Pillar 3 Disclosures 2020
Aegon Bank N.V.

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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 2020[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. 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 Requirement Regulation (575/2013) (CRR) and Capital Requirement Directive (2013/36/EU) (CRD IV)[2]. Specifically, Title II of CRD IV (Technical Criteria on Transparency and Disclosure) relates to disclosure requirements. Institutions have been required to apply the new rules since 1 January 2014, with full adoption on 1 January 2019[3].

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)[4].
- 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 financial 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)[5] CRR[6].
- 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), foreign currency conversion (FX) risk, and commodities risk. AEB currently holds FX positions in Great British Pounds (GBP), meaning that it is

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[1] The 2020 Annual Report is available on our website at: https://www.aegon.nl/overaegon/jaarverslagen

[2] 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.

[3] 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.

[4] 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.

[5] 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.

[6] The capital requirement multiplied by 12.5 produces the amount of RWA for operational risk.

exposed to FX risk. When the net GBP position remains below the 2% 'de minimis' threshold, AEB does not calculate own funds requirements for FX risk. When the net GBP position exceeds the 2% threshold, AEB is required to hold capital for market risk under Pillar 1.

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 were used:

- European Banking Authority (EBA) 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; and
- 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.

In addition to the guidance listed above, 'Guidelines on Covid-19 measures reporting and disclosure' (EBA/GL/2020/07) were introduced for 2020. This has led to a number of new tables being added to the appendix.

AEB does not apply any of the IFRS 9 transitional arrangements.

The Pillar 3 report is published annually and the 2020 Pillar 3 Disclosures document should be seen as an addition to AEB's Annual Report 2020.

1.2 Upcoming regulations

Aside from the introduction of Covid-19 disclosures EBA also published its '*ITS on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013*'. The ITS incorporate the changes from CRR2 into the Pillar 3 guidance, and will be effective as from 28 June 2021.

1.3 Impact of Covid-19

1.3.1 Managing the impact of Covid-19

The Covid-19 outbreak is causing significant disruption to society, impacting our customers, employees, suppliers, and operations. The health and wellbeing of our customers and employees is our foremost concern. AEB's purpose is to support our customers to feel comfortable about their day-to-day finances. With Covid-19 causing significant uncertainty for many companies and individuals, this has become even more relevant. In times like these, it is critical that we show our added value to our customers. For AEB's business customers, we have therefore created an overview of all support schemes made available by the Dutch government. Useful articles, research reports and financial tips are available from the Knab Library. From an operational perspective, we are proud of the way in which our employees have maintained high standards of customer service while implementing our business continuity plans in a short timeframe. This has resulted in an almost fully working-from-home situation since 13 March 2020.

The bank's management is continuously monitoring markets and the economic turbulence caused by the Covid-19 outbreak, and its impact on the bank. The most significant risks for the bank are credit and liquidity risks.

1.3.2 Credit risk

During the Covid-19 crisis, credit risk mainly materialized through impairments of unsecured SME and consumer loans. Credit risk has been managed through a number of actions. For new SME lending, we acquired access to government-guaranteed loans. Pricing for unsecured lending increased, resulting in lower volumes, and we applied portfolio de-risking by focusing on higher-rated unsecured retail loans. Please also refer to Chapter 5 on credit risk management.

1.3.3 Liquidity risk

During the pandemic, we continued to see net deposits from customers in 2020. However, given the potential impact of the Covid-19 crisis on our customer base, in particular the self-employed and small businesses, we put contingency measures in place to be able to deal with potential increased liquidity needs. We set up a EUR 1.6 billion retained RMBS (SAECURE 19). The notes are ECB-eligible retained notes and so generated increased liquidity for AEB. Please also refer to Chapter 9 on liquidity management.

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 of the bank's activities in one office in Amsterdam. Going forward Knab will be AEB's main brand in the market. Both labels were still active during 2020. In this Pillar 3 Report, AEB or the bank refers to Aegon Bank N.V. as a whole.

Please also refer to AEB's Annual Report 2020 for more information on the topics described below.

2.1 Purpose and mission statement

AEB's purpose and mission statement is to

"help entrepreneurs and their families feel comfortable about their current finances and achieve financial freedom later in life"

The fundamental AEB beliefs that contribute to this mission are
- Human: We are human and do things with great love.
- Open: We are open and always honest.
- Positive: We are positive and go above and beyond.
- Entrepreneurial: We are entrepreneurial and take risks intelligently.

When it comes to their finances, we help our customers feel comfortable. To achieve this, we give them control over their day-to-day transactions. Equipped with overviews and insights into their daily banking matters, our customers know where they stand and what they can do to improve their finances. This is the first step toward feeling comfortable: removing the worry around financial matters. It is also the basis for building up wealth for a financially secure future. We offer our customers relevant and simple products to help them accumulate wealth and make savings and investing more tangible, relevant and easy – all the things our customers need for a carefree financial future.

Over time, we aim to add other value adding offerings to our product and services portfolio, including self-employed tooling, business insurance, mortgages and loans. As such, AEB's portfolio will in time offer our customers:

- Convenience today
  - Daily use is at the core of AEB, providing proactive insight for entrepreneurs into their daily finances, crucial for good money management and a first step to feel at ease when it comes to their finances
- Solutions for tomorrow
  - We support our customers in setting money aside for foreseen and unforeseen circumstances
  - AEB helps to choose the best way of putting money aside and keeps customers informed if they need to take action, for business and privately

- Proactively engage customers via relevant contact to start/top up on investments/ savings
  - We help our customers to protect themselves against every day risks and business-related risks
- Financial freedom in future
  - Customers (employees, self-employed and owners of small enterprises) have an increasing pension gap
  - AEB will help entrepreneurs & entrepreneurial people to retain their financial freedom in future by offering individual (retirement) solutions that are easy, transparent and fast to obtain, with great services, to deliver a relevant customer experience
  - This can also include provisions to support them in their mortgage, business loans, etc.

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 make the experience feel human for our customers, irrespective of the channel used. This is perfectly illustrated by the way we work and communicate with our customers: human & fair, easy-to-use & timesaving, proactive & relevant. In order to keep 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.

Besides our overall value proposition, we have defined three strategic pillars on our way toward a sustainable business model. This places our purpose and business strategy in the broader context of today's reality. At the same time, these pillars enable us to move toward a sustainable business model and serve our clients the best we can.

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

Creating more efficiency
- Increase execution power by focusing on differentiating customer engagement and outsourcing non-differentiating activities (e.g., SaaS)
- Optimize the asset and capital strategy
- Scale up operations to reduce the cost per client (e.g., through digitization)

Generating more valuable clients through expanding our services
- Enrich our payment service relationships
- Provide mortgages and business loan origination to improve access to assets
- Introduce digital individual wealth accumulation/individual retirement services

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

Although Aegon Bank N.V. integrated its two business units Aegon Bank and Knab in October 2019, it has continued and will continue to operate using both labels.

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. Regardless of the fact that it operates under AEB's license, the market perceives Knab as an autonomous bank with its own branding, marketing and culture. Knab has since grown a customer base of 287,000 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 Netherlands' 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 Netherlands' 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 saving 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 2020, 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 2020 for more information.

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 2020 for more information.

3 Overview of risk management

3.1 Introduction

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.

AEB manages risks on behalf of its customers and stakeholders. AEB's Enterprise Risk Management (ERM) Framework provides the core structure that allows the bank to assess, control and manage all the risks that AEB is exposed to. The ERM Framework is therefore essential in ensuring the bank's financial strength.

The ERM Framework is a comprehensive framework. Not only does it define the principles on how risk management should be integrated into the bank's daily business activities, but it also sets the guiding principles on how risk management is to be embedded in AEB's strategic planning process. In addition, the framework ensures that risks are identified, measured and controlled at all levels across the organization. It also allows any new risks to be identified. The framework provides for the measurement and reporting of risks, and stresses the importance of general risk awareness, attitudes and behavior on the part of our employees, management, and leadership.

The ERM Framework is effective only if there is a sound and consistent risk culture throughout the organization. Being entrepreneurial, one of AEB's core values, implies that risks cannot be avoided. Just like our customers we know that understanding those risks forms the foundation of doing business. We realize that the essence of risk management is that "we know what we're doing". We will never accept risks coming from "not knowing what we're doing". We will only take risks that are fully understood and within our risk appetite as set by the Management Board.

A strong risk management function, integrated within daily management of the business and strategic planning, gives the bank a license to operate. It helps the bank protect its reputation, lower the cost of capital, reduce costs and ultimately minimize the risk of investigation, prosecution and penalties, because we do things the right way. By effectively managing our risks, we enhance our position by building trust.

The risk management & compliance function is:

"responsible, on behalf of the Management Board, for the supervision and oversight of the organization acting in a risk-aware manner, and proactively advising the Management Board. In this context, AEB expects the risk management function to proactively support management by highlighting risk responsibilities and supporting management with the design and implementation of appropriate controls."

AEB's risk strategy and the way in which ties in with the corporate strategy is explained in the bank's Risk Strategy. This strategy provides direction regarding the level of risk that is consistent with the requirements of various stakeholders, such as our customers, shareholders, employees, regulators, and rating agencies. The risk management strategy ensures that AEB maintains a solvency and liquidity position at all times that allows 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 shareholders. Risk management supports the strategy by ensuring a common system for measuring risk, which creates a level playing field for competing for our resources. The execution of these building blocks is a continuous and iterative undertaking, and includes periodic or ad hoc adjustments to the strategy and risk appetite based on new risk information or changes to the business or business environment.

3.2 Risk Governance

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

The Management Board (MB) is responsible for day-to-day management of the bank. The MB has six members: the CEO, CFO, CRO, CTO, Valuestream Lead Daily Use, and Valuestream Lead Wealth Accumulation.

The chart below shows the bank's organizational structure.

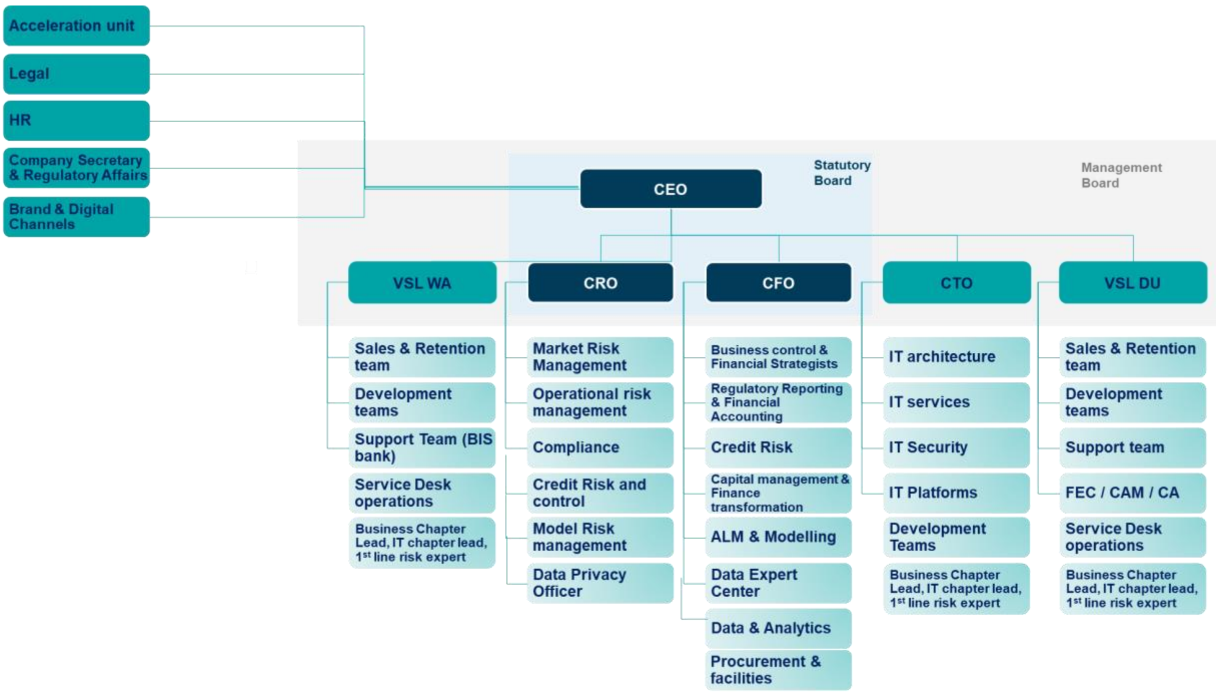

Figure 1: Organizational chart of Aegon Bank N.V.

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 Authority for the Financial Markets (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 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 an 18-month roadmap including a set of defined milestones, to be completed by June 2021. Implementation of the roadmap is on track. Delivery in 2020 was completed according to schedule, despite the challenges caused by Covid-19. The milestones for June 2021 are progressing as planned.

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 EU's General Data Protection Regulation (GDPR), supplemented by the Dutch GDPR Implementation Act.

Three lines of defense
AEB's risk governance structure is based on the "three lines of defense" model, as elaborated in the EBA Guidelines on Internal Governance (GL 44), 2011. The first line is basically the business itself, whose primary responsibility is to manage all risks arising from doing business. Risk management (the Risk Management & Compliance department) operates as the second line of defense. It occupies an independent position and has a monitoring and challenging role. As the third line of defense, Internal Audit Nederland is primarily responsible for systematically reviewing and improving the effectiveness of risk management and control, and the governance processes associated with the activities of the Aegon Nederland insurance companies and the bank. The following sections describe each line of defense.

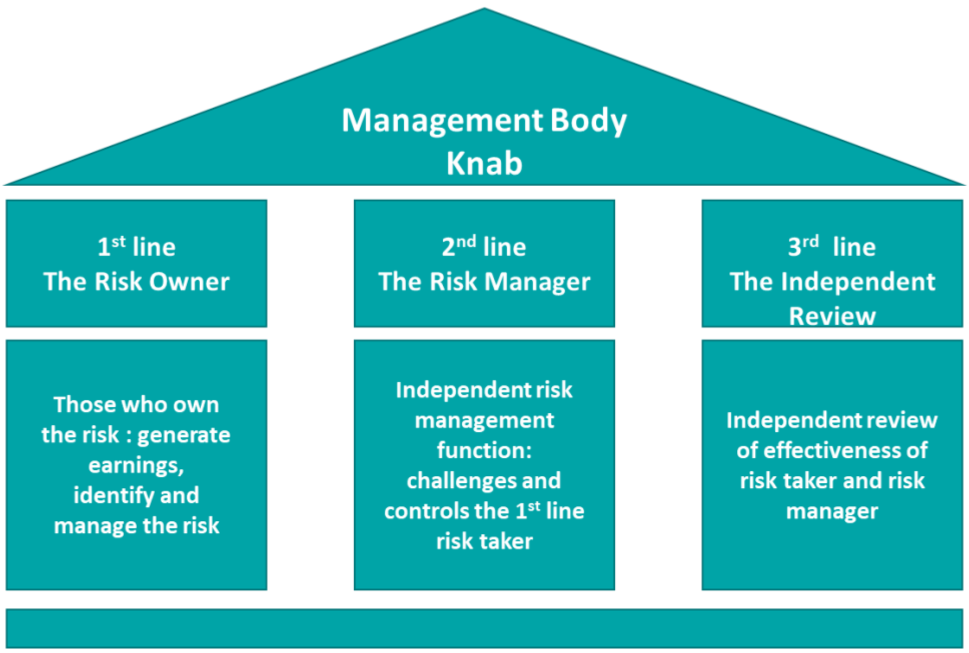

Figure 2: Three lines of defense at Aegon Bank N.V.

3.2.1 First line of defense: the Business Lines

The bank's first line of defense is responsible for performance, operations, compliance and effective control of risks affecting the business.

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

3.2.2 Second line of defense: Risk Management and Compliance

The second line of defense comprises oversight functions, with a key role being assigned to the risk management organization headed by the CRO. The Risk Management & Compliance Department is independent from the business lines and responsible for supervising and monitoring financial and non-financial risks and controls in the first line. Within the Risk Management & Compliance department, Compliance, Operational Risk Management (ORM), Credit Risk Management (CRM) and Market Risk Management (MRM) are segregated functions.

3.2.3 Third line of defense: Internal Audit

Internal Audit Nederland (IAN) is the independent third line of defense, a centralized department at the level of Aegon Nederland. The bank has outsourced its Internal Audit Function to IAN, supported by an Audit Charter. The Audit Charter defines the role, responsibilities, mandate and scope of IAN's activities. Within the bank, IAN is positioned independently from executive management and the first and second lines of defense. By taking a systematic, risk-based approach to reviewing and improving corporate governance, risk management and internal controls, IAN supports management with achieving its strategic objectives.

IAN performs its role in accordance with the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Internal Auditors' International Standards (International Professional Practices Framework (IPPF), and the Definition of Internal Auditing of the Institute of Internal Auditors (IIA), as well as Aegon's own policies and procedures.

Internal Audit Nederland has regular contact and consultations with the Supervisory Board's Risk & Audit Committee and the external independent auditor to discuss risk analyses and audit plans.

Internal Audit Nederland is also in frequent contact with the DNB to discuss risk analyses, findings, and audit plans.

3.2.4 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 Non-Financial Risk Committee (NFRC) meets monthly and monitors the development of the non-financial risk profile against the defined risk strategy and appetite, and decides 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 Enterprise Risk & Audit Committee (ERAC) meets quarterly and monitors, discusses, supports progress, and decides on all subjects and issues relevant to managing AEB's financial and non-financial risks, taking the bank's risk appetite into account.

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

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 CRO.

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 set 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.

3.3 Risk Appetite Framework

The risk appetite framework is defined as the overall approach, including policies, processes, controls and systems, through which risk appetite is defined, communicated and monitored. It covers the Risk Appetite Statement (RAS) and risk limits and outlines the roles and responsibilities for implementing and monitoring the risk appetite framework.

AEB's risk appetite framework determines the bank's risk profile and forms part of the process of developing and implementing its strategy and identifying the risks taken in relation to its risk capacity. The risk appetite framework does not include the processes for establishing the strategy, developing the business plan, or the risk measurement and aggregation models and systems. However, the framework is aligned with AEB's business plan, strategy development and capital planning, and provides a common framework and comparable measures for AEB's MB and senior management to communicate, understand, and assess the types and levels of risk that they are willing to accept. The framework identifies and assesses material risks for AEB and for its shareholder, depositors and customers.

The risk appetite process focuses on determining risk appetite at the level of the bank and across the different risk categories. It is therefore essentially a top-down process, based on AEB's ambition in terms of its risk profile, and dependent on its capital and liquidity levels and ambitions, the regulatory environment, and economic conditions.

Figure 3 – Aegon Bank N.V.'s risk appetite process

3.4 Risk Embedding

AEB's ERM Framework is thoroughly embedded in its key functional areas. This section describes how risk considerations are taken into account in decision-making in terms of business planning, capital planning, liquidity planning, recovery planning, product development, and recruitment/human resources.

3.4.1 Capital Planning

The Internal Capital Adequacy Assessment Process (ICAAP) is aimed at ensuring AEB's capital adequacy in relation to relevant risks and the bank's risk profile. As part of this forward-looking process, AEB identifies, assesses and, where possible, quantifies risks. Stress-testing and a forward-looking element are key parts of this process. The bank's management determines the capital required in relation to the bank's risk profile based on its internal standards for all relevant risks.

The bank reviews its ICAAP for current capital adequacy and expected capital adequacy over the (three-year) medium term. The review looks at new activities and current activities. Assessing the bank's capital adequacy is done by means of a quarterly ICAAP update presented to the bank's ALCO. The update provides a comparison between the actual situation and projections so as to allow AEB's management to take any action if necessary.

3.4.2 Liquidity Planning

The Internal Liquidity Adequacy Assessment Process (ILAAP) document describes AEB's liquidity risk management and funding plan. ILAAP aims 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.

AEB's senior management have an important part to play in ILAAP. They are actively involved in all elements of liquidity risk. The CFO and CRO are ultimately responsible and accountable for their specific lines of activities and tasks.

3.4.3 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 economic value creation requirements for shareholders, the fair treatment of customers, and the impact on statutory and regulatory requirements, speed of recouping capital expenditures, impact on financials, and impact on risk appetite statements and risk policies.

The Product 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.

3.4.4 Recruitment/Human Resources

To ensure effective risk management, the bank also operates 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

3.4.5 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 defines the resources, actions, tasks and data required in preparing for and recovering from such an emergency.

AEB's Recovery Plan is intended to reduce the likelihood of transitioning into a gone-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, AEB's liquidity or capital position, or a combination of the above.

3.5 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 below.

Figure 4: Stress Testing process

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 in the stress scenarios needs to be sufficient to absorb the loss of equity and regulatory available capital, 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's 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.

3.6 Climate Risk

The bank'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, its 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. sea level rise);
- 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 carbon tax, water restrictions, land-use restrictions or incentives, market demand and supply shifts, and reputational considerations.

As regards its main asset classes (Dutch mortgage loans, unsecured consumer and SME loans, and debt securities), AEB considers itself indirectly exposed to climate risk mainly with regard to Dutch mortgage loans, if climate risk-related matters were to impact the value of mortgage collateral (i.e. the housing market). A decrease in collateral value will increase AEB's capital requirements and impairment provision for credit risk. The value of a residential property is subject to transitional and physical climate risks. In order to identify and quantify climate risk, AEB has run scenario analyses as part of the annual SREP process for the physical and transition risks in its mortgage portfolio. The physical risk scenario involved an assessment of flood risk based on the collateral's geographical location. The transition risk scenario involved an assessment of the potential future effect of energy performance labels on house prices. Neither risk is expected to manifest itself in the short term.

No specific criteria are currently used in mortgage origination with regard to a property's sustainability or carbon intensity. The portfolio is well-diversified but fully located within the Netherlands, therefore reducing the impact of potential climate risks.

On the liability side, climate-related risks for savings products mainly consist of reputational risks resulting from customers' increased focus on the absence of a climate strategy or CO_2 emission targets.

In 2020 the bank set up a working group on climate risk to explore this theme in more detail and to develop a strategy and raise awareness of responsible business operations and climate risk across the organization. The ECB issued a report with guidance on climate-related and environmental risks in November 2020, highlighting 13 supervisory expectations for dealing with climate risk in terms of business models and strategies, governance and risk appetite, risk management and disclosures. AEB's working group on climate risk will consider the ECB's expectations and use these as a guide to establish a roadmap for the further integration of climate risk across the bank.

4 Capital Management

As part of its capital management policy, AEB identifies, assesses and, where possible, quantifies material risks. In accordance with internal requirements, 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.

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 position and progressing insights. This is 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 2020, the Bank's capital position in terms of both own funds and Common Equity Tier 1 (CET1) capital decreased by EUR 32 million. This was chiefly the result of a EUR 31.5 million negative net income that was incurred over 2020. This loss was the result of the large forward looking impairments incurred due to Covid-19 under IFRS9 and a loss related settlement on securities lease products. For more details on net income refer to the Annual Report 2020 Aegon Bank.

Metrics	**2019**	**2020**
CET1 capital	728	696
Tier 1 capital	737	705
Own funds	**737**	**705**
Leverage exposure	15,923	17,331
TREA	3,687	3,331[7]
CET1 ratio	19.7%	20.9%
Tier 1 ratio	19.9%	21.2%
TCR	19.9%	21.2%
Leverage ratio	4.6%	4.1%

Table 1: Overview of key capital adequacy metrics at year-end 2019 and 2020

4.1 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.

[7] 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.

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 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 does not have any Tier 2 Capital instruments as per 31 December 2020.

4.2 Capital ratios

Total capital ratio

In 2020, AEB's total capital ratio increased by 1.3% which is the result of decrease in TREA over the year by EUR 356 million. The decrease in TREA mainly resulted from redemptions on consumer loans and SME loans, partly offset by increased investments in mortgage loans. In addition, TREA decreased from the basis adjustment on mortgages which is now risk weighted using the average risk profile of the mortgage portfolio. The decrease in TREA more than offsets the decrease in own funds leading to a higher Total Capital Ratio.

The total capital ratio remained in or above the target operating zone over 2020. AEB aims to maintain a strong capital position, seeking a total capital ratio of at least 18.0% and succeeded in this despite the strong impact of the Covid-19 crisis and the settlement on securities leasing products in 2020.

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%.

Per 31 December 2020, AEB's leverage ratio was 4.1%, which is in its target zone 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.

SREP ratio

DNB annually reviews AEB's ICAAP as part of SREP and assesses whether AEB holds enough capital given its risk profile, its peers, 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 AEB meets SREP capital requirements.

4.3 Minimum Required Eligible Liabilities

AEB issued Senior Non-Preferred (SNP) Notes (EUR 500 million) in June 2019 anticipating the finalization of the Minimum Required Eligible Liabilities (MREL) requirement as laid out 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.

5 Credit risk

5.1 Credit risk management

Risk management committee

During 2020, 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 CRO, the committee includes management and senior representatives of business and risk departments. The CRC met on a monthly basis.

Risk measurement methodology

The capital required under Pillar 1 is calculated in accordance with the Standardized Approach (SA) as prescribed by the CRR. Under 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 by taking 12% of the total 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 on a monthly basis.

5.2 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
  - SME customers, 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.

Asset category	Asset class	2019			2020		
		Leverage Exposure	RWA	RW%	Leverage Exposure	RWA	RW%
Non-retail	Institutions	696	132	19%	829	171	21%
	Sovereign	2,139	-	0%	1,935	-	0%
	Public sector entities	233	12	5%	378	14	4%
	Securitizations	422	98	23%	294	61	21%
	Corporates	65	58	90%	102	54	53%
	International Org.	53	-	0%	213	-	0%
	Multilateral Development banks	52	-	0%	86	-	0%
	Subtotal non-retail	**3,660**	**301**	**8%**	**3,837**	**300**	**8%**
Retail	Mortgages	10,754	1,479	14%	11,555	1,557	13%
	Consumer loans	1,158	1,393	120%	685	815	119%
	SME loans	335	226	67%	442	154	35%
	Subtotal retail	**12,247**	**3,098**	**25%**	**12,685**	**2,529**	**20%**
Other	**Other[8]**	**16**	**9**	**60%**	**813**	**134**	**17%**
Total credit portfolio		**15,923**	**3,408**	**21%**	**17,332**	**2,960**	**17%**

Table 2: Credit risk exposures by asset class[9]

Leverage exposure increased by EUR 1,408 million compared to 31 December 2019, in line with AEB's growth strategy and driven mainly by increased exposure to mortgage loans. The RWA decreased from EUR 3,408 million in 2019 to EUR 2,960 million in 2020 (down 13.1%), due to the 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 starting in May 2020. Certain consumer loans and SME loans remain classified as *Items associated with particularly high risk* in 2020.

More information on AEB's exposure at 31 December 2020 is provided in the Annual Report, in the section *Consolidated financial statements 2020 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 2020 the loan loss (impairment) provisions for the retail portfolio increased by EUR 37 million in 2020 due to the Covid-19 outbreak. The Covid-19 pandemic led to significantly higher coverage ratios in 2020 compared to 2019; from 7% to 11% and from 8% to 14% for consumer and SME loans, respectively. However, both the consumer and SME portfolios

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[8] Fair value changes due to hedged items (EUR 775 million) are classified under Other in 2020, whereas in 2019 they were shown within the Mortgages line item.
[9] 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.

proved quite resilient to the Covid-19 crisis in terms of default rates due to the support provided by governments (guaranteed lending, furlough/part-time work schemes and tax breaks) as a response to the outbreak. However, ECL provisions increased significantly in March and April 2020, due to the negative macroeconomic forward-looking scenarios used to determine IFRS 9 expected credit loss.

	2019				2020			
Asset class	**Exposure (gross of impair.)**	**Impair-ments**	**Exposure (net of impair.)**	**% impaired**	**Exposure (gross of impair.)**	**Impair-ments**	**Exposure (net of impair.)**	**% impaired**
Mortgages	10,756	2	10,754	0%	11,394	3	11,391	0%
Consumer loans	1,241	89	1,151	7%	771	87	684	11%
SME loans	363	28	335	8%	512	70	442	14%

Table 3: Impairments in the retail loans portfolios

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 most of the mortgages are backed by a National Mortgage Guarantee ("NHG"), i.e. 54% of the total mortgage portfolio. The majority of non-NHG-backed mortgages are in the less than 80% LTV bucket. AEB's strategy going forward is to maintain a high portion of NHGs in the mortgage portfolio. The significant NHG coverage and relatively low LTV led to low credit risk in the mortgage portfolio. At 13%, the overall mortgage RW% % was slightly lower on the previous year (14%).

	2019		2020	
Mortgages	**Exposure (net of impairments)**	**% of Total**	**Exposure (net of impairments)**	**% of Total**
NHG-backed amount	6,060	56%	6,100	54%
LTV less than 80%	4,176	39%	4,955	43%
LTV more than 80%	518	5%	336	3%
Total	10,754	100%	11,391	100%

Table 4: Exposure to mortgages by LTV bucket at 31 December 2019 and 31 December 2020

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 receivables processes. AEB has specific mandate agreements (SLAs) in place with each servicer 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 (CACF) portfolio decreased from EUR 158 million in 2019 to EUR 93 million in 2020 (down 41%). This is a closed-book agreement, meaning that there are no new clients being financed as part of the portfolio.
- The Auxmoney portfolio decreased from EUR 648 million in 2019 to EUR 374 million in 2020 (down 42%). 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 decreased from EUR 353 million in 2019 to EUR 218 million in 2020 (down of 37%). AEB reduced the funding of Zopa-originated loans after the outbreak of Covid-19 pandemic.

	2019			2020		
	Leverage Exposure	**RWA**	**RW%**	**Leverage Exposure**	**RWA**	**RW%**
Netherlands	158	118	75%	93	70	75%
Germany	648	971	150%	374	561	150%
UK	353	304	86%	218	184	84%
Total Consumer Loans	**1,158**	**1,393**	**120%**	**685**	**815**	**119%**

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

AEB's SME loan portfolio saw substantial growth in 2020. The Funding Circle portfolio increased from EUR 333 million in 2019 to EUR 441 million in 2020 (up 32.4%), driven solely by the funding of UK government-guaranteed loans while the unsecured SME exposure accounted for less than half of the Funding Circle portfolio in 2020. The shift towards government-guaranteed loans resulted in a decrease in RW% for the SME portfolio from 67% in 2019 to 35% in 2020.

	2019			2020		
	Leverage Exposure	**RWA**	**RW%**	**Leverage Exposure**	**RWA**	**RW%**
UK	333	224	67%	441	153	35%
Netherlands	2	2	77%	1	1	79%
Total SME loans	**335**	**226**	**67%**	**442**	**154**	**35%**

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

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 (AAM) 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 rating scales of and 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[10] and rating grades and price and yield developments at ISIN level. Separate reports specific to asset-backed exposures are used to monitor, amongst other things, the level of credit enhancement and collateral performance.

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

As at 31 December 2020, 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 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 2020, AEB had no specific assets earmarked for securitization. Nor did AEB undertake any securitization activities in 2020.

	2019		2020	
	Notional	**RWA**	**Notional**	**RWA**
The aggregate amount of on-balance sheet securitization positions retained	153	112	96	70
The aggregate amount of off-balance sheet securitization exposures retained	39	6	0	0

Table 7: Outstanding exposures securitized at 31 December 2019 and 31 December 2020

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 optimise the expected return and recovery for AEB. If a solution cannot be found, the loan will be formally cancelled so as to enable e 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 specialised 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 & recovery processes and credit movements in its various retail portfolios using daily and monthly data deliveries as well monthly and quarterly reports. The data and reports are analysed by its 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 2020, AEB carried no foreclosed assets on its balance sheet.

Required capital

Table 9 shows the corresponding credit risk capital estimates in 2019 and 2020. At 31 December 2019, the total capital estimate for credit risk amounted to EUR 273 million, whereas in 2020 it decreased to EUR 237 million, due mainly to a run-off for consumer and SME loans.

Asset category	Asset class	2019	2020
Non-retail	Institutions	11	14
	Sovereign	0	0
	Public Sector Entities	1	1
	Securitization	8	5
	Corporates	5	4
	Subtotal non-retail	**24**	**24**
Retail	Mortgages	118	125
	Consumer loans	111	65
	SME loans	18	12
	Subtotal retail	**248**	**202**
Other	**Other**	**1**	**11**
Total credit risk capital estimate		**273**	**237**

Table 8: Capital required for credit risk

5.3 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 RWA for CCR. The RWA for counterparty credit risk (CCR) for derivatives is captured in the asset classes Institutions and Corporates in Table 8 (EUR 11 million and EUR 1 million, respectively, for 2020). Given these amounts, AEB deems counterparty credit risk to be minimal.

5.4 Credit valuation adjustment (CVA)

The bank enters into derivatives 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 derivatives 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 derivatives contract.

Table 10 shows AEB's internal capital estimate for CVA risk at year-end 2019 and 2020. 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 (CCP) in Germany. The transfer was triggered by Brexit and decided upon by the ALCO on 17 October 2019.

Risk type	2019	2020
CVA risk capital estimate	0	0

Table 9: CVA risk capital estimate

5.5 Impact of Covid-19 on credit risk

Covid-19 has impacted AEB's credit risk exposure. The bank's unsecured retail loans to Consumers and SMEs, in particular, have been affected. The outbreak of the Covid-19 pandemic led to significantly higher coverage ratios in 2020 compared to 2019; from 7% to 11% and from 8% to 14% for Consumer and SME loans, respectively. However, both Consumer and SME portfolios proved quite resilient to the Covid-19 crisis in terms of default rates, due to the support provided by governments (guaranteed lending, furlough/part-time work schemes and tax breaks) as a response to the outbreak. However, ECL provisions increased significantly in March and April 2020 due to the negative macroeconomic forward-looking scenarios used to determine IFRS 9 expected credit loss.

6 Operational Risk

The bank’s non-financial risks include risks related to its strategy, compliance, and operational processes. 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 distinguishes different types of operational risk as set out in the risk taxonomy as defined in the ERM Framework and the bank’s Risk Appetite Statement. Examples include IT risk, outsourcing risk, model risk and legal risk. The Operational Risk Management Policy outlines requirements mandated by the Statutory Board for identifying, assessing, measuring, monitoring and reporting all operational risks (Operational Risk Management framework) associated with AEB’s activities.

Within AEB, each value stream or domain has 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 fits matches its operational risk appetite. ORM provides a cohesive view of the Risk Control Self-Assessments (RCSA) performed bottom-up by all domains and value streams, action tracking management, and loss registration. Furthermore, the function coordinates periodic forward-looking scenario analyses.

AEB’s current operational risk management framework and risk management organization are based on common market practices and the Sound Practices for the Management and Supervision of Operational Risk. Their implementation and maturity are continuously monitored, improved and reported on by the second and third lines, and reported to the Statutory Board monthly by the Non-financial Risk Committee and quarterly by the Enterprise Risk and Audit Committee. Also, the regulators monitor and challenge the maturity of risk management on a regular basis, which provides an insight into how AEB performs against the industry benchmark. Continuous evaluation and improvement of the risk framework, operational controls and effectiveness of these controls is a fundamental part of a robust the sound system of risk management system. In Q2 2020, AEB continued to update and complete the process documentation and control environment and to embed compliance with the bank’s internal guidelines, also with a view to the reorganizations. These efforts will continue in 2021.

AEB applies the Basic Indicator Approach to calculate the minimum capital requirements for operational risk. The bank calculates the capital requirement as 15% of the average ‘relevant indicator’ for the last three of twelve-monthly observations at the end of AEB’s financial years. The economic capital for non-financial risks is based on scenarios and historic losses.

Operational Risk Capital	**2019**	**2020**
Operational Risk Capital estimate	76.3	44.6

Table 10: Internal capital estimate in millions EUR

The decrease in capital chiefly resulted from an increase in the provision for pending litigation under IFRS, as a result of which residual risk was reduced.

7 Market Risk (FX Risk)

AEB is exposed to FX risk arising from two loan portfolios in the UK: a consumer loans portfolio serviced by Zopa and an SME loans portfolio serviced by Funding Circle. These loan portfolios and future cash flows arising from them are reported in GBP, while all of AEB's funding is in EUR. Besides the GBP loan portfolios, AEB also has foreign currency bank accounts at ABN AMRO with cash balances in AUD, CHF, GBP, NZD, SEK, USD and ZAR. These accounts are used to facilitate foreign currency payments of AEB 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 2020, the total outstanding principal of the GBP portfolios amounted to EUR 697 million. A hedging program is in place to hedge the proceeds from the GBP portfolios, taking into account expected losses and expected prepayments.

Capitalization

Because realized 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 2020, the capital requirement under Pillar 1 was EUR 1.7 million, whereas the internal capital estimate for FX risk was EUR 6.4 million. Because this estimate exceeds the amount required under Pillar 1, AEB holds capital on top of the Pillar 1 requirement.

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.

The FX risk capital estimate increased by EUR 0.7 million compared to 31 December 2019, even though the GBP loan portfolio exposure decreased by EUR 36 million in 2020. This is because the capitalization estimate is an ex-ante figure based on balance-sheet projections for the upcoming year. According to the projections, the GBP exposures will increase and the increase in capitalization is a reflection of that.

8 Interest rate risk in the banking book

8.1 Risk description

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. 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).
- **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 additionally 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.

AEB has cascaded the main risk types further into sub-risk types based on an internal assessment. A risk assessment of 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 Risk Appetite Statement drawn up by the Statutory Board and Supervisory Board. 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. With regard to 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 in the Capital Management Retention Zone on top of 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 discounting 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). It includes the impact on gap and option risk, as well as add-ons for pipeline risk and basis risk.

EBA scenario	EVEaR	EaR
Parallel shock up	96.1	-54.1
Parallel shock down	15.2	24.3
Steepener shock	19.3	22.9
Flattener shock	-0.1	-45.3
Short rates shock up	-9.1	-66.5
Short rates shock down	13.2	24.3

Table 71: AEB's IRRBB exposure to EBA's standardized interest rate scenarios

AEB capitalized EUR 96.1 million for IRRBB under Pillar 2 at 31 December 2020. 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 at 31 December 2020. The capitalization increased by EUR 39.1 million compared to 31 December 2019. This can be explained by a change in the mortgage prepayment model, which resulted in a strong second order effect on prepayment risk, and an add-on that has been put in place to account for unhedged pipeline risk.

AEB held EUR 16.6 million as an internal capital buffer for CSRBB. This represents an increase of EUR 5.1 million compared to 31 December 2019, resulting from an increase in size of the investment portfolio.

9 Liquidity Management

9.1 Liquidity Risk Management Framework

Liquidity risk management is one of the core activities within the risk management process and, as such, 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.

9.2 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, in June 2020, AEB issued a retained RMBS SAECURE 19 (S19). Because S19 is ECB eligible, it provides a source of contingent liquidity through ECB open market operations.

9.3 Liquidity Coverage Ratio

AEB uses the Liquidity Coverage Ratio (LCR) to monitor the short-term resilience of its liquidity risk profile. The aim is to ensure that AEB 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 2020, the HQLA buffer amounted to EUR 2,455 million (adjusted for haircuts). A substantial part of the buffer consists of cash held in the DNB account (EUR 1,543 million). The underlying assets making up the liquidity buffer are all EUR-denominated.

The LCR ratio at 31 December 2020 was 164%, 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.

9.4 Net Stable Funding Ratio

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 2020, the NSFR ratio was 141%, which is above internal limits and external requirements.

9.5 Liquidity Stress Testing

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.

As at 31 December 2020, the survival period under stress scenarios was above internal limits and external requirements.

9.6 Liquidity Stress Management and AEB's Recovery Plan

AEB's Recovery Plan ensures that in case of liquidity stress AEB 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.

9.7 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 2010, AEB had four outstanding covered bonds with a notional equivalent of EUR 2 billion.

As at 31 December 2020, the AER was 18.3% and below internal limits and external requirements. An AER ratio below the requirement is preferred.

9.8 Covid-19 Impact on Liquidity

At the beginning of the Covid-19 crisis, there was a strong focus on liquidity risk. Indeed, due to increased uncertainty, there was limited access to liquidity, causing spreads to widen. However, the ECB made clear that it was fully committed to the euro without limits. As a result, in the course of the pandemic, spreads narrowed to below pre-crisis levels. Additionally, retail funds entrusted inflows in 2020 appeared to be virtually unaffected by the pandemic.

10 Remuneration

10.1 Remuneration policy

AEB's remuneration policy has been designed in line with applicable national and international regulations, including Aegon N.V.'s Group Global Remuneration Framework (AGGRF), the Act on Remuneration Policies for Financial Institutions ('*Wet beloningsbeleid financiële ondernemingen'*, or 'Wbfo') as included in the Dutch Financial Supervision Act (*'Wet Financieel Toezicht'*, or 'Wft'), and the remuneration policy under Solvency II.

The bank's remuneration policy is also in line with the Regulation on Sound Remuneration Policies (*'Regeling beheerst beloningsbeleid'*) issued by the Dutch Central Bank, and remuneration requirements under the Capital Requirements Directive IV. In addition, the policy is in line with various remuneration guidelines, technical requirements and standards issued by the European Banking Authority and applicable to banks within the European Economic Area (EEA), as endorsed by the European Commission (EC). For the purposes of applicable national and international regulations, AEB is regarded as a local or less significant financial institution.

Remuneration and scope
Remuneration may include both financial and non-financial compensation provided by the company 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, (annual) HR performance management cycle, training opportunities, and career development.

Variable compensation
On 1 January 2020 AEB abolished variable pay entirely. No variable compensation was granted to members of the Management Board or other employees of the bank in 2020. Former members of AEB's Management Board, who had been granted variable compensation in the past, received a cash payment towards the variable compensation awarded upfront for performance year 2019, and deferred shares that had been granted in earlier years and vested in 2020. 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, with the exception of 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 at its meeting on 10 September 2020. It also approved the selection of Identified Staff (IS), a number of AEB employees who qualify as Identified Staff, according to criteria laid down in the European Banking Authority Regulatory Technical Standards (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 the sound and prudent management of AEB in the long-term interests of its stakeholders.

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, Aegon N.V.'s Global Remuneration Framework, and Aegon Netherlands' Remuneration Policy.

Under the Act on Remuneration Policies for Financial Institutions (*Wet beloningsbeleid financiële ondernemingen*), the bank is required to report the employees that were paid a remuneration in excess of EUR 1 million. During the year, and at the balance-sheet date, no such remuneration was awarded to any of the bank's employees.

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 Nederland to assess the implementation of the policy and procedures covered.

Under the governance provisions of AEB's remuneration policy, the Supervisory Board is authorized, following the results of an ex-post risk assessment, to suspend or cancel all or any part of the variable remuneration granted conditionally to Identified Staff ('malus' clause).

Under the governance provisions of AEB's remuneration policy, the Supervisory Board is authorized to recover variable remuneration previously paid to members of the management team and senior management if it was granted on the basis of inaccurate financial or other information ('claw-back' clause).

List of abbreviations used in this report

AAM	Aegon Asset Management
AEB	Aegon Bank NV
AENL	Aegon Nederland NV
AFD	Aegon Financiële Diensten (Aegon Financial Services)
ALCO	Asset and Liability Committee
AT1	Additional Tier 1
BE CPR	Best Estimate Constant Prepayment Rate
BIA	Basic Indicator Approach
bln	Billion
CACF	Crédit Agricole Consumer Finance
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCyB	Countercyclical Buffer
CDD	Customer Due Diligence
CDS	Credit Default Swap
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CM	Capital Management
COREP	Common Reporting
CRC	Credit Risk Committee
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CVA	Credit Valuation Adjustment
DNB	De Nederlandsche Bank NV (Dutch Central Bank)
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
ERAC	Enterprise Risk & Audit Committee
ERM	Enterprise Risk Management
EU	European Union
EUR	Euro
FINREP	Financial Reporting
FRM	Financial Risk Management
FTE	Full Time Equivalent
FX	Foreign Exchange
GBP	Great British Pound
GL	Guidelines
G-SII	Global Systemically Important Institution
HQLA	High Quality Liquid Assets
HR	Human Resources
HY	Half Year
IAN	Internal Audit Nederland
IAS	Internal Accounting Standard
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
ISDA	International Swaps and Derivatives Association
IT	Information Technology
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LtV	Loan-to-Value
MB	Management Board
MDA	Maximum Distributable Amount
mln	Million
MVC	Model Validation Committee
NFRC	Non-Financial Risk Committee
NHG	Nationale Hypotheek Garantie (National Mortgage Guarantee)
NL	The Netherlands
NSFR	Net Stable Funding Ratio
ORM	Operational Risk Management
O-SII	Other Systemically Important Institution
PARC	Product Approval Review Committee
PARP	Product Approval & Review Process
PD	Probability of Default
QCT	Quality Control Team
RAS	Risk Appetite Statement
TRS	Technical Regulatory Standard
RW	Risk Weight
RWA	Risk Weighted Assets
SB	Supervisory Board
SME	Small and Medium-sized Enterprises
SREP	Supervisory Review & Evaluation Process
T2	Tier 2
TREA	Total Risk Exposure Amount
VaR	Value at Risk
Wft	Wet financieel toezicht (Dutch Financial Supervision Act)

11 Appendix

All amounts in this Section are in euros.

11.1 Disclosure of Own Funds

Common Equity Tier 1 capital: instruments and reserves		31/Dec/20	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
1	Capital instruments and the related share premium accounts	514.187.868	26 (1), 27, 28, 29, EBA list 26 (3)
2	Retained earnings	205.376.046	26 (1) (c)
3	Accumulated other comprehensive income (and any other reserves)	11.583.423	26 (1)
3a	Funds for general banking risk	0	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0	486 (2)
	Public sector capital injections grandfathered until 1 january 2018	0	483 (2)
5	Minority interests (amount allowed in consolidated CET1)	0	84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-31.927.675	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**699.219.663**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-3.260.828	
29	**Common Equity Tier 1 (CET1) capital**	**695.958.835**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	9.500.000	51, 52
31	of which: classified as equity under applicable accounting standards	9.500.000	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	486 (3)
	Public sector capital injections grandfathered until 1 january 2018	0	483 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	0	85, 86, 480
35	of which: instruments issued by subsidiaries subject to phase-out	0	486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**9.500.000**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44	**Additional Tier 1 (AT1) capital**	**9.500.000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**705.458.835**	
Tier 2 (T2) capital: instruments and provisions			
51	**Tier 2 (T2) capital before regulatory adjustment**	**0**	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	0	
58	**Tier 2 (T2) capital**	**0**	
59	**Total capital (TC = T1 + T2)**	**705.458.835**	
60	**Total risk-weighted assets**	**3.331.371.554**	
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount**	**20,89%**	92 (2) (a), 465
62	**Tier 1 (as a percentage of total risk exposure amount**	**21,18%**	92 (2) (b), 465
63	**Total capital (as a percentage of total risk exposure amount**	**21,18%**	92 (2) (c)
64	**Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)**	**83.374.512**	CRD 128, 129, 140
65	of which: capital conservation buffer requirement	83.284.289	
66	of which: countercyclical buffer requirement	90.223	
67	of which: systemic risk buffer requirement	0	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8,89%	CRD 128
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct and indirect holdings of the capital 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	0	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions	0	36 (1) (i), 45, 48, 470, 472 (11)
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)	0	36 (1) (c), 38, 48, 470, 472 (5)
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)	0	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	0	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	62
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	0	484 (3), 486 (2) & (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	484 (3), 486 (2) & (5)
82	- Current cap on AT1 instruments subject to phase-out arrangements	0	484 (4), 486 (3) & (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	484 (4), 486 (3) & (5)
84	- Current cap on T2 instruments subject to phase-out arrangements	0	484 (5), 486 (4) & (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	484 (5), 486 (4) & (5)

11.2 Leverage Ratio

	Summary reconciliation of accounting assets and leverage ratio exposures	Applicable Amount
1	Total assets as per published financial statements	17.137.250.000
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0
4	Adjustments for derivative financial instruments	-138.002.652
5	Adjustment for securities financing transactions (SFTs)	0
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	331.906.456
7	Other adjustments	0
8	**Leverage ratio total exposure measure**	**17.331.153.805**

	Leverage ratio common disclosure On-balance sheet exposures (excluding derivatives and SFTs)	CRR leverage ratio exposures
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	16.944.175.880
2	Asset amounts deducted in determining Tier 1 capital	0
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**16.944.175.880**

	Derivative exposures	CRR leverage ratio exposures
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	250.000
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark to-market method)	54.821.468
11	**Total derivatives exposures (sum of lines 4 to 10)**	**55.071.468**

	Securities financing transaction exposures exposures	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	0

	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	443.410.006
18	(Adjustments for conversion to credit equivalent amounts)	111.503.549
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**331.906.456**

	Capital and total exposure mesure	
20	**Tier 1 capital**	**705.458.835**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**17.331.153.805**

	Leverage ratio	
22	**Leverage ratio**	**4,07%**

	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0

	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**16.944.175.883**
EU-2	Trading book exposures	0
EU-3	Banking book exposures, of which:	16.944.175.883
EU-4	Covered bonds	25.545.391
EU-5	Exposures treated as sovereigns	2.553.402.593
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	64.316.193
EU-7	Institutions	743.426.698
EU-8	Secured by mortgages of immovable properties	10.860.314.243
EU-9	Retail exposures	1.463.343.986
EU-10	Corporate	94.502.657
EU-11	Exposures in default	32.979.715
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1.106.344.407

11.3 Countercyclical buffer

The total institution-specific countercyclical buffer rate is calculated according to the following formula:

$$ISCCB\ rate = \frac{\Sigma(CCyB_i * OFR_i)}{Total\ OFRCR} ISCCB\ rate = \frac{\Sigma(CCyB_i * OFR_i)}{Total\ OFRCR}$$

Where:

ISCCB rate	The institution-specific countercyclical buffer rate.
CCyBi	Countercyclical buffer rate applicable to AEB's exposures to counterparty i.
OFRi	Own funds requirements for the relevant credit exposure to counterparty i.
Total OFRCR	AEB's own funds requirements for credit risk that relate to all of AEB's relevant credit exposures.

The countercyclical buffer rate for a particular country (CCyB) must be between 0% and 2.5% and may be calibrated by a public authority or body (a 'designated authority') that is responsible for setting the countercyclical buffer rate for that country in steps of 0.25% or multiples of 0.25%. Each designated authority must assess and set the appropriate countercyclical buffer rate for its Member State on a quarterly basis.

The DNB has announced that the countercyclical buffer rate for the Netherlands is 0%. This means that a 0% CCyB rate applies to all exposures to obligors resident in the Netherlands. AEB checks quarterly whether the DNB may have updated that decision. For other countries, AEB monitors possible changes to the CCyB rate and prepares an overview of all CCyB rates for countries to which it has exposures. This overview is updated on a quarterly basis.

	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
Breakdown by country	10	20	30	40	50	60	70	80	90	100	110	120
Netherlands	12.208.622.627				91.600.901		141.349.154		1.743.429	143.092.582	64,39%	0,00%
United Kingdom	719.993.218				20.436.509		28.169.837		306.113	28.475.950	12,81%	0,00%
Germany	381.407.133				-		45.321.666		-	45.321.666	20,39%	0,00%
Ireland	116.095.135				116.095.135		-		1.790.525	1.790.525	0,81%	0,00%
United States	40.480.133				7.104.163		1.581.648		596.750	2.178.398	0,98%	0,00%
Spain	25.981.811				23.897.568		166.739		195.057	361.796	0,16%	0,00%
France	23.189.615				23.189.615		-		185.517	185.517	0,08%	0,00%
Norway	15.046.712				-		601.868		-	601.868	0,27%	1,00%
Italy	11.380.848				11.380.848		-		91.047	91.047	0,04%	0,00%
Belgium	3.302.488				-		132.100		-	132.100	0,06%	0,00%
Total	**13.545.499.718**				**293.704.739**		**217.323.013**		**4.908.436**	**222.231.449**	**100%**	

Amount of institution-specific countercyclical capital buffer		
10	Total risk exposure amount	3.331.371.554
20	Institution specific countercyclical buffer rate	0,0027%
30	Institution specific countercyclical buffer requirement	90.223

11.4 Disclosure of Asset Encumbrance

Disclosure of asset encumbrance

Template A - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally elligible EHQLA and HQLA		of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**3.136.636.230**				**14.004.201.074**	**940.390.032**		
030	Equity instruments								
040	Debt securities	187.252.842		187.252.842	187.252.842	1.273.870.744	940.390.032	1.273.870.744	940.390.032
050	of which: covered bonds					25.545.391	25.545.391	25.545.391	25.545.391
060	of which: asset-backed securities					293.704.742	55.845.551	293.704.742	55.845.551
070	of which: issued by general governments	166.869.642		166.869.642	166.869.642	447.991.507	416.434.368	447.991.507	416.434.368
080	of which: issued by financial corporations	20.383.200		20.383.200	20.383.200	673.817.018	392.017.346	673.817.018	392.017.346
090	of which: issued by non-financial corporations					152.062.220	131.938.318	152.062.220	131.938.318
120	Other assets	2.949.383.387				12.730.330.330			
121	of which: mortgage loans	2.313.837.174				8.917.371.984			

Template B - Collateral received

		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 elligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**3.136.636.230**	**187.252.842**		

Template C - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
010	**Carrying amount of selected financial liabilities**	**2.929.416.248**	**2.949.383.387**

11.5 Disclosure of LCR

Scope of consolidation (Consolidated)		Total unweighted value	Total weighted value
Currency and units (EUR)			
Quarter ending on (31/12/2020)			
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		2.455.068.650
CASH-OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	12.301.899.657	789.792.893
3	*Stable deposits*	5.239.364.229	261.968.211
4	*Less stable deposits*	4.766.637.092	476.663.709
5	Unsecured wholesale funding	250.848.109	97.099.244
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0	0
7	*Non-operational deposits (all counterparties)*	250.848.109	97.099.244
8	*Unsecured debt*	0	0
9	Secured wholesale funding		0
10	Additional requirements	294.858.782	287.820.422
11	*Outflows related to derivative exposures and other collateral requirements*	287.038.382	287.038.382
12	*Outflows related to loss of funding on debt products*	0	0
13	*Credit and liquidity facilities*	7.820.400	782.040
14	Other contractual funding obligations	10.000.000	0
15	Other contingent funding obligations	605.895.272	472.647.357
16	**TOTAL CASH OUTFLOWS**		1.647.359.916
CASH-INFLOWS			
17	Secured lending (eg reverse repos)	0	0
18	Inflows from fully performing exposures	169.804.447	148.122.409
19	Other cash inflows	0	0
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)		0
EU-19b	(Excess inflows from a related specialised credit institution)		0
20	**TOTAL CASH INFLOWS**	169.804.447	148.122.409
EU-20a	Fully exempt inflows	0	0
EU-20b	Inflows Subject to 90% Cap	0	0
EU-20c	Inflows Subject to 75% Cap	169.804.447	148.122.409

21	**LIQUIDITY BUFFER**		**2.455.068.650**
22	**TOTAL NET CASH OUTFLOWS**		**1.499.237.507**
23	**LIQUIDITY COVERAGE RATIO (%)**		**164%**

11.6 Credit Risk Mitigation

Credit risk mitigation techniques are used to reduce the credit risk associated with an exposure. Credit risk mitigation techniques are applied through funded and unfunded credit protection.

in thousands of EUR

As at 31 December 2020	Carrying amount				
	Exposures unsecured	Exposures secured	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Total loans	6.717.189	7.450.634	1.145.259	6.305.375	
Total debt securities	1.358.022	103.101	-	103.101	
Total Exposures	**8.075.212**	**7.553.735**	**1.145.259**	**6.408.477**	
of which: defaulted	16.875	16.105	45	16.060	

in thousands of EUR

As at 31 December 2019	Carrying amount				
	Exposures unsecured	Exposures secured	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Total loans	7.284.407	7.020.036	960.124	6.059.912	
Total debt securities	993.701	70.565	-	70.565	
Total Exposures	**8.278.108**	**7.090.601**	**960.124**	**6.130.477**	
of which: defaulted	18.208	11.692	233	11.459	

11.7 Credit quality of forborne exposures

	Gross carrying amount				Impairment		Collateral and financial guarantees received	
	Performing forborne	Non-performing forborne			Performing forborne	Non-performing forborne	Performing forborne	Non-performing forborne
			Of which defaulted	Of which impaired				
Loans and advances	**87.531.312**	**18.303.348**	**18.303.348**	**11.270.356**	**-18.171.513**	**-6.155.974**	**21.978.599**	**9.075.067**
Non-financial corporations	63.930.917	8.791.125	8.791.125	8.791.125	-18.074.207	-6.039.838		
Households	23.600.394	9.512.224	9.512.224	2.479.231	-97.306	-116.136	21.978.599	9.075.067
Loan commitments given		**41.075**						
Total	**87.531.312**	**18.344.424**	**18.303.348**	**11.270.356**	**-18.171.513**	**-6.155.974**	**21.978.599**	**9.075.067**

11.8 Credit quality of performing and non-performing exposures by past due days

	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
Loans and advances	**12.998.973.015**	**12.917.465.348**	**81.507.667**	**153.410.860**	**94.081.031**	**36.657.921**	**13.167.709**	**3.789.181**	**5.715.018**	**0**	**0**	**153.410.860**
Central banks												
General governments												
Credit institutions												
Other financial corporations	635.546.214	635.546.214										
Non-financial corporations	469.623.941	444.415.039	25.208.902	41.898.481	36.822.269	4.110.949	965.262					41.898.481
Of which SMEs	469.623.941	444.415.039	25.208.902	41.898.481	36.822.269	4.110.949	965.262					41.898.481
Households	11.893.802.860	11.837.504.095	56.298.765	111.512.379	57.258.762	32.546.971	12.202.447	3.789.181	5.715.018			111.512.379
Debt securities	**1.461.395.123**	**1.461.395.123**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks												
General governments	614.861.149	614.861.149										
Credit institutions	286.682.379	286.682.379										
Other financial corporations	407.779.469	407.779.469										
Non-financial corporations	152.072.126	152.072.126										
Off-balance-sheet exposures	**848.042.478**			**0**								**0**
Central banks												
General governments												
Credit institutions												
Other financial corporations	41.294.815											
Non-financial corporations												
Households	806.747.663											
Total	**15.308.410.616**	**14.378.860.470**	**81.507.667**	**153.410.860**	**94.081.031**	**36.657.921**	**13.167.709**	**3.789.181**	**5.715.018**	**0**	**0**	**153.410.860**

11.9 Performing and non-performing exposures and related provisions

	Gross carrying amount/nominal amount						Impairment						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures			Performing exposures	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 2	Of which stage 3		
Loans and advances	**12.998.973.015**	**12.314.166.484**	**684.806.531**	**153.410.860**	**8.682.195**	**144.728.665**	**-75.726.491**	**-31.963.948**	**-43.762.543**	**-83.491.511**	**-42.245**	**-83.449.266**	**11.100.007.183**	**22.080.886**
Central banks														
General governments														
Credit institutions														
Other financial corporations	*635.546.214*	*635.546.214*												
Non-financial corporations	*469.623.941*	*368.654.376*	*100.969.565*	41.898.481		41.898.481	-37.853.229	-15.149.606	-22.703.623	-31.727.438		-31.727.438	212.562.119	408.919
Of which SMEs	*469.623.941*	*368.654.376*	*100.969.565*	41.898.481		41.898.481	-37.853.229	-15.149.606	-22.703.623	-31.727.438		-31.727.438	212.562.119	408.919
Households	*11.893.802.860*	*11.309.965.895*	*583.836.966*	111.512.379	8.682.195	102.830.184	-37.873.262	-16.814.342	-21.058.920	-51.764.073	-42.245	-51.721.828	10.887.445.064	21.671.966
Debt securities	**1.461.395.123**	**1.461.395.123**	**0**	**0**	**0**	**0**	**-271.536**	**-271.536**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks														
General governments	*614.861.149*	*614.861.149*					-18.855	-18.855						
Credit institutions	*286.682.379*	*286.682.379*					-242.775	-242.775						
Other financial corporations	*407.779.469*	*407.779.469*					-9.906	-9.906						
Non-financial corporations	*152.072.126*	*152.072.126*												
Off-balance-sheet exposures	***848.042.478***	***844.646.217***	***3.396.261***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
Central banks														
General governments														
Credit institutions														
Other financial corporations	*41.294.815*	*41.294.815*												
Non-financial corporations														
Households	*806.747.663*	*803.351.403*	*3.396.261*											
Total	***15.308.410.616***	***14.620.207.824***	***688.202.792***	***153.410.860***	***8.682.195***	***144.728.665***	***-75.998.027***	***-32.235.484***	***-43.762.543***	***-83.491.511***	***-42.245***	***-83.449.266***	***11.100.007.183***	***22.080.886***

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

		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				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			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	Inflows to non-performing exposures
1	**Loans and advances subject to moratorium**	3.504.322,11	3.381.022,49	-	134.778,66	123.299,62	-	56.023,41	-669.578,65	-596.289,75	-	-42.557,34	-73.288,91	-	-38.875,01	102.359,39
2	of which: Households	3.504.322,11	3.381.022,49	-	134.778,66	123.299,62	-	56.023,41	-669.578,65	-596.289,75	-	-42.557,34	-73.288,91	-	-38.875,01	102.359,39
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*															

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

		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 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**	7565	56.118.737,71							
2	**Loans and advances subject to moratorium (granted)**	7565	56.118.737,71	25.051.453,65	52.614.415,59	3.327.691,55	157.459,47	-	19.171,09	-
3	of which: Households		56.118.737,71	25.051.453,65	52.614.415,59	3.327.691,55	157.459,47	-	19.171,09	-
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*									

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

		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	270.424.540,81		212.971.038,35	514.114,56
2	**of which: Households**				
3	of which: Collateralised by residential immovable property				
4	**of which: Non-financial corporations**	270.424.540,81		212.971.038,35	514.114,56
5	of which: Small and Medium-sized Enterprises	270.424.540,81			514.114,56
6	of which: Collateralised by commercial immovable property				