduce emissions from built environment (page 41) ▶ Issuing of green bonds to finance greater energy efficiency (page 41)

Table shows ABN AMRO's principal contributions only.

In 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development, a shared ambition for peace and prosperity for people and the planet, now and in the future. There are 17 integrated Sustainable Development Goals (SDGs) at the heart of this global partnership, with topics ranging from ending poverty and creating lifelong learning opportunities, to human rights and combating climate change.

Anneke Sipkens Director of ANBO
Established in 1900, ANBO acts as an advocate for the interests of older people in the Netherlands. The organisation works on behalf of its members in three main areas: income, health and housing.

In recent years, banking has become increasingly digital. Anneke Sipkens, Director of ANBO, talks about the implications for older people and explains why digital will never fully replace the personal touch in banking.

"We have seen very rapid digitalisation in banking, and that can be a source of concern for older people. Often, the assumption is that everyone understands the technology – that, instinctively, they know how to navigate on a web page or use an app. But that's not the case. For older people, it's difficult to keep up, especially if they are retired and they're no longer using these technologies every day at work."

"Frankly, the idea that, one day, we will all be banking digitally – that simply isn't going to happen. It's not just a matter of understanding the technology. As they get older, people have trouble with their eyesight; they lose motor skills – sometimes they have problems processing information. It's a natural part of ageing. Even those over the age of 65 who currently use internet banking will probably move away from it as they get older."

"We shouldn't underestimate the scale of this issue. About 1.6 million older people in the Netherlands don't use internet banking. Others may have an account, but they rely on friends and family to do their online banking for them. And, because of population ageing, the number of older people in our society is increasing. Ultimately, this is about autonomy. Banks have a responsibility to ensure everyone can manage at least their basic finances themselves. This is about designing websites with older people in mind. It's also about education. Banks offer these great new services, but they also have to think: how do we make this accessible? How do we communicate this to our older clients?"

"It's also about making people feel at ease. Older people like cash, for example – it gives them a sense of control. And it's the same with branches. Of course, we understand why banks are closing branches but, for older people, the personal contact is all-important. If they have a problem, they want a place to go where they feel comfortable and where they can talk it through with an expert. We know that, as branches close, ABN AMRO is increasing its number of financial coaches – that's an initiative we very much welcome."

"We shouldn't underestimate the scale of this issue. About 1.6 million older people in the Netherlands don't use internet banking."

Outlook

We expect conditions to remain difficult for much of 2021, though successful Covid-19 vaccine programmes could bring a strong economic rebound in the second half of the year.

Macro-economic context

Going into 2021, we have very little visibility. Much will depend on the successful roll-out of new vaccines against Covid-19. These should allow current lockdowns to be lifted by the middle of the year. Overall, we expect a rebound in the Dutch and eurozone economies after a sharp downturn in 2020 because of the pandemic. Growth should accelerate further in 2022.

As vaccines take effect, government support for business is likely to be scaled back. This raises the possibility of increased bankruptcies in the corporate sector – though we expect Dutch government support, in particular, to continue targetting sectors most affected by recent lockdowns. Throughout 2020, government support has kept bankruptcies in the Netherlands artificially low. Unemployment, we believe, will peak in 2022 as economies adjust to a 'new normal', post-pandemic. An acceleration in economic growth in late 2021/early 2022 could, however, limit the increase in jobless numbers.

During the pandemic, savings have increased – in part, these savings are 'precautionary', i.e. to protect individuals against the risk of future unemployment. But they also indicate considerable pent-up demand in the economy, which could result in a significant increase in consumer spending once lockdowns are lifted.

Structural changes in the economy

During the pandemic, we have seen widescale digitalisation of both consumption and work – we expect this to trigger deeper, structural changes in the economy over the coming years. Where possible, companies will adopt new business models – as a bank, we see clear opportunities in certain sectors, including energy, mobility, real estate and financial services, as well as those companies directly involved in the digital transition. This adjustment, we expect, will bring further change to the labour market. Digital skills will become (even) more sought-after. As a result, within the bank, we will put more focus on training and 'reskilling' our workforce to fill future skills gaps.

Financial markets

Over the past year, central banks have issued new money to support economies. As result, there has been a significant increase in available liquidity. This has put further downward pressure on interest rates. We do not expect interest rates – already negative in the eurozone – to increase any time soon. In 2020, increased liquidity also led to higher asset prices; many stock markets, including Amsterdam, have been trading at above their pre-pandemic levels. Central bank support, we believe, will be withdrawn as lockdowns are eased, though this is likely to be done gradually.

Dutch housing market

We had expected a slowdown in the Dutch housing market as a result of the pandemic – but this has not materialised. House prices, we expect, will increase in 2021 by a further 5%, due mainly to a shortage of houses and continued low interest rates (which make mortgages relatively more affordable when compared with renting). Over the longer term, the housing market should begin to stabilise as unemployment rises and the favourable impact of low interest rates fades away. In 2022, we expect the increase in house prices to slow to 1%.

Social & environmental

Social and environmental issues will remain in focus. Across the EU, governments are stressing the importance of a 'green recovery'. New regulations are also coming into force – including the EU's taxonomy for sustainable activities, which we expect will drive more investment in 'green' business. With the pandemic, social issues have also come to the fore – notably income, gender and racial inequalities. Disadvantaged groups in society often seemed the worst affected.[1] As a result, society's expectations of ABN AMRO are likely to further increase in 2021, particularly with regard to the impact on society and the environment of the bank's lending and investment services.

[1] According to research from the University of Oxford, poorer workers in Europe may lose as much as 16% of their income as a result of pandemic lockdown measures. Source: Wage inequality and poverty effects of lockdown and social distancing in Europe, University of Oxford.

Bank performance

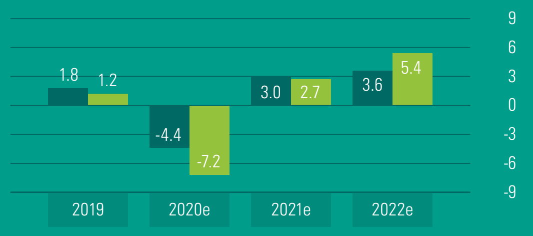
In 2021, conditions for the bank will remain challenging. Economies will still be marked by the Covid-19 pandemic, at least for the first six months of the year. Low – or negative – interest rates will continue to put pressure on deposit margins. Return on equity will remain low.

Despite difficult conditions, we expect lower impairments in 2021 (compared with 2020), as our Corporate & Institutional Banking business re-aligns with our moderate risk profile. This should reduce the bank's future cost of risk – our target is to maintain our cost of risk at 25-30 basis points through the economic cycle.

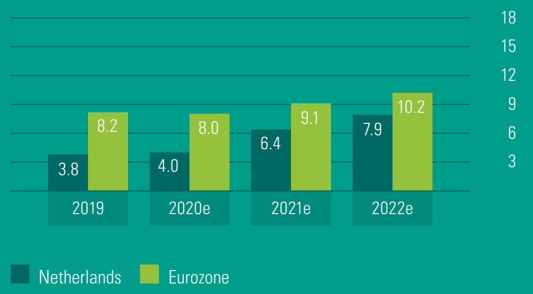
We expect costs to rise in the short term – to EUR 5.3 billion in 2021 – due to regulatory levies, planned wage rises, increased investment and higher costs associated with our anti-money laundering programme. After 2021, however, costs will start to come down – to no more than EUR 4.7 billion by 2024, reflecting further cost savings of EUR 700 million. Anti-money laundering costs will peak in 2021. We expect cost savings, meanwhile, to total EUR 100 million in 2021, mostly from further product and process optimisation.

We have a full strategy agenda. As part of this, in 2021, we plan to introduce new commercial propositions for mortgages and SMEs. We will also continue the shift to digital banking for our clients and scale up sustainable financing. By the end of 2021, we want to increase the percentage of sustainable acceleration asset volume to at least 23% – achieving this will put us on track to reach our 2024 ambition of 29%. Internally, we will also push ahead with IT transformation – our goal for the year is to increase the proportion of DevOps teams working on Cloud to at least 55%, up from 30% in 2020. At the same time, we will continue work to streamline our product portfolio. We will also digitise internal processes – we want to move to at least 40% STP rate of our high volume processes to end-to-end processing by the end of the year.

Estimated GDP growth (in %, 2020-2022)



Forecast unemployment rate (in %, 2020-2022)



e – estimated. Source: ABN AMRO Group Economics (January 2021).

Our Governance

FTEs working on detecting financial crime

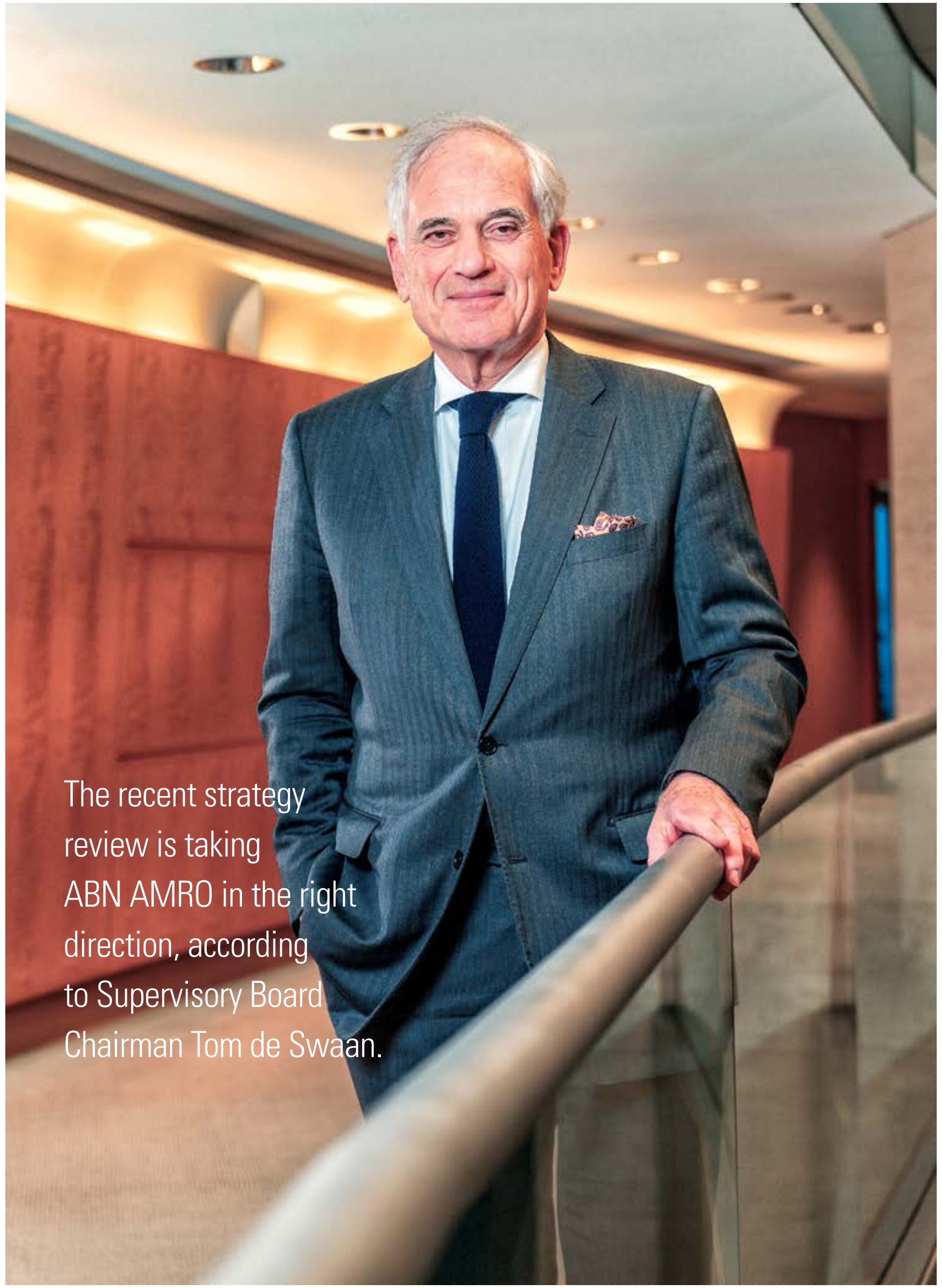
We have more than

3,800

employees working on detecting financial crime and making banking safe for our clients and others.

ABN AMRO has a clear system of governance. Over the past year, we tightened risk standards in some areas, formalised our approach to sustainability – and introduced a Group Change Committee to prioritise resource allocation.

We also stepped up our anti-money laundering programme. This section examines our system of governance – and the policies, controls and guidelines we have in place to ensure a responsible approach to banking.



Interview with our Supervisory Board Chairman

The year has been overshadowed by Covid-19. How well do you think ABN AMRO has coped with the crisis?

Faced with the crisis, I think the bank has shown incredible resilience – not just the bank, but all the people who work for it. We acted very quickly; we kept the business going – and we were able, and very willing, to implement government measures to help our clients. That is important – the essence of being a bank is that you are there for your clients, particularly in difficult times. There is another aspect to this, and that is the enormous push Covid-19 has given to digital technologies. Increasingly, people can talk to their bankers from the comfort of their homes – and that creates a new sense of trust, of intimacy, between us and our clients.

> "Faced with Covid-19, the bank showed incredible resilience – we acted very quickly. We kept the business going. And we were there for our clients."

We're in a very difficult situation economically because of the pandemic. How is that affecting the bank?

It's a very unpredictable situation – there's no real visibility at the moment. As a bank, you have to show flexibility. This is a key part of the recent strategy review. At the moment, ABN AMRO has a strong capital position, but we are having to live with very low interest rates and the pressure that puts on the bank's margins. So, you have to rethink your business model. Of course, mortgages are the core of the bank, but you also need to ask: what other sources of income do we have? Can we increase income from fees and commissions?

You mentioned the strategy review. Does it set the right course for ABN AMRO?

I think so. The focus on the client is right. What can we do for our clients? How can we help them, while making a fair return for the bank? And I think it's right to refocus the bank on the Netherlands and Northwest Europe – first, because returns from Asia and North or South America are below par, certainly below any kind of hurdle rate we might set. Secondly – more strategically perhaps – because I think we are seeing the emergence of new regional blocs. Personally, I don't welcome that – I am a big believer in free, global trade. But it is a fact, and you have to acknowledge that it is not going to be possible for a mid-sized European bank to compete with larger, local banks. In the past, ABN AMRO has always been very resilient, but we need to streamline. We still have a tendency to create too many working groups and committees – that can stifle entrepreneurship and accountability. I have to say, this is something that Robert Swaak, our new CEO, has brought to the bank – that spirit of entrepreneurship. He has been in the position nine months – he's done a tremendous job in what has been a very difficult situation.

How are relations between management and the Supervisory Board? A few years ago, they were not easy.

No, they weren't, that's true. But that is behind us. I am very pleased with the relations we have now. What we see is that, increasingly, management comes to us with ideas – before any decisions are taken, and that is a good sign. Over the past year, we have had very intense discussions, particularly on the refocusing of our Corporate & Institutional Banking business. We also set up weekly meetings at the start of the pandemic. At the time, we weren't sure about market liquidity or what might happen with impairments. A lot of work is also being done on compliance issues. This is a huge cost for the bank, but we'll get on top of it. We are committed to doing so, not just for ourselves, but also for our clients and regulators.

> **"Over the past year, we have had very intense discussions with management, particularly on the refocusing of our Corporate & Institutional Banking business."**

How do you think the role of banks in society will change as a result of the pandemic? Are banks going to concentrate more on the social impact of what they do?

I think banks already look at social impact. ABN AMRO certainly does. We already look at issues like child labour and our impact on the environment. Maybe, with the pandemic, that will increase. In banking, we often talk about 'duty of care' towards our clients – that's social impact. If I refuse somebody a mortgage because I feel they cannot repay it, that is a social decision. So the issue of social impact cuts much deeper than people assume. No doubt, we will see broader changes in society because of Covid-19 – in the way we work, or travel. Some industries have been badly affected by the pandemic. That idea of social impact, it's not some future issue – it's something we are already doing.

Our Governance

Good governance is critical to us; it is the basis of public trust and positive relations with our stakeholders. ABN AMRO has a clear management structure, backed up by internal policies, processes and risk controls. Our workplace culture is based on collaboration, care for our clients, accountability and trust.

Our system of governance

Like most Dutch companies, ABN AMRO has a two-tier management structure. The Executive Board is the bank's statutory management board; it has four members: the bank's Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Innovation & Technology Officer. The Board is responsible for ABN AMRO's business, strategy and performance. The Executive Board is supported by an Executive Committee (which also includes the CEOs of each business, and the bank's Chief Human Resources Officer).

Overseeing the work of the Executive Board is our Supervisory Board. The Supervisory Board is independent of management. In carrying out their functions, Supervisory Board members must consider the legitimate interests of both the bank and its stakeholders. The Supervisory Board's Rules of Procedure state that, in its composition, the Board should have a balance of 'gender, age, experience, and international and cultural backgrounds'. Shareholders are responsible for all appointments to the Supervisory Board, and for adopting the annual accounts. Shareholders meet at least once a year at the bank's Annual General Meeting (AGM). In 2020, we had two shareholder meetings: our annual meeting in April and an extraordinary meeting in December to confirm the appointment of Mariken Tannemaat – former Chief Innovation Officer at Robeco N.V. – to our Supervisory Board.

Together, the Executive and Supervisory Boards are responsible for ABN AMRO's continuity and long-term value creation:

- When making decisions, both Boards are expected to take into account the long-term viability of the bank's strategy.
- In developing this strategy, the Executive Board must take a view on long-term value creation. The Board's aim is to create value for stakeholders, over time, and to support a strong corporate culture to ensure this.

In 2020, Robert Swaak was appointed as the bank's new CEO; he took over from Kees van Dijkhuizen, who had been CEO since the beginning of 2017. Clifford Abrahams stepped down at the end of February 2021 after four years as CFO. Lars Kramer, formerly CFO at Hellenic Bank, has been nominated as his successor, pending approval by the ECB. In the meantime, Annemieke Roest will serve as CFO ad interim. Chief Innovation & Technology Officer Christian Bornfeld takes over Clifford's former position as Executive Board Vice-Chairman. In 2020, Gerard Penning also joined ABN AMRO's Executive Committee as the bank's new Chief Human Resources Officer. The terms of Tanja Cuppen and Christian Bornfeld, meanwhile, end per the Annual General Meeting in April 2021 and it is proposed that both will be reappointed by the Supervisory Board.

At the 2020 AGM, three Supervisory Board members were reappointed for a further term: Arjen Dorland (four years), Jurgen Stegmann (three years) and Tjalling Tiemstra (two years).

For more information, see our 2020 Annual Report, available online.

Supervisory Board and Executive Board meetings

In 2020, our Supervisory and Executive Boards organised regular meetings. At the start of the pandemic, these meetings were held weekly to ensure effective oversight of the bank's response. Meetings during the year focused on a number of strategic, financial and operational issues, including:

- Results of ABN AMRO's strategy review (notably the decision to wind down the Corporate & Institutional Banking business outside Europe and the bank's Target Operating Model)
- Risk management/compliance ('Know Your Client', efforts to strengthen anti- money laundering and the continuing investigation by the Dutch public prosecutor, see page 53-54)
- Financial and operating performance (quarterly financial results, impairments and impact of Covid-19 pandemic).

Executive and Supervisory Board remuneration

Members of ABN AMRO's Executive Board are not currently eligible for variable compensation (under the terms of the Netherlands' Bonus Prohibition Act). The bank does, however, pay incentives for other Identified Staff – these incentives are based on a mix of performance indicators, financial and non-financial.[1] In 2020, shareholders approved new remuneration policies for both the Executive and Supervisory Boards. These policies have been brought into line with new legal requirements, but contained no substantive changes from previous versions, adopted in 2015. For more information, see our 2020 Annual Report, available online.

Ownership structure and regulation

ABN AMRO's largest shareholder is the Dutch State, which owns 56.3% of the bank's shares. This stake is held through NL Financial Investments (NLFI). NLFI acts independently of the Dutch government to avoid conflicts of interest. There is a Relationship Agreement in place between NLFI and ABN AMRO (available online). NLFI has no seat on the bank's Supervisory Board, and takes no part in executive decisions. The government's intention is to fully re-privatise ABN AMRO, though no date has yet been announced. ABN AMRO shares are listed publicly on Euronext Amsterdam.

As one of the eurozone's leading banks, ABN AMRO is subject to supervision by the ECB (in close cooperation with the Dutch central bank), and by the Netherlands Authority for the Financial Markets (AFM). Supervision by the ECB helps safeguard the overall stability of the eurozone's financial system. We also maintain active engagement throughout the year with these regulators, including on reporting disclosures. During 2020 the required disclosure on Covid-19 was a major topic. Another important regulator is the European Banking Authority (EBA), which launched a public consultation in July 2020 to revise its guidelines on internal governance. ABN AMRO will integrate the revised guidelines -- which may be amended as a result of the current consultation and are expected to enter into force on 26 June 2021 – into its internal policies and processes. For more information on our engagement with our regulators, please refer to the Annual Report available online.

Internal controls and risk management

ABN AMRO has a series of internal policies, guidelines and controls to ensure good governance; these include policies on diversity & inclusion, managing conflicts of interest, remuneration, responsible tax, human rights, anti-money laundering and data protection. Many of these policies are based on international standards (including the UN Global Compact, the International Labour Organisation's Fundamental Principles & Rights at Work, and the OECD Guidelines for Multinational Enterprises). In addition, our work on human rights is shaped by the UN Guiding Principles on Business and Human Rights.

ABN AMRO requires employees to sign the bank's Code of Conduct, which sets out standards of behaviour. Employees in the Netherlands must also take the Bankers' Oath.

A strong, sustainable bank relies on sound risk management. ABN AMRO's goal is to maintain a moderate risk profile as part of its long-term strategy. To do this, we have an integrated risk management framework. As part of this framework, we assess potential risks, and map them according to risk type – we also take into account overarching risks to develop a single, integrated risk profile for the bank. In addition, we have a Strategic Risk Appetite Statement in accordance with our objective of maintaining a moderate risk profile. This Statement is approved by both the Executive and Supervisory Boards before being applied.

Much of the risk we face is financial – the result either of credit risk or movements in financial markets (equity prices, interest rates, currencies, etc.). There are also operational or business risks related, for example, to regulation, competitive pressures or government policy – even changes in the labour market. Our 'moderate risk profile' objective is embedded in the bank's policies, strategy and communications. We also look at behaviour risk to identify possible causes of misconduct or poor decision-making. Increasingly, our approach is based on values: we comply with rules and regulations, and carry out detailed risk assessments – but, above all, we strive to be ethical at all times. This approach helps us prevent issues before they arise.

[1] For members of the Executive Board, these performance indicators include (at an organisational level): return on equity, CET1 ratio, cost/income ratio (all financial); employee engagement score, Dow Jones Sustainability Index score and 'house in order' (conveying the 'desired compliance and risk culture') (non-financial).

During the year, we took a number of measures to strengthen risk management. These included weekly updates to the Executive and Supervisory Boards on watch-list client cases, more frequent risk identification exercises, and strengthening controls relating to outsourcing risk. We also put in place a Group Change Committee (to prioritise allocation of resources, where required, and reduce overall 'transition risk'). As part of refocusing our Corporate & Institutional Banking business, we will discontinue Trade & Commodity Finance and concentrate Natural Resources and Transportation & Logistics on European clients only. At Corporate & Institutional Banking, we introduced stricter lending criteria and credit limits in line with the bank's overall moderate risk profile. We also further tightened risk controls at our Clearing activities to avoid any recurrence of significant losses seen in 2020.

Every year, based on ABN AMRO's risk management processes and in compliance with the Corporate Governance Code, the Executive Board issues a Management Control Statement, addressing the internal risk management and control systems. For the Board's detailed statement, see the 'Risk, funding & capital' section of our Annual Report, available online.

Workplace culture and ethics

To support our internal policies, we need a clear, strong workplace culture. We have a set of culture principles to guide employees in this regard. These cover areas such as collaboration, care for our clients, accountability and trust. Ultimately, our aim is to establish a culture that is open and collaborative, with a strong sense of accountability and an understanding of the bank's role in society. We encourage management by 'context' – i.e. providing a clear context for employees to make their own decisions. These principles are embedded in our training, performance management, remuneration and recruitment processes. Recently, much of our focus has been on senior management as the most effective way to bring about cultural change. Currently, we are working to further strengthen our approach to ethics and integrity. As part of this, we have a Speak-Up programme, aimed at creating a safe environment in which employees feel able to report wrong-doing. We have also incorporated integrity into our annual Employee Engagement Survey[1], and we're stepping up our monitoring of compliance with the bank's Code of Conduct. ABN AMRO's Ethics Committee, chaired by the CEO, meets regularly to discuss moral or ethical dilemmas within the bank – usually to clarify the bank's position in areas where policies cannot provide definitive, 'black-and-white' guidance.

Anti-money laundering

As a bank, we play an important role in helping detect financial crime. In recent years, our activities on anti-money laundering (AML) have further expanded and AML remains an important topic for senior management who communicate on this on numerous occassions, both internally and externally. Since 2019, ABN AMRO has been the subject of an investigation by the Dutch public prosecutor. The investigation relates to whether we have complied with the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft) in relation to having client files in good order, timely reporting unusual transactions and discontinuing relationships with clients in good time. ABN AMRO is cooperating fully with this investigation. In 2020, our AML activities cost just over EUR 400 million. By year-end, we had over 3,800 employees[2] working in AML, more than three times the number in 2018. We expect staffing to increase further in 2021 to approximately 4,200 FTEs.

At the same time, we are implementing a remediation programme across the bank, to improve our processes to prevent, detect and respond to financial crime. We expect to complete this programme by the end of 2022. Upon completion of the programme, we will continue to strengthen our processes in the client life cycle, to respond to new ways of financial crime.

We have stepped up our transaction monitoring, and invested more in digital technologies. We are using robotics, for example, to review client files, particularly at Retail Banking. At the same time, we have developed more sophisticated models to detect anomalies in payments or deposits resulting from money laundering, fraud or human trafficking. Using these models helps reduce the number of 'false positives' – and allows us to concentrate on higher-risk transactions. Unusual transactions are reported to the Dutch Financial Intelligence Unit (FIU). In the Netherlands, we have teamed up with four other banks – through Transaction Monitoring Netherlands – to exchange data, increasing our chances of tracking criminal transactions.[3] We have also been working with the authorities to combat fraud related to Dutch government subsidies for businesses during Covid-19 lockdowns.

1 By merging our previous Work Climate Survey into our annual Employee Engagement Survey.
2 Full-time equivalent (FTE).
3 All data is encrypted to protect client privacy. Between them, the five member banks of Transaction Monitoring Netherlands handle approximately 12 billion transactions every year.

Responsible tax

Responsible tax is an integral part of ABN AMRO's strategy. Under our published tax principles, we aim to comply with the spirit as well as the letter of the law. We don't use tax havens for avoidance, nor do we create tax structures intended for avoidance. We also pay our share of tax in the countries in which we operate. In 2020, the bank paid EUR 401 million in income tax. In the Netherlands – ABN AMRO's main market – our effective tax rate was 112.6% (reflecting the net loss for the year).

Current investigations

Anti-money laundering: In September 2019, the Dutch public prosecutor informed us that ABN AMRO was the subject of an investigation in connection with the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft). It is not currently known when the investigation will be completed or its outcome. ABN AMRO is cooperating fully with the investigation.

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 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 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.

For more information on other investigations ands legal cases, including on Variable interest rate complaints for consumer loans, see our 2020 Annual Report available online.

Appendix

Our approach to reporting

Purpose of this report

This Report's primary purpose is to explain how ABN AMRO, over time, creates value for its stakeholders – as an employer, a provider of banking and investment services, and a gatekeeper to the financial system. In doing so, the Integrated Report provides an overview of ABN AMRO's business, operating environment, strategy and performance. This Report has been written for all stakeholders, including providers of financial capital.

Basis of preparation

Content is based on extensive internal reporting. Where external sources are used, this is clearly indicated in the text. To decide content, we apply a materiality test – i.e. only content that is material to the bank's strategy, performance, reputation and value creation is included. All content is reviewed by ABN AMRO's Group Disclosure Committee, and approved by the bank's Executive Board prior to publication. Ultimately, the Executive Board is responsible for content; the report is also reviewed by members of the bank's Supervisory Board. Production is overseen by a project team; members of this team are drawn from our Communications, Finance, Investor Relations, Strategy (including Strategy Execution), and Sustainability teams.

General reporting guidance

- ABN AMRO takes a 'core and more' approach to corporate reporting. This Report is the bank's 'core' report; 'more' reports include ABN AMRO's Annual Report, which contains the bank's financial statements. For more information, see link. This Report draws on other 'more' reports. However, it should not be seen as a substitute for these other publications.
- Unless stated otherwise, this Report covers ABN AMRO Bank N.V. (including all business and consolidated entities). Annual data relates to the bank's financial year (1 January- 31 December).
- All financial performance data is taken from ABN AMRO's 2020 Annual Report. Figures are presented in euros (EUR), the bank's functional and presentation currency. Financial information is prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. All capital and risk exposure metrics are reported under the Basel III (CRD IV/CRR) framework (unless stated otherwise). From 2019, all capital figures and ratios (including comparisons) are shown on a fully-loaded basis (unless stated otherwise). All performance data in this Report, both financial and non-financial, relates to 2020 unless stated otherwise.
- Non-financial data is collected centrally; this includes data relating to environmental performance, customer loyalty, and employee engagement. Please note that targets and KPIs for 2020 have not been assessed against the EU's taxonomy for sustainable activities.
- Annual averages used in this Report are based on month-end figures (management does not believe that using daily averages would make any material difference).
- Certain figures may not tally due to rounding. Larger figures are rounded to the nearest million or billion. Some percentages are calculated using rounded figures. Certain metrics included in this Report may have inherent limitations (those reliant on estimated data, for example). Where possible, this is indicated in the text.
- As part of our strategy review, we have set clear targets for 2024. Performance against these targets will be monitored, and updated for the period beyond 2024 at the appropriate time.

Defining our stakeholders

This Report is structured around the concept of value creation. Our value creation model may be found on pages 25-26. This model shows how, through our business activities, we create (or deplete) value for stakeholders. These stakeholders are defined as: *any group or individual the bank affects through its activities or products and services or who, in turn, may affect the bank's ability to achieve its goals.* Using this definition, we recognise four main stakeholder groups: clients, employees, investors and society.

Examples of stakeholders:

Clients	Retail Banking clients (including individuals, SMEs); Commercial Banking clients; Corporate & Institutional Banking clients; Private Banking clients; public sector clients; brokers, intermediaries and other distributors
Employees	Full-time and part-time employees; sub-contractors
Investors	Shareholders; bondholders
Society	Suppliers and external consultants; other business partners; local communities; governments and regulators; NGOs

ABN AMRO regularly consults its stakeholders – their views are incorporated into the bank's decisions, strategy and reporting.

Value-creating topics

Every two years, ABN AMRO conducts an extensive assessment of its operating environment; this assessment allows us to identify our value-creating topics (VCTs), i.e. those topics where we believe the bank can create most value for its stakeholders. From these, we select our *strategic differentiators*; these form the basis of ABN AMRO's strategy, key performance metrics and approach to reporting.

Our assessment is structured around three main steps:

- We define an initial long list of topics, based on a comprehensive review of media and trend reports, peer disclosures, current reporting requirements and the bank's risk event register.
- This is then reduced to a short list, submitted for prioritisation to both stakeholders and senior management. Topics are rated according to their magnitude (potential impact on value creation) and *likelihood* (how likely a topic is to bring about this impact).
- From the results, we identify our *strategic differentiators* (for details, see below). We also choose *fundamental value creators* – topics we believe are critical, alongside the *strategic differentiators*, to maintaining the bank's long-term licence to operate.

The exercise is overseen by separate Project and Steering Groups (members are drawn from Strategy, Group Sustainability, Operational Risk, Investor Relations, Communications, and Customer Experience). Results are presented to the bank's Executive Committee for discussion and approval. The assessment covers all ABN AMRO's businesses and consolidated entities worldwide. Our last assessment was finalised in November 2020 (for results, see page 17). This Report is based on results from our 2018 assessment (valid for 2019 and 2020); results from our 2020 assessment will apply to reporting from 2021 onwards.

Value creation model

Our value creation model (VCM) is based on the <IR> Framework, published by the International Integrated Reporting Council (IIRC). The VCM comprises inputs, outputs, outcomes and impacts. Inputs relate to the resources we use to operate our business, outputs to the results of our business activities, and impacts to the consequences of these activities (or the 'results of the results'). For our model, we use six capital types, based on the <IR> Framework:

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

The VCM also shows our Business Activities – these are, in effect, the engine room, where value is created or depleted through our activities (lending, investment services, procurement, employment practices, etc.). Our VCM provides an overview only. Our activities are complex; they comprise different value chains (by market/business); they also connect directly to other value chains through relations with clients or suppliers.

External assurance

External assurance for this Report was provided by EY (see Assurance Report on pages 69-71). ABN AMRO believes external assurance strengthens the credibility of its reporting, and helps improve internal data systems and processes. EY provided limited assurance for all content, data and graphics, and reasonable assurance for the Report's Our value-creating topics section (page 17).

Forward-looking statements

This Report contains statements that may be construed as forward-looking. These statements are not historical facts, and represent ABN AMRO's beliefs regarding future events, many of which are inherently uncertain and beyond the bank's control. The statements apply only at publication date. ABN AMRO does not intend publicly to update or revise these statements after publication, and assumes no responsibility to do so. Readers should, however, take into account disclosures made in future interim reports.

Note on availability of resources and inputs

Our business relies on certain resources being available – access to adequate financial capital, for example, or to skilled labour. Changes in our operating environment may affect the availability of these resources. We see the main risks as follows:

- Decrease in income because of Covid-19, resulting from economic recession and persistently low interest rates (financial capital)
- Postponement of dividend payments, leading to lower investor confidence (financial capital)
- Possible shortages of key skills in data and digital technologies (human capital)
- Change risk associated with the bank's strategy review and the wind-down of Corporate & Institutional Banking activities outside Europe (intellectual capital)
- Increased health risks for employees because of Covid-19, including impact on mental health (human capital)
- Continued risk of cyber attacks, with increased home working and clients' use of mobile or internet banking (manufactured/intellectual capital).

Income statement

(in millions)	Note	2020	2019
Income			
Interest income calculated using the effective interest method		7,525	9,701
Other interest and similar income		290	355
Interest expense calculated using the effective interest method		1,834	3,407
Other interest and similar expense		118	181
Net interest income	4	**5,863**	**6,468**
Fee and commission income		2,253	2,121
Fee and commission expense		695	489
Net fee and commission income	5	**1,558**	**1,632**
Net trading income	6	163	84
Share of result in equity-accounted investments		29	37
Other operating income	7	302	383
Operating income		**7,916**	**8,605**
Expenses			
Personnel expenses	8	2,280	2,247
General and administrative expenses	9	2,677	2,781
Depreciation, amortisation and impairment losses of tangible and intangible assets	23	299	240
Operating expenses		**5,256**	**5,268**
Impairment charges on financial instruments		2,303	657
Total expenses		**7,559**	**5,925**
Profit/(loss) before taxation		**356**	**2,680**
Income tax expense	10	401	634
Profit/(loss) for the period		**-45**	**2,046**
Attributable to:			
Owners of the parent company		-45	2,046
Earnings per share (in EUR)			
Basic earnings per ordinary share[1]	11	–	2.06

[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.

Statement of financial position

(in millions)	Note	31 December 2020	31 December 2019
Assets			
Cash and balances at central banks	12	60,190	27,558
Financial assets held for trading	13	1,315	1,137
Derivatives	14	6,381	5,730
Financial investments	16	47,455	45,277
Securities financing	17	16,725	14,905
Loans and advances banks	19	3,394	5,011
Residential mortgages	20	148,741	150,880
Consumer loans	20	10,937	11,997
Corporate loans at amortised cost	20	84,344	97,174
Corporate loans at fair value through P&L	20	400	1,261
Other loans and advances customers	20	7,736	6,292
Equity-accounted investments	22	593	639
Property and equipment	23	1,255	1,706
Goodwill and other intangible assets	23	128	178
Assets held for sale	24	254	14
Tax assets	10	851	764
Other assets	25	4,925	4,530
Total assets		**395,623**	**375,054**

(in millions)	Note	31 December 2020	31 December 2019
Liabilities			
Financial liabilities held for trading	13	563	675
Derivatives	14	7,391	6,505
Securities financing	17	11,363	8,234
Due to banks	26	36,719	12,785
Current accounts	27	111,033	91,900
Demand deposits	27	107,534	120,892
Time deposits	27	19,037	21,232
Other due to customers	27	966	967
Issued debt	28	66,949	75,275
Subordinated liabilities	28	8,069	10,041
Provisions	29	926	983
Tax liabilities	10	30	63
Other liabilities	31	4,053	4,030
Total liabilities		**374,634**	**353,582**
Equity			
Share capital		940	940
Share premium		12,970	12,970
Other reserves (incl. retained earnings/profit for the period)		6,826	6,993
Accumulated other comprehensive income		-1,733	-1,419
AT1 capital securities		1,987	1,987
Total equity	32	**20,989**	**21,471**
Total liabilities and equity		**395,623**	**375,054**
Committed credit facilities	34	55,207	54,673
Guarantees and other commitments	34	8,981	17,479

Definitions

Financial and non-financial performance indicators

Please note that this table covers both financial and non-financial performance indicators. More information may be found in our 2020 Annual Report and our Non-Financial and Engagement Report, both available online: Indicators are shown in alphabetical order.

Indicator			
Financial	**2020**	**2019**	**Definition used**
CET1 ratio (fully loaded)	17.7%	18.1%	Common Equity Tier 1 as percentage of total risk-weighted assets under Basel III regulations (where the CET1 ratio refers to Basel IV, this is stipulated in the text).
Cost/income ratio	66.4%	61.2%	Operating expenses as percentage of operating income
Cost of risk (basis points)	78	24	Annualised impairment charges on loans and advances made to customers, divided by the average total loans and advances for the year (on the basis of gross carrying amount and excluding fair value adjustments from hedge accounting)
Dividend payout ratio		62%[1]	Percentage of sustainable net profit attributable to the company's owners paid to shareholders in the form of dividends (excluding coupons attributable to Additional Tier 1 capital securities and results from non-controlling interests to shareholders through dividend payments)
Return on average equity	-0.8%[2]	10.0%	Annual profits (excluding coupons attributable to Additional Tier 1 capital securities and results from non-controlling interests) as percentage of average equity attributable to the company's owners (excluding Additional Tier 1 capital securities)
Non-financial	**2020**	**2019**	**Definition used**
Average energy label (residential properties)	62%	60%	Percentage of residential properties with A, B or C energy labels within the bank's overall mortgage portfolio.
Average energy label (commercial properties)	39%	22%[3]	Percentage of commercial properties with A energy label in line with the bank's overall mortgage portfolio. During 2020, we have enhanced the calculation methodology from number of objects to number of square metres per object.
Carbon emissions	Emissions from own operations: 14,056 tonnes Emissions from lending and investment services: 32.4 million tonnes	Emissions from own operations: 32,000 tonnes Emissions from lending and investment services: not available	Under the Greenhouse Gas Protocol, scope 1 relates to direct emissions from the bank's own operations; scope 2 to indirect emissions from the use of purchased energy; and scope 3 to indirect emissions from our value chain. Scope 3 emissions include emissions related to employee commute, investment portfolios (having been identified as either corporate bonds or equity) and lending portfolios (including loans to corporates, retail mortgages, commercial real estate). Our current figures do not, however, include emissions related to derivatives, securities financing, other retail loans or credits to national governments, central banks or institutions. We measure and report the scope 3 GHG emissions in our lending and investment portfolios in accordance with the principles set by the Platform Carbon Accounting Financials (PCAF). These combine various sources of information, including company-level emissions data (for stock exchange-listed corporate clients) and average carbon intensities by energy label (for residential mortgages and corporate real estate finance) and by sector (for other corporates). For more information, see our 2020 Non-Financial Data & Engagement Report, available online.

1 ABN AMRO has followed the ECB's recommendations on dividend payments and has not yet submitted the proposal for final dividend 2019 to the Annual General Meeting.
2 Excluding Corporate & Institutional Banking's non-core activities, return on equity for 2020 was 5.4%.
3 This figure has been restated from 26% tto reflect the changes in methodology described above.

Indicator			
Non-financial	**2020**	**2019**	**Definition used**
Clients rated on CASY[1] tool (Commercial Banking)	59%	35%[2]	Percentage of Commercial Banking clients rated by CASY tool. Excluding SMEs. Only clients with a proposed loan of more than EUR 1 million are included. Clients may be categorised as having low, medium or high sustainability risk. They may have below, at, or above par compliance with the bank's Sustainability Risk Policy. During 2020, we enhanced the methodology to specifically only include the main borrower for the loans in scope.
Clients rated on CASY[1] tool (Corporate & Institutional Banking)	89%[3]	84%	Percentage of Corporate & Institutional Banking clients rated by CASY tool. Excluding financial institutions and clearing entities. During 2020, we enhanced the scope with facilities under financial restructuring. Clients may be categorised as having low, medium or high sustainability risk. They may have below, at, or above par compliance with the bank's Sustainability Risk Policy.
Dow Jones Sustainability Index (DJSI)	Top 10%	Top 10%	Published by S&P Global, in cooperation with Robeco SAM, the DJSI tracks the sustainability performance of leading companies. Scores are not directly comparable year-on-year because of regular recalibrations and changes to methodology.
Employee engagement	84%	80%	Relates to degree of commitment and dedication employees feel towards their job. Based on annual Employee Engagement Survey, conducted on behalf of ABN AMRO by Willis Towers Watson. Total respondents for 2020 were as follows: Retail Banking (76%), Commercial Banking (86%), Private Banking (83%) and Corporate & Institutional Banking (62%).
Gender diversity	Top: 30% Subtop: 28%	Top: 28% Subtop: 27%	Bank-wide percentage of women within workforce (Netherlands only) ▶ At the top: Percentage of women at Hay scale 14 or above (Netherlands only) ▶ At the subtop: % of women at Hay scales 12 and 13 (Netherlands only)
Net Promoter Score (relational)	Clients are asked on a scale of 0-10 if they would recommend ABN AMRO to friends or colleagues. Those scoring 9 or 10 are promoters; those scoring below 7 are detractors. NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. ABN AMRO also measures employee NPS, or eNPS. Like the client NPS, the eNPS survey asks employees if they would recommend ABN AMRO (as an employer) to friends and family.		
Retail Banking	-11	-10	Scores based on quarterly online /telephone survey carried out by Kantar TMS (sample size for 2020: 9,590 clients)
Commercial Banking	-1	+1	Based on biannual online /telephone survey carried out by Ipsos (sample size: 3,313 clients). Includes results from separate survey covering ABF Lease.
Non-financial	**2020**	**2019**	**Definition used**
Private Banking	+13	+9	Average scores from Private Banking International and Private Banking Netherlands, weighted by operating income. Based on annual survey carried out by Kantar TMS (sample size: 4,117 clients)
Corporate & Institutional Banking	+35	+29	Based on online, telephone and face-to-face surveys conducted throughout the year by Ipsos (sample size: 411 clients). Please note that, for the second half of 2020, Corporate & Institutional Banking clients of non-core activities were excluded from our NPS measurement.
Availability of digital services	99.89%	99.90%	Availability of internet and mobile banking services during peak hours (defined as 'early morning to after midnight')

1 CASY: Client Assessment on Sustainability.
2 This figure has been restated from 42% to reflect the changes in methodology described above.
3 This figure is not comparable to the 2019 result, as we enhanced our scope for this KPI during 2020 as described above.

Indicator			
Renewable energy as percentage of energy portfolio	21%	14%	Based on nominal amounts committed to renewable energy/non-fossil power generation clients, divided by total commitment to all energy clients. This Includes total Natural Resources-Energy portfolio (oil & gas, off-shore and utilities) and SF-PF/Corp. Coverage Utilities.
Sustainable financing	EUR 5.0 billion	Not available[1]	Outstanding loans provided by ABN AMRO within its Commercial Banking loan book, based on criteria set out in the bank's Sustainable Acceleration Standards. Scope includes all loans adhering to these standards. More information on these criteria is available online.
Sustainable investments (client assets)	EUR 26.2 billion[2]	EUR 20.6 billion	Assets invested by ABN AMRO on behalf of clients in investment funds, products and securities that explicitly base their investment approach and decisions on sustainability criteria. Includes all countries where ABN AMRO is active in private banking. Selection of assets based on ABN AMRO and other external criteria. Assets include listed and non-listed securities. During 2020, we enhanced the scope with ABN AMRO Investment Solutions and ISIN codes for bonds for sustainable advisory. We do no longer include a part of the volume of sustainable special mandates, as we now apply the same methodology as for sustainable advisory (using ISIN codes). More information available online.
Trust Monitor	3.3	3.2	Degree of confidence in ABN AMRO among existing clients (measured on a scale of 1-5), published by the Dutch Banking Association.

1 In 2019, sustainable financing as a KPI was still under development and not reported externally.
2 This figure is not comparable to the 2019 result, as we enhanced our scope for this KPI during 2020 as described above.

Impact Statement

This table shows the impact of ABN AMRO from the perspective of the different stakeholder groups.

(EUR millions equivalent)

		Clients		Employees		Investors		Society	
		2020	2019	2020	2019	2020	2019	2020	2019
	Manufactured								
1	Contribution to final goods and services in value chain							+	+
2	Client value through increase in house value	+	+						
3	Client value of money transfers	+	+						
4	Client value of money storage and management	+	+						
5	Client value of other infrastructure services	+	+						
6	Value of infrastructure services provided by suppliers							-	-
7	Balance of value of goods received from suppliers and provided to buyers of divested assets							+	-
8	Client value of housing	+	+						
9	Gross increase in tangible assets					-	+		
10	Depreciation of tangible assets					-	-		
	Financial								
11	Payments by clients	-	-						
12	Payments made by other stakeholders							-	-
13	Payments to suppliers for expensed goods and services							+	+
14	Employee payments			+	+			+	+
15	Income tax payments							+	+
16	Interest payments	+	+			+	+	+	+
17	Net profit/loss					-	+		
18	Corrections for non-financial profit items					+	-		
19	Balance of payments to suppliers for investments and from buyers for divested assets							-	+
20	Cost of capital	-	-			-	-	-	-
21	Value of capital					+	+	+	+
22	Value of services (financial) provided by suppliers							-	-
23	Consumer client value of lending services (non-mortgage)	+	+						
24	Business client value of lending services	+	+						
25	Consumer client value through home ownership	+	+						
26	Change in share price not captured in comprehensive income					-	-		
27	Added value of prevented bankruptcies due to Covid-19 financial support measures	+						+	
28	Other financial impacts	+	+			-	-	+	+

(EUR millions equivalent)

0 - 50
50 - 100
100 - 500
500 - 1,000
1,000 - 5,000
5,000 - 10,000
Positive impact
Negative impact

* Impacts with an asterisk are external costs; negative impacts which cannot be compensated by benefits elsewhere in the value chain.

For further information, please see our 2020 Impact Report, available online.

(EUR millions equivalent)

	Clients 2020	Clients 2019	Employees 2020	Employees 2019	Investors 2020	Investors 2019	Society 2020	Society 2019
Intellectual								
29 Consumer client value of asset management	+	+						
30 Consumer client value of other fee-based services	+	+						
31 Business client value of other fee-based services	+	+						
32 Change in intellectual assets					-	+	-	-
33 Occurrence of cybercrime*	-	-						
34 Unintended incidents with personal information*	-	-						
Human								
35 Well-being effects of employment			+	+			+	+
36 Creation of human capital			+	+	+	+	+	+
37 Value of employee time spent on work			-	-				
38 Value of services provided by suppliers							-	-
39 Occupational health and safety incidents*			-	-			-	-
40 Effect on health and safety due to Covid-19*			-				-	
Social								
41 Decrease in cash-related crime	+	+						
42 Change in brand value and customer loyalty					-	+		
43 Gender discrimination in access to higher skilled jobs*							-	-
44 Underpayment*							-	-
45 Child labour*							-	-
46 Financial distress due to difficulties to repay loans	-	-						
47 Social benefits of home-ownership	+	+						
Natural								
48 Contribution to climate change*							-	-
49 Use of scarce materials*							-	-
50 Air pollution*							-	-
51 Water pollution*							-	-
52 Use of scarce water*							-	-
53 Land use*							-	-
54 Limitation of climate change through certificates							+	+

(EUR millions equivalent)

- 0 - 50
- 50 - 100
- 100 - 500
- 500 - 1,000
- 1,000 - 5,000
- 5,000 - 10,000
- Positive impact
- Negative impact

* Impacts with an asterisk are external costs; negative impacts which cannot be compensated by benefits elsewhere in the value chain.

For further information, please see our 2020 Impact Report, available online.

Methodology

General principles

This Statement shows impact by both stakeholder group and <IR> capital. Impacts are shown on a scale of 1-6 (see key, below). Positive impact is shown in light green, negative in dark green.[1] All impacts are monetised, and assigned a euro-equivalent value. To draft this Statement, we have used the Framework for Impact Statements (FIS). Our Statement is based on 54 selected "material impacts"[2]; these represent the overall impact of the bank's business activities. Further details on our methodology may be found in our 2020 Impact Report or in our Note on Methodology, published separately. Both documents are available online.

Scope

The Impact Statement covers both direct impacts, and impacts to which ABN AMRO contributes only indirectly (these may be the result of client activities, for example, made possible by loans or financing from the bank). The Statement relates to the calendar year (1 January-31 December). Some impacts have not been included, mainly because of limited data availability (including the bank's contribution to money creation and to financial system stability, financial crimes, fraud and forced labour in the value chain, and detection of suspicious transactions and tax evasion). In total the Statement covers 95% of the bank's activities in terms of internal impacts (i.e. those impacts already prices into transactions) and 80% of in terms of external impacts (impacts not priced in, such as the effect on the environment or harm done to labour to labour rights).

Data sources used

- **Internal data:** ABN AMRO published or internal data, including the bank's 2020 Financial Statements and other non-financial data.
- **External data:** economic, social and market data, including national statistics, international databases and academic research. Additional data (including data on monetisation factors) was taken from Impact Institute's Global Impact database (version 2.3), including key sources such as Eora, Exiobase and Social Hotspot Database.

Please note that some full-year data has been extrapolated (from available data for either the first three quarters or eleven months of the year).

Notes

- Our assessment includes analysis of both B2B (business-to-business) and B2C (business-to-client) activities, based on size and importance. For B2B activities, we have included the entire value chain on both sector and country levels.
- Impacts are categorised according to the relevant IIRC capital and stakeholder group.
- All well-being impacts relate to the well-being of individuals; in these cases, all individuals are given equal weighting. To calculate impacts on basic rights, we use the cost of remediation – i.e. the cost of remedying any abuse or violation.
- All impacts are absolute; marginal impacts are out of scope for this assessment. To assess impact, we use a best-estimate valuation. Where there is uncertainty over data or models, our general approach is to select the more conservative option.
- Negative impacts fall into two categories: voluntary costs (where costs are usually incurred willingly – e.g. interest payments on loans) and external costs incurred unwillingly (e.g. pollution or labour rights abuses).

Attribution of impact

Our assessment uses both bottom-up and top-down analysis to estimate impact. Bottom-up uses specific, company data; top-down uses external data to provide a more complete assessment (often where company data is lacking or is insufficient). It may be that several organisations contribute – within the value chain – to a specific impact. In these cases, the total impact is divided among these organisations (to avoid double-counting). To do this, impacts are categorised as follows:

- **Category 1:** impacts that may be attributed fully to ABN AMRO (because the activities in question are controlled directly by the bank); these are primarily internal impacts. In this case, there is no attribution of impact to other organisations. Examples include salaries paid to employees, payments to shareholders or suppliers – or payments made by clients in return for banking or other financial services.
- **Category 2:** impacts that may be attributed to several organisations, but for which one organisation is primarily responsible; most external impacts fall into this category. In this case, most of the impact – at least 50% – may be attributed to this one organisation[1]. Examples include occupational health & safety, financial distress among clients unable to repay loans or mortgages, or contributions to climate change.

[1] In some cases, there are no spheres. This is because there was either no material impact, or insufficient data to include impact.
[2] As measured by their impact on the bank's consolidated financial statements.
[3] ABN AMRO impacts are attributed according to their contribution to added value in the overall value chain. This added value is calculated using the bank's Income Statement (for example, using income generated through specific activities or expenses to suppliers).
[4] These are impacts that may be attributed to several organisations, but for which no one organisation can be held primarily responsible.

In addition to the above, there is a third category[2]. We identified no material Category 3 impacts in our 2020 assessment, however.

2019 impact results

Some 2019 impact results underwent a refinement in order to ensure comparability between the 2019 and 2020 results. There are three updates that cause a difference between the original and refined 2019 results:

- A coverage extension of the interest income earned from the Corporate and Institutional Bank loan portfolio. This impacted all the value chain impacts included in our Impact Statement, and more specifically, led to a positive increase of the impact ‘Contribution to final goods and services in value chain’. As a result of this coverage increase, the bubble measuring Manufactured capital value for Society increased from a negative impact between the range 100-500 to a positive impact between the range 100-500
- Update of external data for 2019 (for example: Inflation rate for 2019) that were not yet available at the publication date of the 2019 report
- A more complete source was used for a data point within the impact ‘Value of employee time spent on work’ which led to an increase of the negative impact measuring the Human Capital value created for Employees (from the 50-100 negative range to the 100-500 negative range).

Compliance with <IR> Framework

The Integrated Reporting <IR> Framework

This Report is written in accordance with the International Integrated Reporting <IR> Framework. This Framework covers both guiding principles and content elements.

Guiding principles	Our Approach	Page references
(A) **Strategic focus and future orientation**	This Report is structured around ABN AMRO's strategy and approach to value creation. Details are also provided relating to the implementation of this strategy, to the outlook for performance, and future availability of resources and inputs.	▶ **Our strategy** (pages 15-22); ▶ **Value creation** (pages 23-26); ▶ **Outlook** (pages 46-47)
(B) **Connectivity of information**	This Report makes a clear connection between ABN AMRO's operating environment, strategy, performance and key risks and opportunities (primarily through the use of strategic differentiators).	▶ **The world around us** (pages 13-14); ▶ **Our strategy** (pages 15-22); ▶ **Opportunities & risks** (pages 21-22)
(C) **Stakeholder relationships**	This Report identifies ABN AMRO's main stakeholder groups; it also addresses the nature of relationships between stakeholders and the bank and the value created (or depleted) for separate stakeholder groups.	▶ **Defining our stakeholders** (pages 56-57); ▶ **Value creation** (pages 23-26)
(D) **Materiality**	This Report focuses on areas that have the most impact on ABN AMRO and its stakeholders; these are defined as those areas where the bank believes it can create the most value. Our latest materiality assessment was carried out in 2020.	▶ **Value creation** (pages 23-26); ▶ **The world around us** (pages 13-14)
(E) **Conciseness**	ABN AMRO applies a materiality principle to ensure focused content. This Report acts as a standalone document, providing sufficient information for stakeholders to form opinions or take decisions.	▶ **Our approach to reporting** (pages 56-68)
(F) **Reliability and completeness**	All information is reviewed internally, approved by the Executive Board, and subjected to external assurance before publication. This ensures a proper balance and emphasis on both positive and negative topics.	▶ **Our approach to reporting** (pages 56-68)
(G) **Consistency and comparability**	This is ABN AMRO's fourth Integrated Report using the <IR> framework. Where possible, data is shown in context, with comparisons to the previous year's performance.	▶ **Our approach to reporting** (pages 56-68)

Content element	Page references
(H) **Organisational overview and external environment**	▶ **The world around us** (pages 13-14); ▶ **Our bank** (pages 6-11);
(I) **Governance**	▶ **Governance** (pages 48-54);
(J) **Business model**	▶ **Value creation** (pages 23-26)
(K) **Risks and opportunities**	▶ **Opportunities & risks** (pages 21-22)
(L) **Strategy and resource allocation**	▶ **Our strategy** (pages 15-22);
(M) **Performance**	▶ **Performance** (pages 27-45)
(N) **Outlook**	▶ **Outlook** (pages 46-47)
(O) **Basis of preparation and presentation**	▶ **Our approach to reporting** (pages 56-68)
(P) **General reporting guidance**	▶ **Our approach to reporting** (pages 56-68)

All page numbers relate to ABN AMRO's 2020 Integrated Report (unless stated otherwise)
For more information about the <IR> Framework, please refer to integratedreporting.org.

Assurance report of the independent auditor

To: the Executive Board and Supervisory Board of ABN AMRO Bank N.V.

Our conclusions

We have reviewed the Integrated Report for the year 2020 of ABN AMRO Bank N.V. based in Amsterdam (hereinafter: the Integrated Report). The Integrated Report describes the themes that are central to ABN AMRO Bank N.V.'s strategy and value creation. The Integrated Report includes information derived from other reports published by ABN AMRO Bank N.V. as described on page 1 of the Integrated Report. Furthermore we have audited the section "Our Value-creating topics" on page 17 of the Integrated Report. A review is aimed at obtaining a limited level of assurance. An audit is aimed at obtaining a reasonable level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the Integrated Report is not prepared, in all material respects, in accordance with the International Integrated Reporting Framework (hereinafter: the International <IR> Framework) of the International Integrated Reporting Council (hereinafter: the IIRC) and the supplemental reporting criteria applied as further explained in the Reporting criteria section.

In our opinion the "Our value-creating topics" section is prepared, in all material respects, in accordance with the reporting criteria as disclosed in the section "Value-creating topics" on page 57 of the Integrated Report.

Basis for our conclusions

We have performed our review of the Integrated Report and our audit of the section "Our value-creating topics" in accordance with Dutch law, including Dutch Standard 3810N, "Assurance-opdrachten inzake maatschappelijke verslagen" (Assurance engagements relating to sustainability reports), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". Our responsibilities under this standard are further described in the section "Our responsibilities" of our report.

We are independent of ABN AMRO Bank N.V. 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. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Reporting criteria

The Integrated Report, including the section "Our value-creating topics", needs to be read and understood together with the reporting criteria. ABN AMRO Bank N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Integrated Report are the International <IR> Framework of the IIRC and the supplemental reporting criteria applied as disclosed in the appendixes "Our approach to reporting", "Definitions", "Compliance with <IR> Framework" and "Impact Statement" of the Integrated Report.

The reporting criteria used for the section "Our value-creating topics" are disclosed in the section "Value-creating topics" on page 57 of the Integrated Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information in the Integrated Report allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review and our audit

The Integrated Report includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

Calculation factors to determine the impact as included in the section "Our value creation model" as included in the Integrated Report are mostly based on external sources and by using several assumptions. The assumptions and sources used are explained in document 'ABN AMRO Impact Assessment 2020: Note on Methodology' as available on the website of ABN AMRO Bank N.V. (hereinafter: the Note on methodology). We have not performed procedures on the content of these assumptions and external sources, other than evaluating the suitability and plausibility of these assumptions and external sources used.

The references to external sources or websites in the Integrated Report are not part of the Integrated Report as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the Integrated Report

The Executive Board is responsible for the preparation of a reliable and adequate Integrated Report, including the "Our value-creating topics" section, in accordance with the reporting criteria as included in the section Reporting criteria, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the Integrated Report and the reporting policy are summarized in the appendix "Our approach to reporting" of the Integrated Report.

The Executive Board is also responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the Integrated Report, including the section "Our value-creating topics", that is free from material misstatement, whether due to errors or fraud.

The Supervisory Board is responsible for overseeing the reporting process of ABN AMRO Bank N.V.

Our responsibilities

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

Our procedures performed to obtain a limited level of assurance on the Integrated Report are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit. Our audit on the section "Our value-creating topics" has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

We apply the "Nadere voorschriften kwaliteitssystemen" (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout our review and our audit, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

Our review and our audit included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues in the sector, the characteristics of the company and the themes that are most relevant to achieving the company's strategy and value creation
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Integrated Report and the section "Our value-creating topics". This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board
- Obtaining an understanding of the value creation model of ABN AMRO Bank N.V.
- Evaluating the overall presentation, structure and content of the Integrated Report and the section "Our value-creating topics"
- Considering whether the Integrated Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used

For the financial information included in the Integrated Report, the procedures consisted of:

- Reconciling the income statement and the statement of financial position on pages 59 and 60 of the Integrated Report with the full set of audited consolidated financial statements of ABN AMRO Bank N.V. for the year ended 31 December 2020 as included in the separately published Annual Report 2020 of ABN AMRO Bank N.V. (hereinafter: the financial statements)
- Reconciling the financial information included in other sections of the Integrated Report with the financial statements, or with information underlying the financial statements in case the reconciliation cannot be made directly

Our review of the Integrated Report included amongst others:

- Obtaining an understanding of the reporting processes for the Integrated Report, including obtaining a general understanding of internal control relevant to our review
- Obtaining an understanding of the procedures performed by the external subject matter experts of ABN AMRO Bank N.V.
- Identifying areas of the Integrated Report with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further review procedures aimed at determining the plausibility of the Integrated Report responsive to this risk analysis. These further review procedures consisted amongst others of:
  - Interviewing management and relevant staff responsible for the strategy, policy and results related to the Integrated Report
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Integrated Report
  - Obtaining assurance information that the Integrated Report reconciles with underlying records of the company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Evaluating whether the assumptions used in the calculation of the impact as included in the "Our value creation model" section are plausible, which are included in the Note on methodology.
  - Evaluating the suitability and plausibility of the external sources used in the calculations on which the impact as included in the "Our value creation model" section is based, which are included in the Note on methodology.
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level

Our audit of the "Our value-creating topics" section included amongst others:

- Obtaining an understanding of the systems and processes for collecting and reporting the data in the "Our value-creating topics" section, including obtaining an understanding of internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Identifying and assessing the risks that the "Our value-creating topics" section is misleading or unbalanced, or contains material misstatements, whether due to fraud or errors. Designing and performing further audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the "Value-creating topics" section is misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. These further audit procedures consisted amongst others of:
  - Interviewing relevant staff responsible for providing the information and carrying out internal control procedures on the data in the "Our value-creating topics" section
  - Obtaining assurance information that the "Our value-creating topics" section reconciles with underlying records of the company
  - Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the "Our value-creating topics" section
  - Performing an analytical review of the data and trends

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and the audit and significant findings that we identify during our review and our audit. We also communicate any significant findings in internal control that we identify during our audit.

Amsterdam, 9 March 2021

Ernst & Young Accountants LLP

signed by J. Niewold

Acknowledgements

Acknowledgements

Coordination & project planning
ABN AMRO Brand, Marketing & Communications

Photography
Anne Timmer, Rogier Bos

Design & layout
DartGroup (Amsterdam)

Copywriting & editing
Kōan Group B.V. (Amsterdam)

Abbreviations

This Report uses the following abbreviations:

AGM	Annual General Meeting
AML	Anti-money laundering
CASY	Client Assessment on Sustainability
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLA	Collective Labour Agreement
CRM	Customer Relationship Management
DDoS	Distribution Denial of Service
DJSI	Dow Jones Sustainability Index
ECB	European Central Bank
eNPS	Employee Net Promoter Score
EU	European Union
FIU	Financial Intelligence Unit
FRR	Financial Restructuring & Recovery
FTE	Full-Time Equivalent
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
KKC	Small Credits for Corona Guarantee Scheme
KPI	Key Performance Indicator
NGO	Non-Governmental Organisation
NPS	Net Promoter Score
NLFI	NL Financial Investments
PCAF	Partnership for Carbon Accounting Financials
PSD	Payment Services Directive
S&P	Standard & Poor's
SDG	Sustainable Development Goals
SME	Small & Medium-sized Enterprise
TCFD	Task Force on Climate-Related Financial Disclosures
VCM	Value Creation Model
VCT	Value-Creating Topic

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