Aegon Bank N.V.

PILLAR 3

Disclosures Report 2021

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1 Introduction

This report should be read in conjunction with the financial statements of Aegon Bank N.V. (AEB or the bank), as included in AEB's Annual Report 2021[1]. Through this Pillar 3 Disclosures document, AEB complies with applicable disclosure requirements, to the extent that certain disclosures are not included in the financial statements[2]. There are no significant differences between the scope of consolidation for prudential purposes and the basis of consolidation used in the Annual Report. The information in this document has not been audited by AEB's external auditors.

1.1 Regulations

Since the introduction of the Basel II Capital Framework, codified in the Dutch Financial Supervision Act (*Wet financieel toezicht; or Wft*), requirements have been set to promote the transparency of financial institutions. Those requirements are set out in Pillar 3 'Disclosures and Market Discipline' of the Basel II Capital Framework. The Basel III Accord was adopted in 2010 and converted by the European Union (EU) into the Capital Requirements Regulation (575/2013) (CRR) and Capital Requirements Directive (2013/36/EU) (CRD IV)[3]. Specifically, Title II of CRD IV (Technical Criteria on Transparency and Disclosure) relates to disclosure requirements. Institutions have been required to apply these rules since 1 January 2014, with full adoption on 1 January 2019[4].

1.1.1 Pillar 1: Regulatory Capital (minimum capital requirement)

Pillar 1 refers to the minimum capital to be held by banks to cover credit, operational and market risks.

- Credit risk: AEB uses the Standardized Approach (SA) for credit risk. This approach prescribes a standardized credit risk weighting, depending on the exposure class and rating category, to be applied to the exposures concerned in order to determine their contribution to the Total Risk Exposure Amount (TREA)[5].
- Operational risk: In order to determine the capital requirement for operational risk, AEB uses the Basic Indicator Approach (BIA). Accordingly, the capital requirement for operational risk is defined as 15% of the average 'relevant indicator' for the last three of twelve-monthly observations at the end of AEB's fiscal year. The elements of the relevant indicator are based on the Finrep template F02.00 and the indicator equals net operating income excluding the elements set out in Article 316-1 (b)[6] CRR[7].
- Market risk: AEB defines market risk as the risk of incurring losses on on-balance sheet and off-balance sheet items arising from adverse movements in market prices. Market risk is subdivided into the following risks: position risk (for assets in the trading book, currently not applicable), foreign currency conversion (FX) risk, and commodities risk. AEB currently holds FX positions in Great British Pounds (GBP), meaning that it is exposed to FX risk. When its net GBP position remains below the 2% 'de minimis' threshold, AEB does not calculate own funds requirements for FX risk. When its net GBP position exceeds the 2% threshold, AEB is required to hold capital for market risk under Pillar 1.

[1] *The 2021 Annual Report is available on our website at: https://www.aegon.nl/overaegon/jaarverslagen*

[2] *This Pillar 3 document disclosures information as per 31 December 2021 and does not take any subsequent events into account.*

[3] *CRD IV comprises (i) Capital Requirements Directive (2013/36/EU) (CRD), which has been transposed into national law, and (ii) Capital Requirements Regulation (575/2013) (CRR), which is directly applicable to firms across the EU.*

[4] *In January 2015, the Bank for International Settlements published its "Revised Pillar 3 disclosure requirements", specifically focusing on disclosure requirements related to Pillar 1 of the Basel framework (credit, operational and market risk). The implementation date for these requirements is year-end 2016.*

[5] *The sum of the products of the credit-risk weight multiplied by the exposure value results in the risk-weighted assets (RWA) associated with the credit risk.*

[6] *Article 316(b): Institutions shall not use the following elements in the calculation of the relevant indicator: (i) realised profits/losses from the sale of non-trading book items, (ii) income from extraordinary or irregular items, (iii) income derived from insurance.*

[7] *The capital requirement multiplied by 12.5 produces the amount of Risk Weighted Assets for operational risk.*

1.1.2 Pillar 2: Supervisory Review

Under Pillar 2, AEB's Management Board and process owners annually perform an integrated analysis of the bank's business model, balance sheet and associated risks under base and adverse scenarios. The risks identified, including Pillar 1 risks, are measured and aggregated, after which AEB estimates the appropriate capital requirements for each identified risk factor. The Management Board (MB) continuously monitors and, where necessary, takes action if certain risks materialize in excess of AEB's risk appetite limits.

1.1.3 Pillar 3: Disclosures and market discipline

Finally, the CRR lays down requirements for the disclosure of information to the public. These requirements are set out in Pillar 3 'Disclosures and Market Discipline'. AEB meets the Pillar 3 requirements by publishing this document as a specific schedule to its financial statements. AEB has prepared its Pillar 3 report in accordance with the CRR and CRD IV, as required by the supervisory authority. In addition to the Pillar 3 requirements as described in the CRR, the following guidelines have been used:

- European Banking Authority (EBA)'s Regulatory Technical Standards (RTS) on disclosure of encumbered and unencumbered assets under Article 443 of the CRR;
- Supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440;
- Implementing Technical Standards (ITS) with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council;
- EBA Guidelines on Liquidity Capital Ratio (LCR) disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013;
- EBA Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013;
- EBA Guidelines on disclosure of non-performing and forborne exposures;
- ITS with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council;
- EBA's 'Guidelines on Covid-19 measures reporting and disclosure' (EBA/GL/2020/07), as introduced in 2020; and
- An important addition in 2021 was EBA's ITS on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. This standard introduces a comprehensive set of disclosure templates in order to ensure alignment and consistency with the Basel Committee's updated Pillar 3 framework.

AEB does not apply any of the IFRS 9 transitional arrangements. The Pillar 3 report is published annually and the 2021 Pillar 3 Disclosures document should be seen as an addition to AEB's Annual Report 2021.

2 General Information

Aegon Bank N.V. (AEB or the bank), also trading as Knab and Aegon Bank, is a public limited liability company organized and existing under Dutch law, registered with the Chamber of Commerce in Amsterdam under number 30100799, with its address at Thomas R. Malthusstraat 1-3, NL-1066 JR Amsterdam, The Netherlands. AEB is a wholly-owned subsidiary of Aegon Nederland N.V. (Aegon Nederland), based in The Hague, The Netherlands. Aegon Nederland is a subsidiary of Aegon Europe Holding B.V. and its ultimate parent is Aegon N.V. (together with its subsidiaries, Aegon Group).

AEB has been operating under two distinct labels: Aegon and Knab. As the Knab organization became more mature and to further optimize customer service and cost efficiency, the decision was made in 2019 to integrate the two operations and concentrate all the bank's activities in one office in Amsterdam. Going forward Knab will be AEB's main brand in the market. In this Pillar 3 Report, AEB or the bank refers to Aegon Bank N.V.

Please also refer to AEB's Annual Report 2021 for more information on the topics described below.

2.1 Purpose and mission statement

AEB's purpose is to ensure that:

"Our customers feel at ease when it comes to their finances, every day"

Our target customers are entrepreneurs, and their families, who are:

- Self-employed
- Small business owners
- Entrepreneurial retail customers

To achieve our purpose, we have three main propositions for our customers:

Convenience today

- The daily use value stream is at the core of AEB, providing entrepreneurs with proactive insight into their daily finances, which is crucial for good money management and a first step toward feeling at ease when it comes to their finances.

Solutions for tomorrow

- We help our customers to protect themselves against everyday risks and business risks via different types of insurance products.
- We are building a business lending product that will help our business customers grow their business.
- In the future, we hope to be able to offer our own mortgage product to all our customers.

Financial freedom in the future

- Customers (employees, self-employed and owners of small enterprises) are increasingly dealing with a pension gap.
- AEB will help entrepreneurs and entrepreneurial people ensure their financial freedom in the future by offering individual retirement solutions that are transparent and easy to obtain, with great AEB services, to deliver a relevant customer experience.

Our overall proposition is built around AEB's core capability: digital with a human touch. Although we are an online bank, it is in our DNA to offer our customers a personal and friendly experience, irrespective of the channel used. This is illustrated by the way we work and communicate with our customers: fair, fun and relevant. In order to ensure and further strengthen our human touch going forward, we will continue to develop our data and digital enabling competencies. This means doing the right things in the best possible way in the interests of our customers.

The fundamental AEB values that contribute to our purpose:

We are human and do things with great love:

- Our customer service department is the beating heart of AEB. This is where the most valuable interaction with our customers takes place.
- We value our USP as being one of the most sympathetic banks
- Our human responsibility goes beyond our clients. We share all our knowledge online to everyone who needs it
- We take care of eachother.

We are open and always tell the truth:

- We tell our customers how things are, even when we make mistakes
- We share all our financial knowledge and experience with anyone who needs it
- We listen to our customers' views and ask open questions so that we understand what our customers are concerned with and what they expect from us.
- No small print or unexpected costs – at AEB, customers know what to expect.

We are positive and go above and beyond:

- Will it make the client happy? That's what matters the most
- If someone runs into difficulties, we will find a solution as a team
- We are not satisfied with a half-full glass; we always go the extra mile
- We are proud to be part of Knab/AEB.

We are entrepreneurial and take intelligent risks:

- We love good ideas, and we are free to make our business dreams come true
- We take well considered and fact-based decisions. We call this intelligent risks
- We actively seek feedback from our clients and are committed to learn. We use this to
- We identify with our most precious clients, Self-employed, entrepreneurial individuals and small businesses.

Besides our value proposition, we have defined three strategic pillars on our way toward adopting a sustainable business model.

Strengthening the existing business

- Finalize regulatory tracks.
- Further embed risk awareness in our culture.
- Strengthen IT and the data foundations.

Creating greater efficiency

- Increase execution power by focusing on differentiating customer engagement and outsourcing non-differentiating activities.
- Optimize the asset and capital strategy.
- Scale up operations to reduce the cost per customer, for example through digitization.

Focus on valuable customers

- Enrich our payment service relationships.
- Provide mortgages and business loans to improve access to assets.
- Introduce digital individual wealth accumulation and retirement services.

To achieve this, we focus on five main medium-term Key Performance Indicators (KPIs):

- Customer relational Net Promotor Score (NPS) (r-NPS) of +40
- Annual net fee paying customer growth of 40,000.
- Cost-to-income ratio of 60%.
- Return on capital of 9%.
- Better employee NPS scores.

To make sure that we achieve these medium-term KPIs, we define objectives and key results. We set objectives that link back to our strategy, and add quarterly, quantitative key results. This allows us to bring focus and direction to our operations. We conduct monthly performance dialogues to discuss progress on these key results.

2.2 Main activities, products, services, and internal organizational structure

AEB operates mainly under the Knab brand. In 2021, the migration and integration of the former Aegon Bank brand into the Knab brand was completed. Both labels were still active during 2021, but going forward Knab will be AEB's main brand in the market. The bank rationalized its product portfolio in 2021. Aegon Sparen and Knab Basis products were discontinued. Due to low market interest rates, AEB could not offer these savings products to its customers in a profitable manner. Customers were offered the opportunity to transfer their funds to another bank or to a fee-based Knab account. Furthermore, the Aegon Levensloop Sparen product was also discontinued.

2.2.1 Knab label

Introduced in 2012 and operating under AEB's banking license, Knab was one of the first fully online/digital banks in the Netherlands. Knab has since grown a customer base of 301,000 customers. As an online bank, Knab offers payment accounts, savings accounts and a basic investment product. Knab aims to be the most customer-oriented financial platform in the Netherlands, by keeping customers up to date on their personal financial situation and enabling them to achieve their financial goals. Its mission is to make people feel comfortable about their finances, every day. This reflects AEB's core mission to help people achieve a lifetime of financial security.

2.2.2 Aegon label

The banking services provided under the Aegon label focus on customers whose income and wealth are in the middle-market segment, in line with Aegon Nederland's target group. AEB offers simple but high-quality products. These include savings products designed to provide security, and investment products with an appropriate risk/return profile that meets the customer's needs and risk appetite. With these products AEB adds to Aegon Nederland's broad pension offerings. The Aegon Bank label activities mainly focus on 'Banksparen' products. 'Banksparen' is a tax-deferred savings product involving payments being made into a 'locked' bank account. These savings become available after a certain period of time for specific purposes such as a supplementary pension or paying off a mortgage. This product is predominantly sold via independent financial advisors, who remain a very important distribution channel.

2.3 Underlying assumptions

2.3.1 Scope and reference date

AEB's Pillar 3 document covers the bank's full consolidated balance sheet at 31 December 2021, including the 'Aegon Bank' and 'Knab' labels that are part of its business. All amounts in this Pillar 3 report are stated in millions of euros (EUR), unless stated otherwise.

2.3.2 Basis of consolidation

The consolidated financial statements include the financial statements of AEB and its subsidiaries. Subsidiaries (including structured entities) are entities over which AEB exercises control. AEB controls an entity when AEB is exposed to or has rights to variable returns from its involvement with the entity and has the ability to influence those returns through its control over the entity. Please refer to AEB's Annual Report 2021 for more information. While no differences exist between the scope of consolidation used in prudential reporting and that applied in the Annual Report, minor differences in presentation exist.

2.3.3 Accounting and risk principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and Part 9 of Book 2 of the Dutch Civil Code. Please refer to AEB's Annual Report 2021 for more information.

3 Key metrics

Movements in the key metrics relating to prudential reporting are shown in the table below. Movements between periods are explained in the different chapters of this Pillar 3 report.

Template EU KM1 *- Key metrics template*

		31/12/2021	30/09/2021	06/30/2021	31/03/2021	31/12/2020
		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	724	720	719	695	696
2	Tier 1 capital	733	729	729	705	705
3	Total capital	733	729	729	705	705
Risk-weighted exposure amounts						
4	Total risk exposure amount	3,480	3,324	3,423	3,482	3,474
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	20.80%	21.65%	21.02%	19.97%	20.04%
6	Tier 1 ratio (%)	21.07%	21.93%	21.29%	20.25%	20.31%
7	Total capital ratio (%)	21.07%	21.93%	21.29%	20.25%	20.31%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Total SREP own funds requirements (%)	12.00%	12.00%	12.00%	12.00%	12.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 11a	Overall capital requirements (%)	14.50%	14.50%	14.50%	14.50%	14.50%
12	CET1 available after meeting the total SREP own funds requirements (%)	637	633	633	612	612
Leverage ratio						
13	Total exposure measure	16,368	16,454	17,553	17,124	17,344
14	Leverage ratio (%)	4.48%	4.43%	4.15%	4.12%	4.07%

		31/12/2021	30/09/2021	06/30/2021	31/03/2021	31/12/2020
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	2,198	2,366	2,430	2,301	2,169
EU 16a	Cash outflows - Total weighted value	1,317	1,478	1,509	1,451	1,404
EU 16b	Cash inflows - Total weighted value	140	150	158	157	165
16	Total net cash outflows (adjusted value)	1,177	1,328	1,352	1,294	1,239
17	Liquidity coverage ratio (%)	187%	178%	180%	178%	175%
Net Stable Funding Ratio						
18	Total available stable funding	14,631	14,761	15,573	14,803	14,703
19	Total required stable funding	10,288	10,326	10,497	10,369	10,447
20	NSFR ratio (%)	142%	143%	148%	143%	141%

4 Overview of Risk Management

Taking measured risks is at the core of a bank's business. As a financial institution offering banking services, AEB is exposed to a variety of risks. From a financial perspective, AEB is primarily exposed to credit risk, interest rate risk, liquidity risk, and market risk. AEB is also exposed to non-financial risks, such as operational and compliance risks.

4.1 Introduction

AEB's Enterprise Risk Management Framework (hereafter ERM Framework) provides the core structure for assessing, controlling and managing all the risks to which AEB is exposed, including strategic risks that could have an impact on the achievement of its strategy and objectives. The ERM Framework is therefore essential to safeguard AEB's financial strength.

The ERM Framework is a comprehensive framework. Not only does it define the principles for integrating risk management into the bank's daily business activities, but it also lays down guiding principles in terms of how risk management is a part of the bank's strategic planning process. The framework ensures the identification, measurement and control of risks at all levels across the organization. It also provides the framework for identifying emerging risks and has therefore been designed as a dynamic system. The framework is about measuring and reporting risks, and addresses the importance of general risk awareness, attitude and behavior on the part of our employees, management, and leadership.

The ERM Framework is only effective when a sound and consistent risk culture is present throughout the organization. AEB therefore has guiding principles in place that ensure an outstanding risk culture as part of its organizational culture, which is purpose-led and value-driven. This the basis for the ERM Framework.

A strong risk management function, integrated into the daily management of business and strategic planning, gives the bank a strategic competitive advantage. It helps the bank to protect its reputation, lower the cost of capital, reduce costs and minimize the risk of investigation, prosecution and penalties, because the bank does the right things in the right way. The bank enhances its competitive position by effectively managing its risks and building trust.

The risk and compliance function is responsible for:

- Implementing the ERM framework;
- Identifying, monitoring, analyzing, measuring, managing and reporting on risks;
- Forming a holistic view of risks on an individual and consolidated basis;
- Challenging and assisting in the implementation measures taken by the business to ensure that the processes and controls in place are properly designed and operating effectively;
- Monitoring compliance with legal requirements and internal policies;
- Providing advice on compliance and risk to the Management Board and Supervisory Board, and other relevant staff; and
- Establishing policies and processes to manage risks and to ensure compliance.

AEB's risk strategy ensures that the bank's solvency and liquidity position is sufficient for it to meet its obligations to its customers even when highly adverse scenarios unfold, or material risk events occur. It is our strategy to be competitive in target markets, have reliable access to affordable funding, and provide stability to bondholders and shareholders. Risk management supports this strategy by ensuring a common framework and comparable measures for AEB's management body (Supervisory Board and Management Board) and senior management to communicate, understand, and assess the types and levels of risk that they are willing to accept. AEB's risk appetite limits should fit within its risk-taking capacity. This process is iterative and ensures that the strategy does not lead to excessive risk-taking and is aligned with AEB's risk appetite.

4.2 Risk Governance

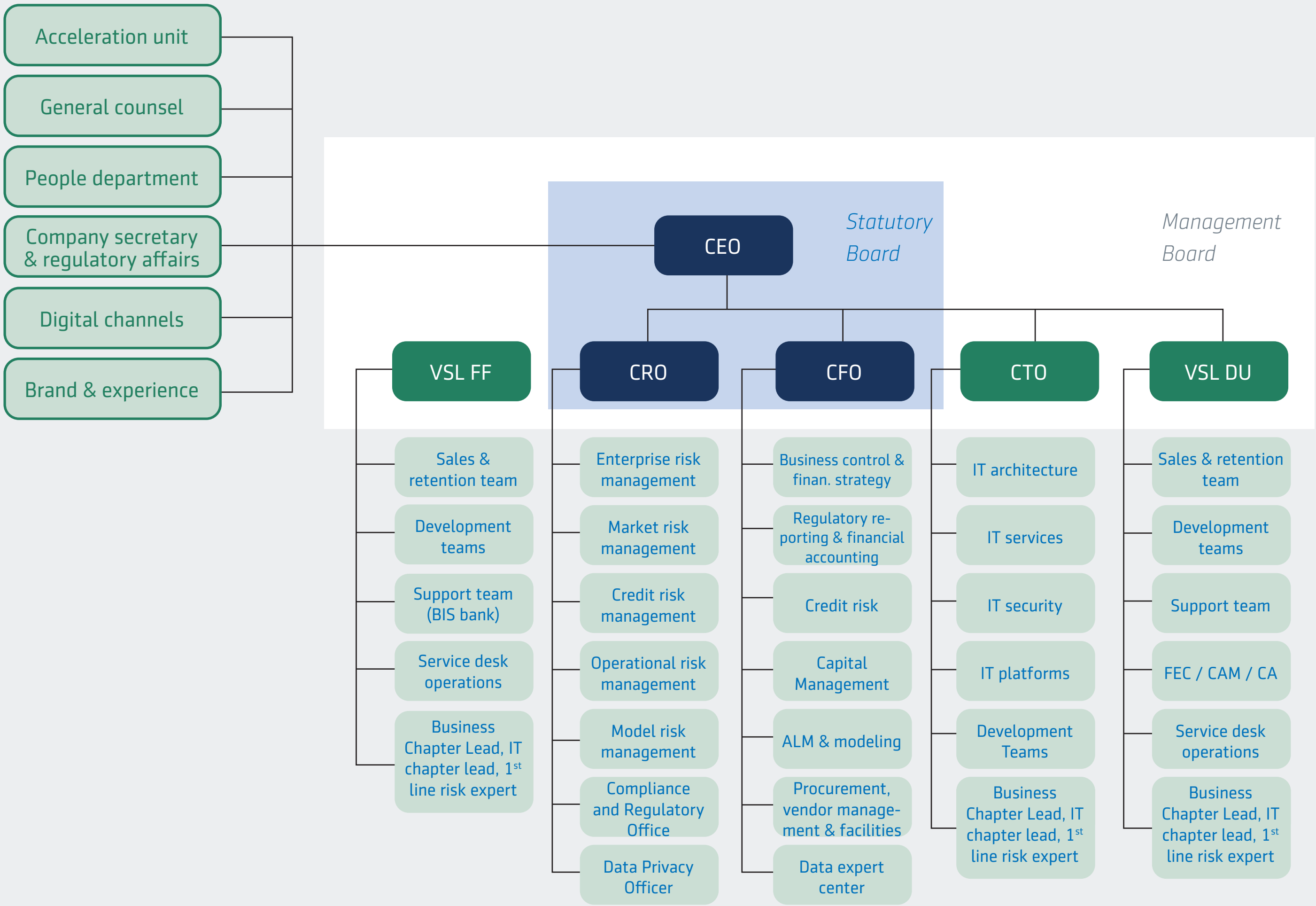
The Statutory Board comprises the CEO (Nadine Klokke), CFO (Mike de Boer), and CRO (Ebbe Negenman*).

The Management Board is responsible for day-to-day management of the bank. The MB has six members: the CEO, CFO, CRO, CTO, Value Stream Lead Daily Use, and Value Stream Lead Financial Freedom.

The chart below shows the Bank's organizational structure as at 31 December 2021.

* *Ebbe stepped down as CRO per 31 August 2022*

Figure 1: *Organizational chart of AEB as of 31 December 2021*



The Dutch financial services sector is subject to supervision under the Financial Supervision Act (Wet op het financieel toezicht or Wft). The aim of the Wft is to embed a cross-sector functional approach within the Dutch supervisory system. Supervision of financial institutions pursuant to the Wft rests with the Dutch Central Bank (DNB) and the Financial Markets Authority (AFM).

The DNB is responsible for prudential supervision, while the AFM supervises the conduct of business by financial institutions and the conduct of business on the financial markets. The aim of the DNB's prudential supervision is to ensure the solidity of financial institutions and so to contribute to the stability of the financial sector. With regard to banks, DNB performs its supervisory role, in particular with respect to prudential supervision, together with the European Central Bank (ECB).

In 2019, the DNB carried out an on-site inspection of the risk management practices related to AEB's investments in loans originated via third-party lending platforms. The inspection led to an instruction ("aanwijzing") by the DNB for AEB to improve its credit risk framework, including policies and procedures for those loans. To deliver the required improvements, AEB and the DNB agreed on a 1.5-year roadmap including a set of defined milestones. Despite the challenges posed by Covid-19, AEB completed the improvements within the agreed time frame. DNB reviewed the improvements Aegon Bank made to its credit risk framework for loans originated via third party lending platforms. Aegon Bank acknowledges the findings and took the decision to cease investing and put the current unsecured loans through third party lending into run off. The DNB published its instruction on its website on 7 March 2022.

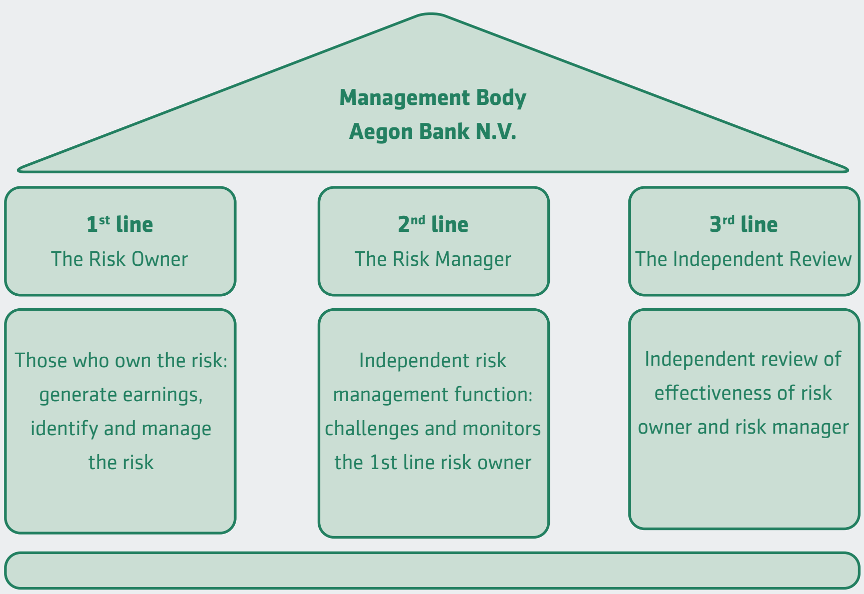
The AFM's conduct of business supervision focuses on ensuring orderly and transparent financial market processes, integrity in the relationships between market parties, and due care in the provision of services to customers.

The Dutch Data Protection Authority (Dutch DPA) supervises the processing of personal data in order to ensure compliance with data protection laws. Its tasks and powers are described in the European Union's General Data Protection Regulation (GDPR), supplemented by the Dutch GDPR Implementation Act.

Three lines of defense

AEB's risk governance is based on the Three Lines of Defense model and has been brought in line with regulatory requirements and market practices. The risk governance framework ensures that risk is managed in line with the risk appetite as approved by AEB's Management Body and is cascaded throughout AEB. AEB's Management Body consists of a two-tier board structure consisting of the Statutory Board and the Supervisory Board. The following sections describe each line of defense.

Figure 2: *Three lines of defense at AEB*



4.2.1 First line of defense: the Business Lines

The first line has primary responsibility for performance, operations, compliance and effective control of risks affecting the business. The business includes the origination of deposits and other products, such as buying portfolios of mortgages or other loans from other financial parties, within applicable frameworks and limits set by the Statutory Board. The first line knows the bank's customers well and are well-positioned to act in their best interests without losing sight of the bank's own interests.

The first line of defense consists of the business departments and the value streams. The managers are responsible for managing the risks arising from the activities in their department. They own the business processes in their departments and are responsible for identifying the key risks to their departments and processes by performing Risk Control Self Assessments (RCSAs). They are responsible for drawing up process descriptions and working instructions, designing and executing controls, and monitoring procedures to ensure that any residual risk (after implementation of the controls) remains within the risk appetite. They are also responsible for ensuring that the design and implementation of controls is in compliance with the policies of AEB, and to the extent applicable, Aegon Nederland and Aegon NV.

4.2.2 Second line of defense: Risk Management and Compliance

The second line of defense consists of oversight functions, with a major role assigned to the risk management organization under the responsibility of the CRO.

The purpose of AEB's risk management function is to support AEB's ambition to help our customers achieve a lifetime of financial security. A strong risk management function, integrated into the daily management of the business and strategic planning, gives the bank a strategic competitive advantage. It helps the bank to protect its reputation, lower the cost of capital, reduce costs, and minimize the risk of investigation, prosecution and penalties, because the bank does the right things in the right way. By effectively managing its risks, the bank enhances its competitive position by building trust.

Risk Management at AEB is responsible for:

- Developing overall risk policies and guidance.
- Objectively challenging the execution, management and performance of processes and internal controls.
- Independent reporting on risks and controls.

The risk management function also has an escalation/veto power in relation to business activities that are judged to present unacceptable risks to AEB.

The key risks resulting from the bank's business model are managed by dedicated and specific risk management teams under the responsibility of Lead Risk Managers, who report directly to the CRO and each have their own area of expertise. The following 2nd line risk teams are in place:

- Enterprise Risk Management;
- Market Risk Management;
- Credit Risk Management;
- Operational Risk Management;
- Model Risk Management;
- Compliance, and
- Privacy (Data Protection Officer).

The Risk & Compliance team operates independently of the business lines and is responsible for oversight and monitoring of the strategic, financial and non-financial risks and controls.

4.2.3 Third line of defense: Internal Audit

The internal audit function is performed by Internal Audit Nederland (IAN), based on an outsourcing agreement and service level agreement. The objective is to assist management in protecting AEB's assets, reputation and sustainability by independently and objectively evaluating the design, implementation and effectiveness of AEB's internal controls, risk management and governance processes. IAN draws up an annual risk-based audit plan, and identifies and makes recommendations to ensure that any omissions are effectively addressed.

IAN performs its duties independently and objectively in accordance with the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Internal Auditors' International Standards (International Professional Practices Framework), the Definition of Internal Auditing formulated by the Institute of Internal Auditors, and Aegon's policies and (global) audit procedures.

AEB's Internal Audit charter and annual audit program provide that IAN is responsible for performing systematic audits. IAN reports directly to AEB's Statutory Board and Aegon Nederland. IAN's findings are always discussed with AEB's management.

4.2.4 Risk Committees

AEB has set up several risk committees composed of members of the Management Board and senior management. The risk committees are responsible for advising the MB on AEB's overall current and future risk appetite and strategy, and assisting the MB in overseeing the implementation of that strategy by senior management.

The Enterprise Risk & Audit Committee (ERAC) meets quarterly to monitor, discuss and support progress, and to decide on all subjects and issues relevant to managing AEB’s financial and non-financial risks, taking the bank’s risk appetite into account.

The Non-Financial Risk Committee (NFRC) meets monthly to monitor development in the non-financial risk profile against the defined risk strategy and risk appetite, and to decide on any mitigating action as and when required. In addition, the NFRC discusses, promotes awareness of, and supports the organization on all subjects and issues relevant to managing AEB’s non-financial risks. The NFRC also advises and supports the MB in its supervisory role and oversees the implementation of the non-financial risk strategy so as to assess its adequacy against the approved risk appetite and strategy.

The Credit Risk Committee (CRC) reports to the MB and discusses and reviews the policies, methodologies and procedures related to credit risk and counterparty risk within the bank prior to AEB’s Statutory Board’s final approval. The CRC also discusses and approves transactions involving credit risk. The committee meets monthly and is chaired by the Head of Credit Risk.

The Asset Liability Committee’s (ALCO’s) remit is to optimize the bank’s earnings in relation to its capital by managing the bank’s assets and liabilities within the risk strategy and risk appetite as defined by AEB’s Statutory Board. The ALCO oversees management of the bank’s capital, funding, interest rate, foreign exchange and liquidity risks by establishing policies, limits and guidelines. The committee is chaired by the CFO.

The Model Risk Committee (MRC) meets every month and is chaired by the CRO. The committee oversees and makes decisions on model risk management and is responsible for model risk control activities, including model risk assessment, model validation and model self-assessments, model (change) approval, model performance monitoring, validation gap closure monitoring, and model inventory maintenance.

AEB produces a comprehensive set of risk reports to measure, monitor and manage the risks inherent to its business, including monthly NFRC, CRC and ALCO reports and quarterly ERAC reports for the Statutory Board.

4.3 Risk Appetite Framework

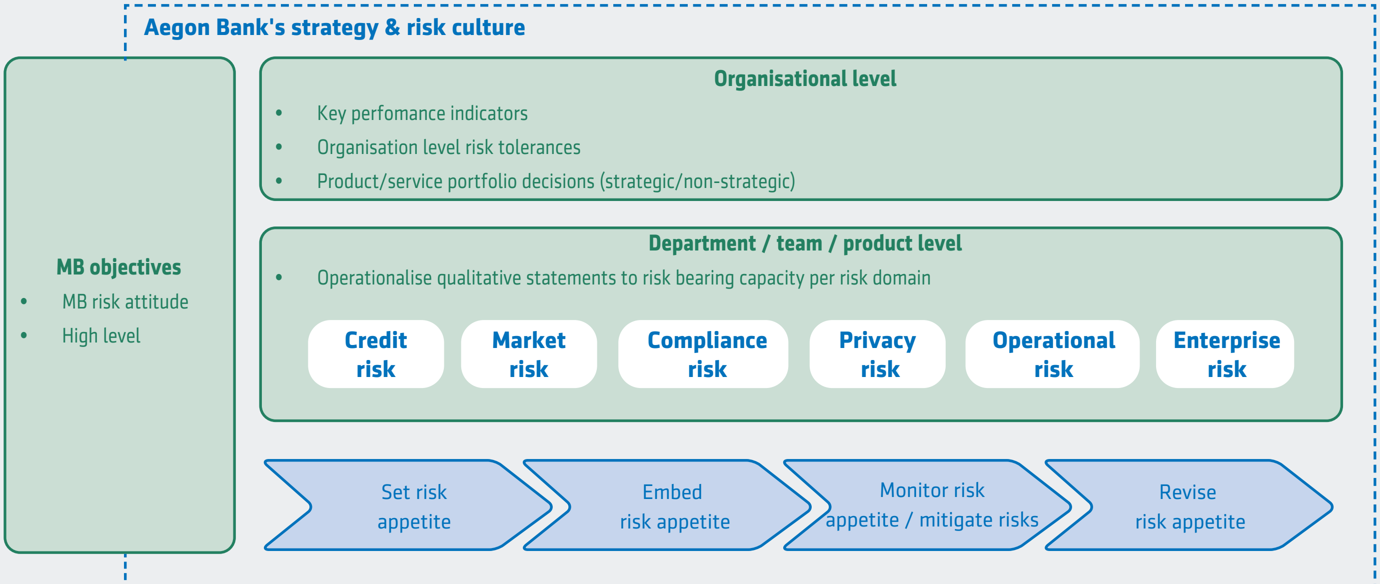
The Risk Appetite Framework (RAF) is defined as the overall approach and process through which AEB’s risk appetite is established, communicated, and monitored. It includes risk appetite statements (RAS), risk limits and an outline of the roles and responsibilities for implementing and monitoring the risk appetite, both qualitatively as quantitatively.

AEB’s Risk Appetite Framework defines AEB’s risk profile and forms part of the process of developing and implementing AEB’s strategy and identifying the risks taken in relation to AEB’s risk capacity. The RAF does not include the processes for establishing the strategy and developing the business plan, or the models and systems for risk measurement and aggregation. The RAF is, however, aligned with AEB’s business plan, strategy development and capital planning, and provides a common framework and comparable measures for AEB’s management body and senior management to communicate, understand, and assess the types and levels of risk that they are willing to accept. Any material risks for AEB and its shareholders, depositors and customers, will be considered.

AEB uses an integrated risk management approach for its business activities. To articulate the level of risk the bank is willing or prepared to take, a RAS is in place which defines the bank’s risk appetite. The RAS also sets boundaries for tactical decision-making. For example., no material investment decisions may be taken which could lead to breaches of risk appetite limits. The RAS is therefore used to monitor and manage the actual risk profile.

Risk appetite forms an essential part of the ERM Framework so as to ensure that the corporate strategy and risk appetite are aligned. Furthermore, during the process of drawing up the RAS, the necessary risk identification and assessments are performed to determine the desired risk attitude for each risk theme and risk appetite for each relevant risk, given the overall risk strategy and the capacity to bear risk.

Figure 3: *AEB's risk appetite framework and process: 1 through 3 top-down and 4 bottom-up*



4.4 Risk Embedding

AEB's ERM Framework is thoroughly embedded in the bank's key functional areas. This section describes how risks are considered in decision-making in terms of business planning, capital planning, liquidity planning, recovery planning, product development, and recruitment/human resources.

4.4.1 Capital Planning

AEB evaluates its Internal Capital Adequacy Assessment Process (ICAAP) for current capital adequacy and expected capital adequacy for the medium term (three years ahead). This analysis projects new activities alongside its current activities. For each new investment proposal, the impact on AEB's capital and liquidity ratios is analyzed before planned decisions are executed. The impact of threats and initiatives is quantified and included in updated projections. ICAAP is also an important deliverable for the DNB as part of the Supervisory Review and Evaluation Process (SREP).

The assessment of capital adequacy within AEB is updated by means of a quarterly Capital Plan and ICAAP update presented to the ALCO. The update compares actual movements in the balance sheet, earnings and capital metrics with the planning, so that AEB's management can take action if necessary.

4.4.2 Liquidity Planning

The Internal Liquidity Adequacy Assessment Process (ILAAP) document describes AEB's liquidity risk management and funding plan. The purpose of ILAAP is to ensure liquidity adequacy and to manage liquidity risk in relation to all other risks identified. As part of ILAAP, senior management identifies, assesses and, where possible, quantifies elements of liquidity risk. AEB assesses and identifies potential shortcomings and takes management action when needed. Stress-testing and projections of future liquidity needs are key control components of ILAAP. Similar to ICAAP, ILAAP is also an important part of the SREP process.

The ALCO approves the assumptions, the results of the Funding Plan, the Liquidity Stress Tests (LST), and the ILAAP process as a whole.

4.4.3 Product Development

Risk considerations form an integral part of AEB's product development and pricing policy. Product development and pricing decisions must take into account take into account the fair treatment of customers, economic value creation requirements for shareholders, the impact on statutory requirements, the speed at which capital investments are recouped, the impact on financials, and the impact on risk appetite statements and risk policies.

A new product is defined as a new activity, service, instrument, currency, type of business or product. The Proposition Approval & Review Committee (PARC) reviews all new and existing propositions to determine compliance with the Proposition Approval and Review Process (PARP), which has been put in place to ensure that customer interests are sufficiently taken into account. For every proposition, the product owner is required to complete a risk assessment before submitting the proposition to the PARC.

4.4.4 Recruitment/Human Resources

To ensure effective risk management, the bank also establishes requirements for its employees, its organizational culture and risk awareness. The knowledge and skills that employees need to have are detailed in their job descriptions. The core values clearly reflect the importance of risk awareness.

The core values contribute to a culture where employees are involved in the organization and so there is a natural form of social control.

The bank's core values:

- We are human and passionate about what we do
- We are entrepreneurial and take intelligent risks
- We are open and always honest
- We are positive and go above and beyond

4.4.5 Business Continuity Plan and Recovery Plan

The Business Continuity Plan describes the steps that need to be taken in the case of a business interruption due to a disaster, and the advance planning and preparations necessary to minimize losses and ensure continuity of key and time-sensitive business functions during a major business interruption. AEB has defined the resources, actions, tasks and data required to prepare for and recover from such an emergency.

AEB's Recovery Plan is intended to reduce the likelihood of transitioning into a non-going-concern scenario and subsequent resolution, and provides detailed actions that may be taken upon the occurrence of different stress scenarios so as to restore confidence and AEB's liquidity or capital position, or a combination of the above.

4.5 Stress Testing

AEB's stress-testing framework aims to adequately assess the bank's vulnerability to severe but plausible events, and to determine the adequacy of the bank's own funds, liquidity position and earnings to withstand financial losses or liquidity outflows.

The stress tests are forward-looking and address the main risks to which the bank may be exposed. A schematic overview of the stress test process is shown in the figure on the right.

As part of ICAAP and ILAAP, AEB tests its capital and liquidity adequacy periodically. The impact of extreme scenarios on the bank's earnings due to changes in interest rates is regularly assessed as part of the Interest Rate Risk in the Banking Book (IRRBB) report. The impact of credit risk exposures on the bank's solvency is assessed regularly by means of point-in-time scenarios and sensitivity analyses. The economic and regulatory capital needs to be sufficient to absorb the loss of available capital in the stress scenarios, and the available liquidity needs to exceed the required liquidity under those stress scenarios.

The stress-test scenarios are designed, and parameter values set, annually. The validity of the assumptions is reviewed in the case of any significant market events, substantial changes to AEB organization or strategy, or significant regulatory changes.

The stress test results are presented to the ALCO. Additional stress tests may be performed on an ad-hoc basis.

AEB may also use stress tests as an internal communication tool across management levels to raise awareness and encourage discussions about existing and potential risks and possible management actions. Stress tests therefore support a variety of business decisions and processes as well as strategic planning.

Figure 4: *Stress Testing process*

4.6 Climate Risk

AEB's parent company, Aegon Nederland, regards itself as a responsible company that seeks to have a positive impact on society and the environment. It has therefore set up a team responsible for sustainability and corporate social responsibility. Because the bank is a subsidiary of Aegon Nederland, these policies on sustainability topics also apply to AEB. Aegon Nederland has signed several commitments regarding climate risk, including the Dutch Climate Agreement and the Spitsbergen Agreement, which therefore also apply to the bank.

AEB is exposed to potential financial and non-financial risks directly or indirectly arising from climate change. These risks can be divided into physical and transition risks:

- Physical risks: arise from the physical effects of climate change on a company's operations, workforce, markets, infrastructure, raw materials and assets. Physical risks emanating from climate change can be event-driven (acute) such as extreme weather conditions (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term (i.e., chronic) shifts in precipitation and temperature and increased variability in weather patterns (e.g., rising sea levels).

- Transition risks: arise from changes in policy, laws and regulations and technology and shifts in market preferences during the transition to a lower-carbon global economy. Transition risk also incorporates 'stranded asset risk' – write-downs of carbon-intensive assets that could quickly become unusable or reduce in value. Transition risks include policy constraints on emissions, the imposition of a carbon tax, water restrictions, land-use restrictions or incentives, market demand and supply shifts, and reputational considerations.

AEB is indirectly exposed to climate-related risk when climate risk-related matters impact the collateral value of Dutch mortgages. A decrease in collateral value will cause an increase in AEB's capital requirements and impairment provision for credit risk. In other words, climate risk-related events may result in elevated credit risk. To identify and quantify climate risk, AEB has run scenario analyses as part of the annual SREP process for both physical and transitional risks. We have performed stress tests and explored using scenarios from the Network for Greening the Financial System (NGFS) to be included in periodic runs including reporting.

AEB holds a portfolio of tradable debt securities, which are listed fixed-income securities. Corporate credits are exposed to direct climate risk, which is mitigated by Aegon Nederland's Responsible Investment Policy. For all other asset classes (ABS and CLOs), climate risk is highly diverse.

AEB invests in unsecured loans to consumers and small and medium-sized enterprises (SME) through several third-party lending platforms. Considering the nature of these loans and the counterparties, limited climate-related risks have been identified for AEB.

On the liability side of the balance sheet, climate-related risks for savings products mainly concern reputational risks resulting from customers' increased focus on CO2 emission targets.

In 2021 AEB adopted a governance program to deal with sustainability and ESG-related topics. An ambition and strategic direction have also been defined and are being communicated across all Value Streams and support functions. Workshops were held to identify initial ESG risks within strategic, market, credit, liquidity and operational risks. In addition, our product approval and review process has been updated accordingly to assess ESG factors (e.g., transitional and physical climate and environmental factors) and to categorize investments according to the Sustainable Finance Disclosure Regulation (SFDR).

5 Capital Management

As part of its capital management policy, AEB determines the amount of capital it needs to hold to cover those material risks relative to its risk profile now and in the years ahead, consistent with its strategy. AEB identifies, assesses and, where possible, quantifies material risks, in accordance with internal requirements.

The capital planning process is at the heart of AEB's capital management, linking the company's mission statement, strategy and risk profile to its capital management. The assumptions underpinning the capital plan are reviewed and adjusted periodically throughout the year. The capital plan projections are also updated on a monthly and quarterly basis reflecting realized positions and progressing insights. These are reported to the MB and ALCO to allow for frequent monitoring. Adjustments may be made on the basis of expected developments relative to actual outcomes, where necessary in accordance with existing contingency plans.

In 2021, the bank's capital position in terms of both its own funds and Common Equity Tier 1 (CET1) capital increased by EUR 25 million, driven mainly by EUR 81.6 million in earnings, a EUR 45 million capital remittance and EUR 10 million decrease in other comprehensive income. For more details on net income, please refer to Aegon Bank's Annual Report 2021.

The bank's leverage ratio increased due to a significant decrease in leverage exposure. This was driven by a smaller balance sheet resulting from the off-boarding of non-fee generating savings products in the second half of 2021.

Table 1: *Overview of key capital adequacy metrics at year-end 2020 and 2021*

Metrics	2020	2021
CET1 capital	699	724
Tier 1 capital	708	733
Own funds	**708**	**733**
Leverage exposure	17,335	16,451
TREA	3,443[8]	3,480
CET1 ratio	20.3%	20.7%
Tier 1 ratio	20.6%	21.0%
TCR	20.6%	21.0%
Leverage ratio	4.1%	4.5%

[8] The TREA and capital ratios include a calculation for operational risk based on the financial years 2017, 2018 and 2019. After the publication of the Annual Report 2020 the operational risk capital requirement was increased by EUR 110 million, as the calculation is based on audited financial statements. As a result, TREA increased by EUR 110 million and the Total Capital Ratio decreased by 0.7%-points

5.1 Own Funds

This section describes the definitions of the underlying elements of AEB's own funds in accordance with the CRR.

Common Equity Tier 1 Capital

The CET1 Capital deployed at AEB is wholly-owned by Aegon Nederland in accordance with Article 50 of the CRR.

Additional Tier 1 Capital

AEB's AT1 Capital solely consists of 'Knab participations'. Until November 2017, AEB provided customers with the opportunity to buy 'participations' in AEB through the Knab label. The participations had a fixed notional of EUR 5,000, no fixed maturity date and a minimum coupon of 5% (subject to AEB's Maximum Distributable Amount; or MDA). Since November 2017, no new participations have been issued and participation holders can sell their participations to Aegon Nederland. Knab participations are considered AT1 Capital in accordance with Article 61 of the CRR.

Tier 2 Capital

AEB had no Tier 2 Capital instruments as at 31 December 2021.

5.2 Capital ratios

Total capital ratio

In 2021, the total capital ratio increased by 0.4%. This was the result of the EUR 25 million increase in own funds in combination with a small increase in TREA. As the overall increase in TREA was small, there were material changes in the underlying exposures. The unsecured retail loan exposure decreased and specifically the redemption of high-risk classified loans caused TREA to decrease, as origination took place in portfolios with lower risk weights. TREA in the mortgage portfolio increased due to the redemption of NHG (National Mortgage Guarantee) mortgages, which was mostly reinvested in Non-NHG mortgages and debt securities purchased in 2021 to reduce the excess capital and liquidity position. TREA for operational risk under Pillar 1, calculated according to the Basic Indicator Approach, increased due to the addition of 2021 earnings, which were higher than in 2018.

Template EU OV1 – *Overview of total risk exposure amounts*

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		2021	2020	2021
1	Credit risk (excluding CCR)	2,928.43	2,810.88	234.27
2	Of which the standardised approach	2,928.43	2,810.88	234.27
6	Counterparty credit risk - CCR	18.82	18.97	1.51
7	Of which the standardised approach	18.82	18.97	1.51
EU 8a	Of which exposures to a CCP	14.44	14.45	1.16
16	Securitisation exposures in the non-trading book (after the cap)	26.88	35.24	2.15
18	Of which SEC-ERBA (including IAA)	5.66		0.45
19	Of which SEC-SA approach	21.22		1.70
EU 22a	Large exposures			
23	Operational risk			
EU 23a	Of which basic indicator approach	506.04	458.97	40.48
29	**Total**	**3,480.17**	**3,324.05**	**278.41**

The total capital ratio remained in or above the target operating zone in 2021. AEB aims to maintain a strong capital position, with a total capital ratio of at least 17.7%, and succeeded in doing so in 2021.

Leverage ratio

In accordance with Article 429 of the CRR, AEB is required to have a (non-risk weighted) leverage ratio above 3%. In accordance with Article 87 of the CRD IV, AEB is required to identify, monitor and manage the risk of excessive leverage. Internally, AEB aims to have a leverage ratio above 4%.

At 31 December 2021, AEB's leverage ratio was 4.5%, which was within its target zone and above the internal and external requirements.

Managing excessive leverage

The total capital ratio, CET1 ratio and leverage ratio are reported to the ALCO on a monthly basis. In addition, three-year forward forecasts and comparisons with AEB's capital plan are reported to and discussed by the ALCO periodically. Internal buffers have been defined, including the actions to be undertaken if certain thresholds are breached.

Supervisory Review and Evaluation Process ratio

The DNB annually reviews AEB's ICAAP as part of SREP to assess whether AEB holds enough capital relative to its risk profile, peers companies, and/or market conditions. Based on this assessment, AEB receives a SREP decision letter, in which DNB stipulates and substantiates AEB's specific SREP capital requirements. AEB's internal monitoring system includes various buffers to ensure that it meets SREP capital requirements.

5.3 Minimum Required Eligible Liabilities

In June 2019, AEB issued EUR 500 million Senior Non-Preferred (SNP) Notes in anticipation of the finalization of the Minimum Required Eligible Liabilities (MREL) requirement as defined by the National Resolution Authority (NRA). In preparation of the SNP Notes issuance, AEB applied the Single Resolution Board default formula as an indication of the forthcoming MREL requirement.

6 Credit Risk

6.1 Credit risk management

Risk management committee

During 2021, credit risk was monitored by the Credit Risk Committee (CRC), which reports to the MB. The CRC is responsible for monitoring the performance of the loan book and investment portfolio, focusing in particular on compliance with internal targets and limits as set out in the RAS. Chaired by the Head of Credit Risk, the committee includes management and senior representatives of business and risk departments. The CRC meets monthly.

Risk measurement methodology

The capital required under Pillar 1 is calculated in accordance with the Standardized Approach (SA) as prescribed by the CRR. As part of the SA, the CRR prescribes a standard classification of the exposures per asset class in order to determine the risk weight. Subsequently, the SREP capital requirement is calculated as 12% of the total risk-weighted assets (RWA).

In addition to monitoring credit risk regulatory requirements, AEB also monitors credit risk developments in its portfolio through internal models, reports and dashboards. Expected losses under IFRS 9, unexpected losses via AEB's economic capital framework, and Return on Risk Adjusted Capital (RORAC) assessments are monitored so as to manage portfolio credit risk. Additionally, compliance with the Credit Risk Policy is monitored monthly.

6.2 Credit portfolio

This section discusses AEB's exposure to credit risk in its:

- Retail portfolio, consisting of loans and advances to
  - Retail customers, secured by mortgages on residential property (Mortgages);
  - Retail customers, unsecured (Consumer loans); and
  - Small and Medium-sized Enterprises, unsecured (SME loans).
- Non-retail portfolio, consisting of
  - Loans and advances to banks;
  - Loans and advances to the public sector; and
  - Interest-bearing securities.

The table below shows the movements in AEB's exposure to the various asset classes and related risk weights.

Table 2: Credit risk exposures by asset class[10]

		2021			2020		
Asset category	Asset class	Leverage Exposure	RWA	RW%	Leverage Exposure	RWA	RW%
Retail	Mortgages	11,863	1,731	15%	11,555	1,557	13%
	Consumer loans	388	434	112%	688	818	119%
	SME loans	405	107	26%	442	154	35%
	Subtotal retail	**12,656**	**2,272**	**18%**	**12,685**	**2,529**	**20%**
Non-retail	Bank	1,577	151	10%	829	171	21%
	Sovereign	304	4	1%	1,935	-	0%
	Public Sector Entities	299	38	13%	378	14	4%
	Securitization	135	27	20%	294	61	21%
	Corporate	693	402	58%	102	54	53%
	International Organizations	209			213		
	Multilateral development banks	85			86		
	Subtotal non-retail	3,302	622	19%	3,837	300	8%
Other	**Other**[9]	**493**	**95**	**19%**	**813**	**134**	**17%**
Total credit risk exposure		**16,451**	**2,990**	**18%**	**17,335**	**2,963**	**17%**

9 Fair value changes due to hedged items are classified under Mortgages in 2021 whilst they were part of 'other' line in 2020.
10 The numbers shown in this table include off-balance sheet exposure. The numbers shown in subsequent tables of this chapter exclude off-balance sheet exposure.

Leverage exposure decreased from EUR 17,335 million in 2020 to EUR 16,451 million in 2021 (down 5%). The RWA increased slightly from EUR 2,963 million in 2020 to EUR 2,990 million in 2021 (up 1%), due to the slightly reduced share of NHG in the mortgage portfolio despite the continued de-risking of the SME and consumer loans portfolios, with business volumes falling and SME lending being replaced by 80% UK Government-guaranteed SME lending (Coronavirus Business Interruption Loan Scheme, or CBILS) starting in May 2020. Certain consumer loans and SME loans continued to be classified as Items associated with particularly high risk in 2021.

More information on AEB's exposure at 31 December 2021 is provided in the Annual Report, in the section Consolidated financial statements 2021 of Aegon Bank N.V.

Retail portfolio

The Retail portfolio mainly consists of loans secured by mortgages on residential property and unsecured loans to consumers and small and medium-sized enterprises (SMEs). AEB has agreements in place with a number of lending platforms to be able to invest in consumer loans and SME loans. In order to ensure the availability of eligible loans, for some of the platforms, AEB guarantees the purchase of loans for a limited number of months.

In 2021, the loan loss (impairment) provisions for the retail portfolio decreased by EUR 70 million, driven mainly by the de-risking of the portfolio, which led to a significant reduction in unsecured loans exposure. In addition, the coverage ratio for the consumer loan portfolio decreased to 7% from 11% due to the sale of Non-Performing Loans (NPL) in August 2021 and the introduction of the updated IFRS 9 model in September 2021, which had a positive impact on provisions. The coverage ratio for SME loans decreased to 12% from 14% due to existing unsecured SME lending being replaced by 80% UK Government-guaranteed SME lending.

Table 3: *Impairments in the retail loans portfolios*

	2020				2021			
Asset class	Exposure (gross of impair.)	Impairments	Exposure (net of impair.)	% impaired	Exposure (gross of impair.)	Impairments	Exposure (net of impair.)	% impaired
Mortgages	11,375	3	11,372	0%	11,671	1	11,670	
Consumer loans	771	83	688	11%	418	30	388	7%
SME loans	512	70	442	14%	460	55	405	12%

Secured by mortgages on residential property

AEB's mortgages are originated and serviced by Aegon Hypotheken B.V., a subsidiary of Aegon Nederland. Aegon Hypotheken B.V. has strict underwriting processes, which are aligned with AEB's credit risk appetite in terms of its mortgage portfolio. The table below shows that a large portion of the mortgage portfolio is backed by a National Mortgage Guarantee (NHG), i.e. 49% of the total exposure. The majority of non-NHG-backed mortgages are in the less than 80% Loan-to-Value (LTV) bucket. The significant NHG coverage and relatively low LTV led to low credit risk in the mortgage portfolio. At 15%, the overall mortgage RW% is slightly higher than the previous year (13%) due to the lower portion of NHG-backed mortgages compared to the previous year.

Table 4: *Exposure to mortgages by LTV bucket at 31 December 2020 and 31 December 2021*

	2020		2021	
Mortgages	Exposure (net of impairments)	% of Total	Exposure (net of impairments)	% of Total
NHG-backed amount	6,100	54%	5,739	49%
LTV less than 80%	4,995	43%	5,767	49%
LTV more than 80%	336	3%	163	1%
Total	**11,391**	**100%**	**11,670**	**100%**

Unsecured consumer loans and SME loans

AEB invests in consumer loans and SME loans through several third-party lending platforms. The lending platforms provide a variety of services with regard to origination, client management, and collection and recovery processes. AEB has specific mandate agreements (SLAs) in place with each service provider detailing AEB's credit risk appetite.

Table 5 on the following page shows the geographical distribution of consumer loans by country.

- The Crédit Agricole Consumer Finance portfolio in the Netherlands decreased from EUR 93 million in 2020 to EUR 60 million in 2021 (down 36%). This is a closed-book agreement, meaning that there are no new clients being financed as part of the portfolio.
- The Auxmoney portfolio in Germany decreased from EUR 374 million in 2020 to EUR 179 million in 2021 (down 52%). During 2019, AEB management decided to discontinue new business through Auxmoney, effective from March 2020. The decision was based on the portfolio's performance in combination with credit risk control challenges that needed to be addressed.
- The Zopa portfolio in the United Kingdom decreased from EUR 221 million in 2020 to EUR 149 million in 2021 (down 33%). AEB reduced the funding of Zopa-originated loans after the outbreak of the Covid-19 pandemic.

Table 5: Geographical distribution of consumer loans leverage exposure by country

	2020			2021		
Asset class	Leverage Exposure	RWA	RW%	Leverage Exposure	RWA	RW%
Netherlands	93	70	75%	60	45	75%
Germany	374	561	150%	179	268	150%
UK	221	187	85%	149	121	84%
Total Consumer Loans	**688**	**818**	**119%**	**388**	**434**	**112%**

AEB's SME loan portfolio decreased in 2021. The Funding Circle portfolio decreased from EUR 441 million in 2020 to EUR 404 million in 2021 (down 8%), driven by the run-off of the unsecured SME exposure and the termination of the UK government-guaranteed scheme (CBILS) in June 2021. The further shift towards government-guaranteed loans resulted in a decrease in RW% for the SME portfolio from 35% in 2020 to 26% in 2021.

Table 6: Geographical distribution of SME loans leverage exposure by country

	2020			2021		
Asset class	Leverage Exposure	RWA	RW%	Leverage Exposure	RWA	RW%
UK	441	153	35%	404	106	26%
Netherlands	1	1	79%	1	1	80%
Total SME loans	**442**	**154**	**35%**	**405**	**107**	**26%**

Non-retail portfolio

The non-retail portfolio currently consists of an investment portfolio and a treasury portfolio (cash management). The portfolios are managed by Aegon Asset Management and Aegon Group Treasury (Aegon NV's treasury department), respectively, under terms and agreements mandated by AEB.

For the exposure classes covered by the investment portfolio and treasury portfolio, credit quality steps are used to assign risk weights. For exposures to counterparties for which a credit assessment is available from an External Credit Assessment Institution (ECAI), AEB applies credit quality steps in accordance with the CRR. If no credit assessment or surrogate is available, the bank assigns a risk weight of 100%. For credit assessments of exposures to obligors, AEB uses the ratings assigned by S&P, Moody's, and Fitch.

Movements in the investment portfolio are monitored through periodic reporting. The reports detail fair market value changes for various exposure types[11] and rating grades and price and yield developments at ISIN (International Securities Identification Number) level. Separate reports specific to asset-backed exposures are used to monitor, amongst other things, the level of credit enhancement and collateral performance.

Securitization Exposures

As at 31 December 2021, AEB's securitization activity was limited to its outstanding 2013 Kigoi B.V. transaction, with regard to which AEB continued to hold all notes issued by the Special Purpose Vehicle (SPV). The underlying assets of that transaction are Dutch consumer loan exposures. Because all the notes are held by AEB, the structure is consolidated in AEB's balance sheet, and risk weights for loans sold to the SPV are determined on a look-through basis. As at 31 December 2021, AEB had no specific assets earmarked for securitization. Nor did AEB undertake any securitization activities in 2021.

11 Such as Asset Backed Securities (other than CDOs and CLOs), CDOs or CLOs, Sovereign Debt, Corporate Credits and Covered Bonds.

Table 7: *Outstanding exposures securitized at 31 December 2020 and 31 December 2021*

	2020		2021	
Mortgages	Notional	RWA	Notional	RWA
The aggregate amount of on-balance sheet securitization positions retained	96	70	60	45
The aggregate amount of off-balance sheet securitization exposures retained	0	0	0	0

Past due, forborne and non-performing (defaulted) loans

A financial asset is:

- Past due when the counterparty fails to make payment due under the contract.
- Forborne when a concession has been granted to a borrower facing or about to face financial difficulties, irrespective of whether the borrower is in arrears.
- Non-performing/Defaulted/IFRS9 stage 3/Credit-Impaired
  - when 90 days past due, based on AEB's calculation of days past due; or
  - when AEB considers that the borrower is unlikely to pay its credit obligations without recourse by the bank.

Management of past due, forborne and non-performing (defaulted) loans has been outsourced operationally to AEB's lending partners in accordance with AEB's risk appetite as outlined in the SLA. Their collection departments will contact borrowers who are in financial difficulty in order to:

- Understand the cause of the financial difficulties.
- Agree on forbearance measures appropriate to the borrower's situation that will optimize the expected return and recovery for AEB. If a solution cannot be found, the loan will be formally cancelled so as to enable further legal action to be taken against the borrower.
- The cancelled loan will be managed by the lending partner's recovery department, possibly using a specialized debt collection agency. However, the recovery team may still be able to reach agreement on an adjusted repayment schedule instead of taking the matter to court.

The bank closely monitors collection and recovery processes and credit movements in its various retail portfolios using daily and monthly data deliveries and monthly and quarterly reports. The data and reports are analyzed by the bank's dedicated credit risk team and used to:

- Inform the CRC about relevant movements in the portfolios; and
- Calculate expected losses, economic capital, RORAC and other relevant credit risk measurement metrics.

Collateral obtained by taking possession

As at 31 December 2021, AEB carried no foreclosed assets on its balance sheet.

Required capital

Table 8 shows the corresponding credit risk capital estimates for 2020 and 2021. At 31 December 2020, the total capital estimate for credit risk amounted to EUR 237 million, whereas in 2021 it slightly increased to EUR 239 million, with the increase in corporate bonds offset by the run-off for consumer and SME loans. The corporate bonds are all investment grade bonds and were acquired for optimizing capital usage.

Table 8: Capital required for credit risk

Asset category	Asset class	2020	2021
Retail	Mortgages	125	136
	Consumer loans	65	35
	SME loans	12	9
	Subtotal retail	**202**	**180**
Non-retail	Institutions	14	12
	Sovereign		
	Public Sector Entities	1	3
	Securitization	5	2
	Corporate	4	32
	International Organizations		
	Multilateral development banks		
	Subtotal non-retail	**24**	**50**
Other	**Other**	**11**	**10**
Total credit risk capital estimate		**237**	**239**

6.3 Counterparty credit risk

Part of the non-retail bank portfolio is exposed to counterparty credit risk (CCR). AEB adopts the Standardized Approach to calculate the TREA for CCR. The TREA for CCR for derivatives is captured in the asset classes Institutions and Corporates in Table 8 (EUR 14.4 million and EUR 4.4 million, respectively, for 2021). Given these amounts, AEB deems small driver/contributor.

6.4 Credit valuation adjustment (CVA)

The bank enters into derivative contracts for hedging purposes only. Derivatives are used to hedge interest rate risk and FX risk. By entering into these derivatives, AEB becomes exposed to credit value risk on the derivative contract. Credit value risk is defined as the risk that the value of derivative positions taken by the bank will fluctuate driven by changes in the financial position of the counterparty to the derivative contract.

Table 9 shows AEB's internal capital estimate for CVA risk at year-end 2020 and 2021. Since May 2016, AEB has used central clearing for all new Interest Rate Swaps (IRSs), which has reduced the bank's credit valuation adjustment risk. Furthermore, all Over-The-Counter (OTC) derivatives and IRSs entered into before May 2016 have been transferred to a central clearing counterparty in Germany.

Table 9: CVA risk capital estimate

Risk type	2020	2021
CVA risk capital estimate	0	0

7 Operational Risk

AEB defines operational risk as follows: “Operational risk is the risk of losses resulting from inadequate or failed internal processes, controls, people and systems or from external events”.

AEB manages operational risk in accordance with its Enterprise Risk Management framework. The bank’s Risk Appetite Statement sets boundaries and is used to monitor and manage its risk profile within acceptable limits.

AEB distinguishes different types of operational risk as defined in the risk taxonomy and laid down in AEB’s ERM framework and RAS. The Operational Risk Management Policy outlines requirements mandated by the Statutory Board for the identification, evaluation, measurement, monitoring and reporting of all operational risks (Operational Risk Management framework) associated with the activities conducted by AEB.

The current Operational Risk Management framework and the way in which risk management is organized within AEB are based on common market practices. The framework’s implementation and maturity are continuously improved, monitored and reported on by the 2nd and 3rd lines. Regulators monitor and challenge the maturity of risk management on a regular basis. This provides insight into how AEB performs against industry benchmarks. Continuous evaluation and improvement of the risk framework, operational controls and the effectiveness of these controls is a fundamental part of any sound system of risk management.

***Table 10:** Operational Risk Capital*

Operational Risk Capital	2020	2021
BIA (Pillar 1)	36.7	40.5
ERC add on (Pillar 2)	8.9	2.0
Operational Risk capital estimate	**45.6**	**42.5**

Within AEB, each value stream or domain has appointed a risk expert who ensures that the first line identifies and assesses (“avoid, transfer, mitigate or accept”) their activities for potential operational risks, monitors mitigating measures and controls, and coordinates ways of resolving incidents. The Operational Risk Management (ORM) function identifies, monitors, controls and reports on operational risk, develops policies and standards, and provides methodologies and tools. Using these tools, ORM assesses whether the bank’s operational risk profile matches its operational risk appetite. ORM provides a cohesive view of operational risks and issues within AEB, as identified, among others, through RCSAs, and reports on action and loss events registration and follow-up. Furthermore, ORM coordinates periodic forward-looking scenario analyses.

AEB uses its Economic Required Capital (ERC) to determine the capital required for operational risk. The bank ensures that it always meets the Pillar 1 capital requirement and the ERC for operational risk according to the following approach:

- Pillar 1 capital estimate based on Basic Indicator Approach (BIA); and
- Pillar 2 capital for the amount by which ERC exceeds the Pillar 1 outcome.

The ERC for operational risk is based on the highest of outcomes from scenario analyses, RCSAs and historical losses. This approach and the process are described in the ORC Standard.
The total required capital slightly decreased compared to the previous year. The increase in Pillar 1 was caused by the impact of AEB’s increased income in 2021. Applying the BIA method based on average gross income, Pillar 1 capital increased as such.

8 Market Risk (FX Risk)

AEB is exposed to FX risk arising from two loan portfolios in the United Kingdom: a consumer loan portfolio serviced by Zopa and an SME loan portfolio serviced by Funding Circle. These loan portfolios and future cash flows arising from them are reported in GBP, whereas all of AEB's funding is denominated in EUR. In addition to the GBP loan portfolios, AEB also holds foreign currency bank accounts with ABN AMRO with cash balances in AUD, CAD, CHF, DKK, GBP, NZD, SEK, USD and ZAR. These accounts are used to facilitate foreign currency payments by AEB's customers. The total open position on these accounts is less than EUR 1 million and is therefore considered immaterial and not hedged.

At 31 December 2021, the total outstanding principal of the GBP portfolios amounted to EUR 651 million, down EUR 48 million on 2020. The decrease was the result of high redemption rates on the Zopa and Funding Circle portfolios in combination with lower origination volumes due to the Covid-19 situation. The majority of origination consisted of UK guaranteed SME loans (CBILS). A hedging program is in place to hedge the proceeds from the GBP portfolios, taking into account expected prepayments and expected losses.

Capitalization

Because realized prepayments and losses on the GBP loans may deviate from expectations, a mismatch may occur between the proceeds from the hedge and the portfolio and so the GBP loan portfolios are exposed to FX risk. AEB holds capital for FX risk under Pillar 1 based on the Standardized Approach, and additional capital in case AEB's internal FX risk assessment exceeds the Pillar 1 capital requirement. At 31 December 2021, there was no capital requirement under Pillar 1 since the open FX position was below the own funds threshold of 2% as stipulated in the CRR. However, the internal capital estimate for FX risk was EUR 7.7 million. Because this estimate exceeds the amount required under Pillar 1, AEB holds capital on top of the Pillar 1 requirement. The FX risk capital estimate increased by EUR 1.3 million compared to 31 December 2020.

AEB's internal capital estimate for FX risk is based on a Value-at-Risk methodology with a 99.5% confidence level for a daily time series of EUR/GBP exchange rates over a one-year horizon. It includes the FX hedge, the exposure to changes in spreads between EUR and GBP, and a possible mismatch in case of default shocks.

9 Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is an important risk type inherent to AEB's banking activities. IRRBB impacts both the net present value and net interest earnings if and when interest rates fluctuate. The bank has put an identification process in place to detect interest rate risk in its balance sheet.

9.1 Risk description

In line with EBA guidelines (EBA/GL/2018/02), three main categories of IRRBB are identified:

- Gap risk. This is the risk resulting from the term structure of interest rate-sensitive instruments that arises from differences in the timing of their rate changes, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk);
- Option risk. This is the risk arising from options (embedded and explicit), where the institution or its customer can alter the level and timing of their cash flows, namely the risk arising from interest rate-sensitive instruments where the holder will almost certainly exercise the option if it is in their financial interest to do so (embedded or explicit automatic options) and the risk arising from flexibility embedded implicitly or within the terms of interest rate-sensitive instruments, such that changes in interest rates may affect a change in the customer's behavior (embedded behavioral option risk); and
- Basis risk. This is the risk arising from the impact of relative changes in interest rates on interest rate-sensitive instruments that have similar tenors but are priced using different interest rate indices. It arises from the imperfect correlation in the adjustment of the rates earned and paid on different interest rate-sensitive instruments with otherwise similar rate change characteristics.

The EBA also requires banks to identify credit spread risk in the banking book (CSRBB):

- CSRBB. This is the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments inducing fluctuations in the price of credit risk, liquidity premium and other potential components, which is not explained by IRRBB or by expected credit/(jump-to-)default risk.

Additionally, AEB has identified model risk related to IRRBB activities in line with EBA guidelines (EBA/GL/2014/13):

- Model risk. The risk relating to the underestimation of own funds requirements by regulatory approved internal models and the risk of losses relating to the development, implementation or improper use of any other models by the institution for decision-making.

AEB has cascaded the main types of risk further into sub-types based on an internal assessment. A risk assessment for the different balance sheet items and products has been performed, as reflected in the bank's risk appetite statement and IRRBB strategy.

The bank has a framework in place to properly manage IRRBB under both 'going concern' and 'stress' circumstances. The framework sets out how interest rate risk must be managed such that it is in accordance with the appetite and limits as set out in the RAS drawn up by the Statutory Board and SB. For instance, AEB targets a specific duration of equity and enters into hedge transactions based on its hedging strategy in order to move the interest rate risk position towards its target and within the set limits on a monthly basis.

Even though AEB seeks to hedge its IRRBB exposures, it remains exposed to IRRBB. Not all IRRBB exposures can be fully hedged by market tradeable instruments and therefore AEB capitalizes for these unhedged risks. Two key sources of these unhedged risks are prepayment risk in the mortgage book and savings withdrawal risk. The bank hedges its exposure to prepayment risk based on a best estimate calculation. Because AEB assumes that prepayment incentives move in line with interest rates, the bank capitalizes for potential changes in prepayment incentives up until the dates that mortgages are reset. Regarding savings withdrawal risk, AEB assumes that the pricing of customer deposits is done in such a way as to stabilize volumes. Because the pricing of customer deposits is at the bank's discretion and often exhibits a non-linear relation to actual changes in interest rates, AEB capitalizes for the expected adverse changes in prices of customer deposits given changes in interest rates.

Finally, the bank does not actively manage CSRBB, but instead holds an internal capital buffer for CSRBB over and above the minimum regulatory requirements.

Capitalization

IRRBB capitalization is calculated as the maximum of Earnings-at-Risk (EaR) and Economic Value of Equity (EVE) at Risk under a set of pre-defined interest rate scenarios. EVE at Risk (EVEaR) is calculated using a discounted cash flow method and a run-off portfolio, whereas EaR is calculated based on a constant balance sheet assumption. AEB includes all material interest rate-sensitive instruments in the calculation in line with the EBA's IRRBB guidelines. The following table shows the bank's exposure to the six standardized interest-rate shock scenarios for measuring EVE under the standard EVE outlier test, as described by the EBA guidelines (EBA/GL/2018/02):

Table 11: *AEB's IRRBB exposure under EBA's standardized interest rate scenarios*

EBA scenario	EVEaR	EaR
Parallel shock up	99.6	-81.1
Parallel shock down	41.6	52.2
Steepener shock	91.9	51.9
Flattener shock	13.5	-70.3
Short rates shock up	11.3	-103.4
Short rates shock down	59.7	52.1

1. Parallel shock up, which is defined as a 200 basis point increase in the yield curve for all maturities;
2. Parallel shock down, which is defined as a 200 basis point decrease in the yield curve for all maturities;
3. Steepener shock, where short-term interest rates decrease while longer-term interest rates increase;
4. Flattener shock, where short-term interest rates increase while longer-term interest rates decrease;
5. Short rates shock up, where short-term interest rates increase sharply, while longer-term interest rate increase moderately; and
6. Short rates shock down, where short-term interest rates decrease sharply, while longer-term interest rates decrease moderately.

The scenarios include a floor of -1% for the overnight rate which gradually increases to 0% for interest rates for 20 years and beyond. In addition to the scenario-specific impact on gap risk and option risk, the IRRBB exposure includes the generic add-ons for pipeline risk, basis risk, and model risk.

AEB capitalized EUR 99.6 million for IRRBB under Pillar 2. The Pillar 2 capital for IRRBB is updated using January figures because this better reflects the risk in AEB's balance sheet compared to the December figures due to the inclusion of the prepayment model update. From an economic perspective, the updated prepayment model better reflects the prepayment behavior as at December. This amount is primarily composed of prepayment risk and pipeline risk. The bank has little exposure to gap risk due to a small DV01 position in equity at 31 January 2022. The capitalization increased by EUR 2.5 million compared to 31 December 2020.

AEB held EUR 42 million as an internal capital buffer for CSRBB, representing an increase of EUR 25.4 million compared to 31 December 2020, driven by an increase in the debt securities portfolio.

10 Liquidity Management

Liquidity risk management is one of the core activities within the risk management process and, as such, is vital for a bank's short-term and long-term financial health.

The primary goal of AEB's liquidity risk management is to ensure that the bank has sufficient liquidity available to support its strategy in normal and stressed conditions. AEB's liquidity needs are based on its risk appetite, business plans, and the requirements of external stakeholders, such as its customers, regulators and investors. AEB evaluates its risk appetite at least annually to ensure that risk limits and targets are still adequate.

10.1 Liquidity Risk Management Framework

At AEB, liquidity risk management duties have been delegated by the Management Board to the Asset & Liability Committee (ALCO). The ALCO oversees the liquidity risk framework, developments and processes, and meets on a monthly basis. The main departments involved in liquidity risk and funding risk are Asset and Liability Management & Methodology (ALM&M) and Market Risk Management (MRM).

The three lines of defense model guides the management of the various risk types to which AEB is exposed, including liquidity risk. The first line of defense is performed by the ALM&M department, which carries out the daily business activities. The second line of defense comprises the Risk department, which monitors the risks associated with ALM&M activities. The third line of defense is Audit, which provides assurance regarding the design and effectiveness of the governance structure, systems and processes of the first and second-line departments involved.

10.2 Funding Strategy

AEB's funding strategy consists of a mix of savings deposits and wholesale funding, currently in the form of covered bonds and senior non-preferred notes. Additionally, the bank has issued a retained RMBS SAECURE 19 (S19). Because S19 is ECB eligible, it provides a source of contingent liquidity through ECB open market operations.

In June 2021, AEB launched its new Soft Bullet Covered Bond Program and issued an inaugural EUR 500 million bond under the new program. Additionally in 2021, the bank terminated certain savings products[12] that were considered to be of less strategic relevance. This resulted in an outflow of roughly EUR 1.8 billion, partly funded by the new covered bond issue and inflow from new savings from customers.

10.3 Liquidity Coverage Ratio (LCR)

AEB uses the Liquidity Coverage Ratio (LCR) to monitor the short-term resilience of its liquidity risk profile. The aim is to ensure that the bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be easily and readily converted into cash in private markets to meet the bank's liquidity needs under a 30-calendar day liquidity stress scenario.

At 31 December 2021, the HQLA buffer amounted to EUR 1,945 million (adjusted for haircuts). A substantial part of the buffer consists of cash held in the DNB account (EUR 825 million). The underlying assets making up the liquidity buffer are all EUR-denominated.

The LCR ratio at 31 December 2021 was 202%, which is above internal limits and external requirements. AEB's current strong short-term liquidity position reflects the high amount in cash deposits held at the DNB and the high quality of AEB's investment portfolio, a large part of which consists of Level 1 HQLA assets.

10.4 Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio (NSFR) requires AEB to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to AEB's regular sources of funding will erode its liquidity position in a way that would increase the risk of failure and potentially lead to broader systemic stress. The NSFR penalizes high reliance on short-term wholesale funding, encourages improved assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

At 31 December 2021, the NSFR ratio was 142%, which is above internal limits and external requirements.

10.5 Liquidity Stress Testing (LST)

AEB's strength in terms of its liquidity buffer and liquidity survival period is also measured by means of liquidity stress testing (LST).

AEB uses several internally developed scenarios for LST purposes. The most severe scenario combines a large outflow of deposits, significant adverse changes in interest rates, higher defaults on assets and other factors that negatively affect liquidity.

At 31 December 2021, the survival period under stress scenarios was above internal limits and external requirements.

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10.6 Liquidity Stress Management and AEB's Recovery Plan

AEB's Recovery Plan ensures, among other things, that in case of liquidity stress the bank has a wide range of measures available to address liquidity shortfalls. The Plan describes each of these measures and their potential impact and implementation process.

The Recovery Plan defines liquidity triggers that activate the Crisis Management Team, which in turn will decide on the measures to be taken.

Please also refer to Chapter 4 of this Report.

10.7 Encumbered Assets

The Asset Encumbrance Ratio (AER) is related to liquidity risk. Elevated encumbrance implies that there are fewer assets available for liquidation or capable of being pledged when needed.

Monitoring the AER has become more important with the introduction of a covered bond program in 2015 and the retained RMBS as contingent funding in 2020. As at 31 December 2021, AEB had a total of five outstanding covered bonds with a total notional of EUR 2.5 billion. Four of these bonds with a total notional of EUR 2 billion were issued under the Conditional Pass Through Program, and one with a notional of EUR 500 million under the new Soft Bullet Program.

At 31 December 2021, the AER was 20.0%, which is below internal limits and external requirements. An AER ratio below the requirement is preferred.

11 Remuneration

AEB's remuneration policy has been designed in line with applicable national and international regulations, including the Aegon Group Global Remuneration Framework (AGGRF) drawn up by Aegon N.V., the Act on Remuneration Policies for Financial Institutions ('Wet beloningsbeleid financiële ondernemingen' or 'Wbfo') as included in the Dutch Financial Supervision Act, and the remuneration policy under Solvency II. AEB's remuneration policy is also in line with the DNB's Regulation on Sound Remuneration Policies ('Regeling beheerst beloningsbeleid', and remuneration requirements under CRD IV. In addition, the policy is in line with various remuneration guidelines, technical requirements and standards issued by the EBA and applicable to banks within the European Economic Area, as endorsed by the European Commission. For the purposes of applicable national and international regulations, AEB is regarded as a local or 'less significant financial institution'.

11.1 Remuneration policy

Remuneration and scope

Remuneration may include both financial and non-financial compensation provided by AEB either directly or indirectly. Financial compensation consists of, among other things, cash, shares, employer-paid contributions and pension schemes. Non-financial compensation covers, among other things, the use of a company car and the private use of a mobile phone and computer. Other non-financial employee benefits may involve the work environment, Human Resources performance management cycle, training opportunities, and career development.

Variable compensation

On 1 January 2020, AEB abolished variable pay entirely. No variable compensation has been granted to members of the Management Board or other AEB employees since 2020. Former members of AEB's Management Board who had been granted variable compensation in the past received deferred shares that vested in 2021. Because of the rule that variable compensation in the form of shares should be deferred evenly over three years following the year of upfront payment, the annual vesting of shares will last until 2023. An ex-post risk assessment may identify reasons for lowering these amounts or not paying any variable remuneration at all. The vested shares of Identified Staff (granted before the abolishment of variable compensation) are subject to a 1-year holding period, except for shares withheld to cover payment of any taxes due in connection with the vesting of the shares.

Implementation of remuneration policy

AEB's Supervisory Board discussed and approved the remuneration policy as part of its regular meetings. It also approved the designation of Identified Staff. A number of AEB employees qualify as Identified Staff according to criteria laid down in the EBA RTS. Identified Staff are subject to specific rules on the payment of variable remuneration. The Supervisory Board's remit is to monitor the existence of a sound remuneration policy and to ensure that the remuneration policy is generally consistent with sound and prudent management of AEB in the long-term interests of its shareholder.

The Supervisory Board acts in accordance with the principles laid down in the Regulation on Sound Remuneration Policies under the Financial Supervision Act 2011, the Banking Code, and AGGRF. No employee received a remuneration in excess of EUR 1 million in 2021. This has to be reported under the Dutch Act on Remuneration Policies for Financial Institutions.

Governance

In accordance with AEB's remuneration policy, the Supervisory Board has the following duties and responsibilities: (i) approve the general principles of the remuneration policy, (ii) periodically assess the general principles of the remuneration policy, (iii) responsibility for the Management Board's remuneration policy, (iv) review the remuneration of Identified Staff, (v) instruct the Management Board to implement the remuneration policy, and (vi) instruct the Remuneration Steering Group and/or Internal Audit to assess the implementation of the policy and procedures covered.

11.2 Disclosure of remuneration paid to Identified Staff

Template EU REM1: *Template EU REM1 - Remuneration awarded for the financial year*

	in EUR millions		a	b	c	d
			MB Supervisory function	MB Management function	Other senior mgmt.	Other identified staff
1	Fixed remuneration	Number of identified staff	3.00	6.00	10.90	1.85
2		Total fixed remuneration		1.8	2.4	
3		Of which: cash-based		1.8	2.4	

Template EU REM5: *Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)*

		a	b	c	h	i	j
		Management body remuneration		Business areas			
		MB Supervisory function	MB Management function	Total MB	Independent internal control functions	All other	Total
1	Total number of identified staff						22
2	Of which: members of the MB	3	6	9			
3	Of which: other senior management				7.9	8	
4	Of which: other identified staff				1.85		
5	Total remuneration of identified staff		2	2	1	2	
6	Of which: variable remuneration						
7	Of which: fixed remuneration		2	2	1	2	

List of abbreviations used in this report

ABS	Asset Backed Securities
AEB	Aegon Bank NV
AER	Asset Encumbrance Ratio
AFM	Authority for Financial Markets - Authoriteit Financiële Markten
AGGRF	Aegon Group Global Remuneration Framework
ALCO	Asset and Liability Committee
ALM&M	Asset Liability Management and Methodology
AT1	Additional Tier 1
BIA	Basic Indicator Approach
CBILS	Coronavirus Business Interruption Loan Scheme
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCyB	Countercyclical Buffer
CCR	Counterparty Credit Risk
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLO	Collateralized Loan Obligation
COREP	Common Reporting
CO2	Carbon dioxide
CRC	Credit Risk Committee
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CTO	Chief Technology Officer
CSRBB	Credit Spread Risk in the Banking Book
CVA	Credit Valuation Adjustment
DNB	De Nederlandsche Bank NV (Dutch Central Bank)
DPA	(Dutch) Data Protection Agency
DV01	Dollar Value of one basis point
EAD	Exposure at Default
EAR	Earnings at Risk
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECB	European Central Bank
ESG	Environmental, Social and Governance
ERAC	Enterprise Risk & Audit Committee
ERC	Economic Required Capital
ERM	Enterprise Risk Management
EU	European Union
EUR	Euro
EVE	Economic Value of Equity
EVEaR	Economic Value of Equity at Risk
FINREP	Financial Reporting
FX	Foreign Exchange
GBP	Great British Pound
GDPR	General Data Protection Regulation
GL	Guidelines
HQLA	High Quality Liquid Assets
IAN	Internal Audit Nederland
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Rating Based
IRRBB	Interest Rate Risk in the Banking Book
IRS	Interest Rate Swap
IT	Information Technology
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LST	Liquidity Stress Testing
LTV	Loan-to-Value
MB	Management Board
MDA	Maximum Distributable Amount
MRC	Model Risk Committee
MREL	Minimum Required Eligible Liabilities
MRM	Market Risk Management
NFRC	Non-Financial Risk Committee
NGFS	Network for Greening the Financial System
NHG	Nationale Hypotheek Garantie (National Mortgage Guarantee)
NPL	Non-Performing Loans
NPS	Net Promotor Score
NRA	National Resolution Authority
NSFR	Net Stable Funding Ratio
ORM	Operational Risk Management
OTC	Over The Counter
PARC	Product Approval Review Committee
PARP	Product Approval & Review Process
PD	Probability of Default
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
RCSA	Risk Control Self-Assessment
RORAC	Return On Risk-Adjusted Capital
RTS	Regulatory Technical Standard
RW	Risk Weight
RWA	Risk Weighted Assets
SA	Standardized Approach
SB	Supervisory Board
SFDR	Sustainable Finance Disclosure Regulation
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprises
SNP	Senior Non-Preferred
SREP	Supervisory Review & Evaluation Process
SPV	Special Purpose Vehicle
S19	Residential Mortgages Backed Security SAECURE 19
TREA	Total Risk Exposure Amount
VaR	Value at Risk
Wbfo	Wet beloningsbeleid financiële ondernemingen
Wft	Wet financieel toezicht (Dutch Financial Supervision Act)

12 Appendix

12.1 Disclosure of Own Funds

***Template EU CC1** - Composition of regulatory own funds*

		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	514	(a)
	of which: Ordinary shares	514	(a)
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	128	(b)
3	Accumulated other comprehensive income (and other reserves)	2	(c)
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	81	(d)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**726**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		
8	Intangible assets (net of related tax liability) (negative amount)		
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		

		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		

		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	2	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**2**	
29	**Common Equity Tier 1 (CET1) capital**	**724**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	10	(e)
31	of which: classified as equity under applicable accounting standards	10	(e)
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**10**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**	**10**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**733**	

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts		
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**		
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**		
59	**Total capital (TC = T1 + T2)**	**733**	
60	**Total Risk exposure amount**	**3,480**	

		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	20.80%	
62	Tier 1 capital	21.07%	
63	Total capital	21.07%	
64	Institution CET1 overall capital requirements	14.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.00%	
67	of which: systemic risk buffer requirement		
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage		
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**16.30%**	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		

		a	b
		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		g
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

***Template EU CC2 -** reconciliation of regulatory own funds to balance sheet in the audited financial statements*

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	**As at period end**	
Shareholders' Equity				
1	Share capital	37	37	a
2	Share Premium	477	477	a
3	Retained Earnings	128	128	b
4	Other Comprehensive Income	2	2	c
5	Net income / (loss) recognized in the income statement	82	82	d
6	Knab participations	10	10	e
7	Dividends paid on participations			
xxx	**Total shareholders' equity**	**735**	**735**	

Template EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments

		a
1	Issuer	Aegon Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N.a.
2a	Public or private placement	Private
3	Governing law(s) of the instrument	CRR
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	Regulatory treatment	Additional Tier 1
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1
5	Post-transitional CRR rules	Additional Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated level
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	9,500,000
9	Nominal amount of instrument	9,500,000
EU-9a	Issue price	9,500,000
EU-9b	Redemption price	9,500,000
10	Accounting classification	Non-controlling interest in consolidated subsidiary
11	Original date of issuance	October 2012 - October 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	no maturity
14	Issuer call subject to prior supervisory approval	yes
15	Optional call date, contingent call dates and redemption amount	1-Nov-22
16	Subsequent call dates, if applicable	Any 1st day of the month after 01/11/2022
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Maximum (5% , ICE 10y EUR swap rate + 3.23%)
19	Existence of a dividend stopper	Yes
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretion
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretion

		a
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	No
24	If convertible, conversion trigger(s)	N.a.
25	If convertible, fully or partially	N.a.
26	If convertible, conversion rate	N.a.
27	If convertible, mandatory or optional conversion	N.a.
28	If convertible, specify instrument type convertible into	N.a.
29	If convertible, specify issuer of instrument it converts into	N.a.
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Write down at CET1 level of 5.125%
32	If write-down, full or partial	Fully or partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N.a.
34a	Type of subordination (only for eligible liabilities)	N.a.
EU-34b	Ranking of the instrument in normal insolvency proceedings	N.a.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Non Preferred
36	Non-compliant transitioned features	N.a.
37	If yes, specify non-compliant features	N.a.
37a	Link to the full term and conditions of the instrument (signposting)	

(1) Insert ‘N/A’ if the question is not applicable

12.2 Disclosure of countercyclical capital buffers

***Template EU CCyB1** - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer*

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market Risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	**Breakdown by country:**													
011	Netherlands	12,415				19	12,415	154			155	1.930		
012	Germany	278					278	27			27	336	12%	
013	France	51				9	51	2			2	22	1%	
014	United Kingdom	638				9	638	22			22	269	10%	
015	Spain	25				17	25	1			1	7		
016	Ireland	82				73	82	1			2	9	1%	
017	New Zealand	8					8					1		
018	Sweden	19					19	1			1	17	1%	
019	Belgium	5					5					3		
020	Italy	8				8	8							
021	Norway	11					11					6		**1,00%**
022	Switzerland	34					34	1			1	16	1%	
023	Portugal	4					4					4		
024	United States	173					173	9			9	111	4%	
025	Australia	4					4	0			0	2		
026	Japan	15					15	1			1	15	1%	
027	Korea, Republic of	-												
028	Finland	0												
029	Other Countries	9					9	1			1	9		
030	**Total**	**13,779**				**135**	**13,779**	**221**		**2**	**223**	**2.757**	**100%**	1,00%

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		a
1	Total risk exposure amount	3,480
2	Institution specific countercyclical capital buffer rate	0.0020%
3	Institution specific countercyclical capital buffer requirement	

12.3 Disclosure of the leverage ratio

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a
		Applicable amount
1	Total assets as per published financial statements	16,147
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustment for derivative financial instruments	-213
9	Adjustment for securities financing transactions (SFTs)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	216
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	218
13	**Total exposure measure**	**16,368**

Template EU LR2 - LRCom *- Leverage ratio common disclosure*

		CRR leverage ratio exposures	
		a	b
		12/31/2021	09/30/2021
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	16,151	16,275
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)		
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**16,151**	**16,275**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**-**	**-**

		CRR leverage ratio exposures	
		a	b
		12/31/2021	09/30/2021
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	16,151	16,275
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	764	511
20	(Adjustments for conversion to credit equivalent amounts)	-548	-332
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**216**	**179**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**		

		CRR leverage ratio exposures	
		a	b
		12/31/2021	09/30/2021
Capital and total exposure measure			
23	Tier 1 capital	733	729
24	**Total exposure measure**	**16,368**	**16,454**
Leverage ratio			
25	Leverage ratio (%)	4.48%	4.43%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.48%	4.43%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.48%	4.43%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		

		CRR leverage ratio exposures	
		a	b
		12/31/2021	09/30/2021
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		

***Template EU LR3 - LRSpl -** Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)*

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**16,070**
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	16,070
EU-4	Covered bonds	39
EU-5	Exposures treated as sovereigns	1,603
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	155
EU-7	Institutions	598
EU-8	Secured by mortgages of immovable properties	11,489
EU-9	Retail exposures	935
EU-10	Corporates	587
EU-11	Exposures in default	37
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	628

12.4 Disclosure of Liquidity Requirements

Table EU LIQA - Liquidity risk management - in accordance with Article 451a(4) CRR

Row number	Qualitative information
(a)	Strategies and processes in the management of the liquidity risk, including policies on diversifi-cation in the sources and tenor of planned funding,
	Aegon Bank N.V. (“AEB”)’s liquidity risk originates mostly from retail savings on the liability side of the balance sheet. Although AEB’s objective is to fully hedge its interest rate and foreign currency risk exposures, the risk of a potential collateral requirement on its derivatives positions can also have a material impact on AEB’s liquidity position. AEB has a liquidity risk management framework that supports the risk profile and safeguards the bank’s reputation from a liquidity perspective. While AEB accepts a certain amount of liquidity risk, this framework must ensure that the bank is able to meet its payment obligations at a reasonable cost, even under severely adverse conditions. The bank maintains a set of liquidity risk indicators to manage its liquidity position within the requirements set internally and by regulation. In addition, regular stress testing is performed. In order to support the business model, AEB maintains a solid capital buffer in addition to a satisfactory level of High-Quality Liquid Assets (HQLA) and cash, to ensure that all funding needs will be fulfilled at all times. In order to ensure a certain level of funding diversification, AEB’s present funding framework consists of three main sources. The first source is retail funding through fiscal (Box 1) savings products via the Aegon Bank label, SME savings products through the Knab label and non-fiscal (Box 3) savings products through the Knab label . The client deposit base is further supplemented by wholesale funding through e.g. the Aegon Bank Covered Bond programmes, securitization program (SAECURE) and unsecured funding (senior preferred and senior non-preferred). The last primary source of funding consists of equity (CET1 and AT1)
(b)	Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).
	Within AEB, liquidity risk management duties have been delegated by the Management Board to the Asset & Liability Committee (ALCO). The ALCO oversees the liquidity risk framework, developments and processes and meets on a monthly basis. The main departments involved in liquidity and funding risk are Asset and Liability Management & Methodology (ALM&M) and Market Risk Management (MRM). Within AEB, the three lines of defence model guides the management of the various risk types the bank is exposed to, including liquidity risk. The first line of defence is performed by the ALM&M department, where the daily business activities are executed. The second line of defence comprises the Risk department, which monitors the risks associated with ALM&M activities. The third line of defence is Audit, which provides assurance regarding the design and effectiveness of the governance structure, systems and processes of the first and second line departments involved.
(c)	A description of the degree of centralisation of liquidity management and interaction between the group’s units
	Liquidity risk is managed at a central level within AEB (i.e. no liquidity risk is managed within the business lines or value streams).
(d)	Scope and nature of liquidity risk reporting and measurement systems.

Row number	Qualitative information
	Different risk measures for liquidity risk are calculated with different frequencies. Steering of liquidity metrics is done in such a way that compliance with the limits defined in the Risk Appetite Statement (RAS) is maintained. AEB uses a comprehensive set of liquidity indicators to monitor and measure liquidity risk, both in regular and stressed conditions. The main indicators of liquidity risk are captured in the RAS. WithinAEB, reports on liquidity and liquidity risk are generated at various frequencies and with different scopes. The ALM&M department is responsible for liquidity monitoring and management. The Regulatory Reporting & Financial Accounting (RR&FA) department is responsible for the timely and accurate external supervisory reporting on liquidity. Internal reports are generated for various bodies, including the Management Board and ALCO.
(e)	Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.
	As a retail bank, AEB's liquidity risk originates mostly from retail savings on the liability side of the balance sheet. Although core deposits are considered to be relatively price-insensitive and stable over time, outflow risk remains due to the on demand nature of non-maturing client deposits. Holding sufficient liquid assets, both under normal and stress conditions, is considered to be the main safeguard to offset the liquidity risk due to deposit outflows. To assess the impact of liquidity stress, Internal liquidity stress testing (LST) is conducted on a monthly basis to ensure that the bank's liquidity buffer is sufficient to cover the liquidity risks faced. The outcome of stress tests is incorporated into day-to-day liquidity management. In addition to preserving this comfortable liquidity buffer, an adequate and up-to-date liquidity contingency plan is a key element of AEB's liquidity risk mitigation strategy.
(f)	An outline of the bank`s contingency funding plans.
	The Contingency Funding Plan (CFP) of AEB is incorporated in the Recovery Plan. AEB makes use of various leading and supportive indicators in the recovery plan. These act as warning signals to alert about a deterioration of the financial position of the Bank, reflecting the emergence of varying levels of stress. The leading and supportive indicators are monitored in the Liquidity Risk dashboard, Risk Compliance report and the Pricing & Funding dashboard and are discussed in the ALCO on a monthly basis. The contingency plan provides guidelines for managing a range of stress environments and describes the lines of responsibility, escalation procedures and mitigating actions.
(g)	An explanation of how stress testing is used.
	The risk appetite statements (RAS) are complemented by a stress testing framework that is used to identify potential vulnerabilities in the bank's liquidity position (i.e. possible events or future changes in economic conditions that could have an adverse impact on AEB's liquidity position). Internal liquidity stress testing is conducted on at least a monthly basis to ensure that the bank's liquidity buffer is sufficient to cover the liquidity risks faced. Parameters and assumptions on liquidity stress tests are thoroughly reviewed by MRM on an annual basis, to ensure consistency. ALM&M coordinates this process. ALM&M reports the stress test impact results to the ALCO in the Liquidity Dashboard and these results are discussed in the monthly ALCO meetings.

Row number	Qualitative information
	AEB uses four standard scenarios for internal liquidity stress testing purposes: • The base scenario; • The Group scenario; • The Entity specific scenario; • The reverse scenario. Stress testing model ownership and annual review responsibility is with ALM&M, while MRM is responsible for risk monitoring, and reporting. Model Risk Management is responsible for the model validation process.
(h)	A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.
	The ALCO acts as a delegated authority from the Management Board on liquidity risk related activities. The ALCO is responsible for the approval of the liquidity risk policy of the bank. The bank is required to have a liquidity risk policy in place that enables it to identify, measure, steer and monitor its liquidity risk. The policy describes the bank's liquidity risk management framework. In addition to a diversified funding mix, this framework includes maintaining a strong liquidity buffer during regular, as well as stress conditions. The policy also requires the bank to actively manage its liquidity risk exposures and funding needs. AEB is of the opinion that its risk management systems and framework are sufficient to mitigate the risk.
(i)	A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body. As materialising liquidity risk could impact AEB's continuity, tolerance for liquidity risk is classified as low. The main aim of our liquidity risk management is therefore to ensure that AEB will be able to maintain or generate sufficient cash resources to meet payment obligations in full, on acceptable terms. These ratios may include:
	• Concentration limits on collateral pools and sources of funding (both products and counterparties)
	Concentration limits on collateral pools or funding sources are currently not applicable. In line with the current business model, AEB's funding is mainly consists of client deposits.
	• Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank.
	AEB makes use of both vendor based reporting solutions for monthly and quarterly (regulatory) reporting purposes as internally developed tooling for liquidity forecasting and projections.
	• Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.
	Liquidity and funding are managed centrally by the ALM&M department. No liquidity management occurs within business lines/value streams.

Template EU LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h	
EU 1a	**Quarter ending on (DD Month YYY)**	**T**	**T-1**	**T-2**	**T-3**	**T**	**T-1**	**T-2**	**T-3**	**T-4**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12	
High-quality liquid assets										
1	Total high-quality liquid assets (HQLA)					2.198	2.366	2.430	2.301	2.169
Cash - outflows										
2	**Retail deposits and deposits from small business customers, of which:**	**11,951**	**12,158**	**12,125**	**11,911**	**725**	**751**	**758**	**747**	
3	Stable deposits	7,753	7,615	7,440	7,266	267	264	260	255	
4	Less stable deposits	4,198	4,543	4,685	4,644	458	487	498	491	
5	**Unsecured wholesale funding**	**211**	**214**	**212**	**205**	**83**	**85**	**85**	**81**	
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks									
7	Non-operational deposits (all counterparties)	211	214	212	205	83	85	85	81	
8	Unsecured debt									
9	Secured wholesale funding									
10	**Additional requirements**	**273**	**287**	**293**	**297**	**273**	**286**	**292**	**293**	
11	Outflows related to derivative exposures and other collateral requirements	273	286	292	292	273	286	292	292	
12	Outflows related to loss of funding on debt products									
13	Credit and liquidity facilities	1	1	1	5				1	
14	Other contractual funding obligations	46	105	105	92	36	95	95	82	
15	Other contingent funding obligations	553	565	519	410	200	260	280	248	
16	**Total cash outflows**					**1.317**	**1.478**	**1.509**	**1.451**	**1.404**
17	Secured lending (e.g. reverse repos)									
18	Inflows from fully performing exposures	153	160	170	170	133	141	150	150	
19	Other cash inflows	7	9	8	7	7	9	8	7	
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)									

		a	b	c	d	e	f	g	h	
20	**Total cash inflows**	**160**	**169**	**177**	**177**	**140**	**150**	**158**	**157**	**165**
EU-20a	*Fully exempt inflows*									
EU-20b	*Inflows subject to 90% cap*									
EU-20c	*Inflows subject to 75% cap*									
Total adjusted value										
EU-21	Liquidity buffer					2.198	2.366	2.430	2.301	2.169
22	Total net cash outflows					1.177	1.328	1.352	1.294	1.239
23	Liquidity coverage ratio					186,78%	178,14%	179,83%	177,85%	175,03%

Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1 - *in accordance with Article 451a(2) CRR*

Row number		
(a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time	AEB's net liquidity outflow is relatively stable, except when one of it issued debt securities matures within 30 days of the reporting date. As a result, LCR volatility mainly stems from volatility in the HQLA buffer. The key drivers for the LCR volatility are in- and outflows from retail funds entrusted, issuances of long term wholesale funding as well as mutations in the variation margin pledged/received for the interest rate derivatives that are used by AEB to hedge its interest rate risk.
(b)	Explanations on the changes in the LCR over time	Despite the ofboarding of Aegon Sparen in 2021, the LCR remained comfortably at or above 150%. In June, the LCR spiked at 225% caused by the issuance of AEB's inaugural soft bullet covered bond.
(c)	Explanations on the actual concentration of funding sources	As a retail bank, AEB primarily funds itself with retail funds entrusted. Within the retail domain, the larges source of funding are on demand deposits, supplemented by tax preferential savings products. To diversify its funding sources, AEB issues long-term wholesale funding. As per December 31st 2021, outstanding are four covered bonds and senior non-preferred bond, al with a notional of €500 mln.
(d)	High-level description of the composition of the institution`s liquidity buffer.	As per December 31st 2021, the HQLA buffer comprised mainly of cash deposited at the central bank and sovereign(-backed) securities. In addition, for liquidity purposes, Knab also invests in regional paper as well as investment grade corporate credits.
(e)	Derivative exposures and potential collateral calls	AEB hedges its interest rate risk through entering into centrally cleared interest rate derivatives. As such AEB is exposed to margin calls. In setting its internal limits on LCR AEB takes this sensitivity into account.
(f)	Currency mismatch in the LCR	There is no significant currency mismatch in the LCR.
(g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	Besides securities classified as HQLA, AEB also holds a portfolio of ECB-eligible securities, including an own issued retained RMBS, which can be uses to retrieve funds under the ECB's open market transactions.

Template EU LIQ2 - Net Stable Funding Ratio

In accordance with Article 451a(3) CRR

(in EUR millions)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**733**	**0**	**0**	**0**	**733**
2	Own funds	733				733
3	Other capital instruments					
4	**Retail deposits**		**8,372**	**229**	**2,760**	**10,777**
5	Stable deposits		5,323	188	1,305	6,541
6	Less stable deposits		3,049	41	1,455	4,236
7	**Wholesale funding:**		**207**	**5**	**3,017**	**3,120**
8	Operational deposits					
9	Other wholesale funding		207	5	3,017	3,120
10	**Interdependent liabilities**					
11	**Other liabilities:**	**1**	**312**			
12	NSFR derivative liabilities	1				
13	All other liabilities and capital instruments not included in the above categories		312			
14	**Total available stable funding (ASF)**					**14,631**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**167**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**					
16	**Deposits held at other financial institutions for operational purposes**					
17	**Performing loans and securities:**		**257**	**123**	**12,341**	**9,325**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		91			9
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		123	121	522	566

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:		43	2	11,488	8,468
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		43	2	11,363	8,362
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products				331	281
25	**Interdependent assets**					
26	**Other assets:**		**296**	**8**	**759**	**752**
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		202			171
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted		294			15
31	All other assets not included in the above categories		2		566	566
32	Off-balance sheet items		890			44
33	**Total RSF**					**10,288**
34	**Net Stable Funding Ratio (%)**					**142.21%**

12.5 Disclosure of Credit Risk Quality

Template EU CR1 *- Performing and non-performing exposures and related provisions.*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2			
005	**Cash balances at central banks and other demand deposits**	**990**	**990**													
010	**Loans and advances**	**12.605**	**12.266**	**339**	**105**	**9**	**96**	**-34**	**-9**	**-25**	**-52**	**-0**	**-52**			
020	Central banks													0	11.574	21
030	General governments															
040	Credit institutions															
050	Other financial corporations	297	297													
060	Non-financial corporations	407	303	103	53		53	-21	-2	-19	-34					
070	Of which SMEs	407	303	103	53		53	-21	-2	-19	-34				240	2
080	Households	11,901	11,666	235	52	9	43	-14	-7	-6	-18				240	2
090	**Debt securities**	**1,781**	**1,781**	**0**	**0**	**0**	**0**	**-1**	**-1**	**0**	**0**				**11.334**	**20**
100	Central banks													0	0	0
110	General governments	578	578													
120	Credit institutions	391	391													
130	Other financial corporations	426	426													
140	Non-financial corporations	386	386													
150	**Off-balance-sheet exposures**	**806**	**801**	**5**	**0**	**0**	**0**	**0**	**0**	**0**	**0**					
160	Central banks															
170	General governments															
180	Credit institutions															
190	Other financial corporations	24	24													
200	Non-financial corporations															
210	Households	782	777	5												
220	**Total**	**16.181**	**15.838**	**343**	**105**	**9**	**96**	**-35**	**-10**	**-25**	**-52**	**-0**	**-52**	**0**	**11.574**	**21**

Template EU CR1-A - Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances		84	754	11,487		**12,326**
2	Debt securities		63	1,435	282		**1,780**
3	**Total**		**147**	**2,189**	**11,769**		**14,105**

Template EU CR2 - Changes in the stock of non-performing loans and advances

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**100**
020	Inflows to non-performing portfolios	50
030	Outflows from non-performing portfolios	(46)
040	Outflows due to write-offs	
050	Outflow due to other situations	
060	**Final stock of non-performing loans and advances**	**105**

Template EU CR1 - Credit quality of forborne exposures.

		a	b	c	d	e	f	g	h
in EUR millions		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**	**990**	**990**						
010	**Loans and advances**								
020	Central banks								
030	General governments								
060	Non-financial corporations	26	17	16	17	-4	-6		
070	Households	43	12	12	5	-4	-1	27	9
080	**Debt Securities**								
090	**Loan commitments given**	**90,521**	**36,164**	**36,164**	**2,790**				
100	**Total**	**90,590**	**36,193**	**36,192**	**2,812**	**-8**	**-7**	**27**	**9**

Template EU CQ3 *- Credit quality of performing and non-performing exposures by past due days*

in EUR millions		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**990**	**990**										
010	**Loans and advances**	**12,605**	**12,566**	**39**	**105**	**36**	**11**	**12**	**25**	**21**			**105**
020	Central banks												
030	General governments												
040	Credit institutions												
050	Other financial corporations	297	297										
060	Non-financial corporations	407	405	2	53	11	4	5	17	15			53
070	Of which SMEs	407	405	2	53	11	4	5	17	15			53
080	Households	11,901	11,864	37	52	24	7	6	8	6			52
090	**Debt securities**	**1,781**	**1,781**										
100	Central banks												
110	General governments	578	578										
120	Credit institutions	391	391										
130	Other financial corporations	426	426										
140	Non-financial corporations	386	386										
150	**Off-balance-sheet exposures**	**806**											
160	Central banks	0											
170	General governments	0											
180	Credit institutions	0											
190	Other financial corporations	24											
200	Non-financial corporations	0											
210	Households	782											
220	**Total**	**16,181**	**15,336**	**39**	**105**	**36**	**11**	**12**	**25**	**21**	**0**	**0**	**105**

Template EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

in EUR millions		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	5	1	1	5		
020	Mining and quarrying	1			1		
030	Manufacturing	59	4	4	59	-6	
040	Electricity, gas, steam and air conditioning supply	1			1		
050	Water supply	6	1	1	6		
060	Construction	80	9	9	80	-11	
070	Wholesale and retail trade	90	11	11	90	-12	
080	Transport and storage	19	1	1	19	-1	
090	Accommodation and food service activities	15	4	4	15	-4	
100	Information and communication	26	3	3	26	-3	
110	Financial and insurance actvities	6	1	1	6	-1	
120	Real estate activities	7	1	1	7	-1	
130	Professional, scientific and technical activities	44	5	5	44	-4	
140	Administrative and support service activities	51	5	5	51	-6	
150	Public administration and defense, compulsory social security						
160	Education	5	1	1	5		
170	Human health services and social work activities	21	2	2	21	-1	
180	Arts, entertainment and recreation	9	3	3	9	-2	
190	Other services	13	2	2	13	-1	
200	**Total**	**460**	**53**	**53**	**460**	**-55**	

12.6 Disclosure of the use of credit risk mitigation techniques

***Template EU CR3 -** CRM techniques overview: Disclosure of the use of credit risk mitigation techniques*

		Unsecured carrying amount	Secured carrying amount		
				Of which secured by collateral	Of which secured by financial guarantees
		a	b	c	d
1	**Loans and advances**	**2,017**	11,595	11,350	246
2	Debt securities	1,780			
3	Total	3,797	11,595	11,350	246
4	Of which non-performing exposures	51	21	20	2
EU-5	Of which defaulted	51	21		

12.7 Disclosure of the use of standardized approach

***Template EU CR4 -** standardised approach – Credit risk exposure and CRM effects*

		Exposures before CCF and before CRM	
		On-balance-sheet exposures	Off-balance-sheet exposures
		a	b
1	Central governments or central banks	1,165	-
2	Regional government or local authorities	69	-
3	Public sector entities	231	-
4	Multilateral development banks	85	-
5	International organisations	209	-
6	Institutions	679	-
7	Corporates	588	24
8	Retail	753	18
9	Secured by mortgages on immovable property	11,490	628
10	Exposures in default	69	-
11	Exposures associated with particularly high risk	235	-
12	Covered bonds	39	-
13	Institutions and corporates with a short-term credit assessment		
14	Collective investment undertakings		
15	Equity		
16	Other items	104	-
17	**Total**	**15,716**	**669**

Template EU CR5 - standardised approach

		Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
	Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	8,807															8,807	
2	Regional government or local authorities	67				2											69	
3	Public sector entities	37				142		4			8						190	
4	Multilateral development banks	85															85	
5	International organisations	209															209	
6	Institutions					515		97									612	
7	Corporates					57		321			214						592	
8	Retail exposures									413							413	
9	Exposures secured by mortgages on immovable property						4,746										4,746	
10	Exposures in default										20						20	
11	Exposures associated with particularly high risk											204					204	
12	Covered bonds				38	1											39	
13	Exposures to institutions and corporates with a short-term credit assessment																-	
14	Units or shares in collective investment undertakings																-	
15	Equity exposures																-	
16	Other items	3				11					93						107	
17	**Total**																	**16,092**

12.8 Disclosure of exposures to counterparty credit risk

***Template EU CCR1** - Analysis of CCR exposure by approach*

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM
		a	b	c	d	e
EU-1	EU - Original Exposure Method (for derivatives)				1.4	
EU-2	EU - Simplified SA-CCR (for derivatives)				1.4	
1	SA-CCR (for derivatives)		6		1.4	9
2	IMM (for derivatives and SFTs)					
2a	Of which securities financing transactions netting sets					
2b	Of which derivatives and long settlement transactions netting sets					
2c	Of which from contractual cross-product netting sets					
3	Financial collateral simple method (for SFTs)					
4	Financial collateral comprehensive method (for SFTs)					
5	VaR for SFTs					
6	Total					9

Template EU CCR3 *- Standardised approach – CCR exposures by regulatory exposure class and risk weights*

	Exposure classes	Risk weight							
		a	b	c	d	e	f	g	h
		0%	2%	4%	10%	20%	50%	70%	75%
1	Central governments or central banks								
2	Regional government or local authorities								
3	Public sector entities								
4	Multilateral development banks								
5	International organisations								
6	Institutions					72			
7	Corporates					9			
8	Retail								
9	Institutions and corporates with a short-term credit assessment								
10	Other items								
11	**Total exposure value**					**81**			

Template EU CCR5 *- Composition of collateral for CCR exposures*

		Risk weight							
		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency			299					
2	Cash – other currencies								
3	Domestic sovereign debt								
4	Other sovereign debt			6					
5	Government agency debt								
6	Corporate bonds								
7	Equity securities								
8	Other collateral								
9	**Total**								

Template EU CCR8 - Exposures to CCPs

		Exposure value	RWEA
		a	b
1	**Exposures to QCCPs (total)**		**14**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	72	14
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives	72	14
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Prefunded default fund contributions		
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

12.9 Disclosure of exposures to securitization exposures

Template EU-SEC1 *- Securitisation exposures in the non-trading book*

		a	b	c	d	e	f	g	h
		Institution acts as originator							Institution acts as sponsor
		Traditional				Synthetic		Sub-total	Traditional
		STS		Non-STS			of which SRT		STS
1	**Total exposures**	**81**							
2	**Retail (total)**	**81**							
3	residential mortgage	81							
4	credit card								
5	other retail exposures								
6	re-securitisation								
7	**Wholesale (total)**								
8	loans to corporates								
9	commercial mortgage								
10	lease and receivables								
11	other wholesale								
12	re-securitisation								

Template EU-SEC4 - *Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor*

		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1	Total exposures									
2	Traditional securitisation									
3	Securitisation									
4	Retail underlying	122	8		5			5	130	
5	Of which STS	122	8		5			5	130	
6	Wholesale									
7	Of which STS									
8	Re-securitisation									
9	Synthetic securitisation									
10	Securitisation									
11	Retail underlying									
12	Wholesale									
13	Re-securitisation									

12.10 Disclosure of operational risk

Template EU OR1 *- Operational risk own funds requirements and risk-weighted exposure amounts*

	Banking activities	a	b	c	d
		Relevant indicator			Own funds requirements
		Year-3	Year-2	Last year	
1	Banking activities subject to basic indicator approach (BIA)	261,961,875	292,197,160	255,497,409	40,482,822
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches				
3	*Subject to TSA:*				
4	*Subject to ASA:*				
5	Banking activities subject to advanced measurement approaches AMA				

12.11 Disclosure of encumbered and unencumbered assets

Template EU AE1 *- Encumbered and unencumbered assets*

		2	5	6	8	9	12
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which
		010	030	040	050	060	080
010	**Assets of the disclosing institution**	**3,224**	**183**			**12,923**	**1,247**
030	Equity instruments						
040	Debt securities	202	183	202	183	1,578	1,247
050	of which: covered bonds					39	39
060	of which: securitisations					135	
070	of which: issued by general governments	12	12	12	12	565	565
080	of which: issued by financial corporations	69	56	69	56	748	418
090	of which: issued by non-financial corporations	120	115	120	115	265	263
120	Other assets					755	

Template EU AE2 - Collateral received and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the disclosing institution				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	Own debt securities issued other than own covered bonds or securitisations				
241	Own covered bonds and securitisations issued and not yet pledged			1,385	1,340
250	**Total collateral received and own debt securities issued**	**3,224**	**183**		

Template EU AE3 - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	3,005	3,022

12.12 Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g	h
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk
			Performing			Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
1	Loans and advances subject to moratorium								
2	of which: Households								
3	of which: Collateralised by residential immovable property								
4	of which: Non-financial corporations								
5	of which: Small and Medium-sized Enterprises								
6	of which: Collateralised by commercial immovable property								

12.13 Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		a	b	c	d	e	f	g	h	i
In eur millions		Number of obligors				Residual maturity of moratoria				
				Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	6677	30.2							
2	Loans and advances subject to moratorium (granted)	6677	30.2	12.0	30.2					
3	of which: Households		30.2	12.0	30.2					
4	of which: Collateralised by residential immovable property									
5	of which: Non-financial corporations									
6	of which: Small and Medium-sized Enterprises									
7	of which: Collateralised by commercial immovable property									

12.14 Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to Covid-19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
	in eur millions		of which: forborne	Public guarantees received	Inflows to
1	Newly originated loans and advances subject to public guarantee schemes	307	Inflows to non-performing exposures	242	2.0
2	of which: Households				
3	*of which: Collateralised by residential immovable property*				
4	*of which: Non-financial corporations*	307		242	2.0
5	of which: Small and Medium-sized Enterprises	307			2.0
6	of which: Collateralised by commercial immovable property				