S&P Global
Ratings

RatingsDirect®

ABN AMRO Bank N.V.

Primary Credit Analyst:
Yulia Kozlova, CFA, London (44) 20-7176-3493; yulia.kozlova@spglobal.com

Secondary Contact:
Nicolas Hardy, Paris (33) 1-4420-7318; nicolas.hardy@spglobal.com

Table Of Contents

ABN AMRO Bank N.V.

SACP	a-

Anchor	bbb+	
Business Position	Adequate	0
Capital and Earnings	Strong	+1
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

+

Support	+1
ALAC Support	+1
GRE Support	0
Group Support	0
Sovereign Support	0

+

Additional Factors	0

Issuer Credit Rating
A/Positive/A-1

Resolution Counterparty Rating
A+/--/A-1

Major Rating Factors

Strengths:	Weaknesses:
• Strong capital position. • A leading market position in domestic retail and private banking. • Lowered credit and market risk appetite given the predominant focus on domestic retail and commercial banking.	• Less business and geographic diversification than larger universal banks. • Weaker, albeit improving, efficiency measures than some higher-rated international peers.

Outlook: Positive

The positive outlook on ABN AMRO stems from the positive economic trend we see for banks operating in The Netherlands, reflecting, in particular, our real GDP growth and unemployment forecasts, which support the expected gradual reduction of economic imbalances in the residential property and CRE sectors. With the continuation of these positive developments--including a reducing average loan-to-value ratio (LTV) on mortgages and decreasing vacancy rates in the CRE sector--we could revise to 'a-' from 'bbb+' the anchor that starts our ratings on banks operating mainly in The Netherlands. This would allow us to revise our SACP assessment upward and raise our long-term ratings on ABN AMRO, all other factors remaining unchanged. In the meantime, we expect that ABN AMRO will maintain a strong capital position, with the risk-adjusted capital (RAC) ratio trending toward 12% in the next two years, and continue to build its additional loss-absorption capacity (ALAC) buffer. We assume that ABN AMRO's ratio of ALAC to our risk-weighted assets (RWA) metric will remain above our 5% threshold for a one-notch uplift in the next three years.

We would revise the outlook to stable if macroeconomic conditions, including the impact of Brexit on the Dutch economy, were to deteriorate. Additional rating pressure could come from the growth of the bank's international exposures, organically or inorganically, which could put pressure on ABN AMRO's projected capital position or ALAC ratio.

Rationale

Our ratings on Dutch bank ABN AMRO reflect the dominance of relatively stable and low-risk activities in its business mix of domestic retail and commercial banking activities, and private banking. With adjusted assets of €395 billion at end-June 2018, the bank is the third largest in The Netherlands, and among the top 20 largest banks in Europe. However, despite its size, ABN AMRO has less geographic diversification than most universal banks in Europe.

With a fully loaded common equity Tier 1 (CET1) ratio of 18.3% at end-June 2018 and a RAC ratio staying in the range of 11.3%-11.8% at year-end 2018, the bank is strongly capitalized and well-prepared for the upcoming regulatory changes.

A large book of granular and typically low-risk Dutch mortgages, which makes 54% of loans, dominate the bank's risk profile. Although some pockets of risk exist in the corporate book, like in the transportation, commodities, and energy sectors, the bank maintains adequate asset quality metrics, with Stage 3 loans at 2.5% of total loans at mid-year 2018.

The funding and liquidity positions are sound--not very different from local peers--with a loan-to-deposit ratio of about 114% and a granular base of domestic deposits in The Netherlands.

We adjust the 'a-' stand-alone credit profile upward by one notch, reflecting our view of ABN AMRO's sizable ALAC buffer, to arrive at the 'A' issuer credit rating.

Anchor: 'bbb+'

The 'bbb+' anchor draws on our Banking Industry Country Risk Assessment (BICRA) methodology and our view of the weighted-average economic risk in the countries in which ABN AMRO operates, based on the geographic distribution of its exposure at default (75% to The Netherlands, 15% to Europe, and 10% to the rest of the world). The economic risk score for The Netherlands is '3' on a scale of 1-10 ('1' representing the lowest risk and '10' the highest), and the weighted-average score for the countries in which ABN AMRO operates is just above that mark.

We base our assessment of economic risk on our view that the Dutch economy is wealthy, diversified, open, and competitive, as seen in its high income per capita, its net external asset position, recurrent and elevated current account surpluses, and a long track record of prudent and flexible macroeconomic policies. Following real GDP growth averaging 2.6% in 2016-2017, we believe that The Netherlands' real GDP growth will stand at 2% on average over 2018-2019. Strong domestic demand continues to fuel the ongoing recovery. We believe that supportive macroeconomic developments, the dynamics of the real estate markets--both residential and commercial--and, last but not least, the legal reforms introduced since 2013 and the banks' own restructuring efforts in this context, are gradually leading to receding economic imbalances in the country. In our view, the trend for economic risk is positive.

Our assessment of industry risks for Dutch banks incorporates high domestic concentration and our view of a stable competitive environment. We consider that the prospective profitability of domestic banking activities is adequate. Some of the large banks have completed large restructuring efforts in exchange for state aid. Cost optimization programs continue in the context of the persistently low interest-rate environment and cost of risk has also improved, mitigating asset repricing. The system's relatively large reliance on wholesale funding is partly attributable to households' propensity to save in life insurance and pension products, rather than in bank deposits. We consider that Dutch systemwide funding benefits from, among other things, the depth of the domestic capital market and the Dutch authorities' good track record in providing liquidity support. We view the trend on industry risk as stable.

Table 1

ABN AMRO Bank N.V. Key Figures

		--Year ended Dec. 31--			
(Mil. €)	**2018***	**2017**	**2016**	**2015**	**2014**
Adjusted assets	395,181	392,987	390,956	387,511	384,159
Customer loans (gross)	280,584	277,366	271,347	263,674	266,669
Adjusted common equity	18,661	18,251	17,010	16,396	15,150
Operating revenues	4,617	8,912	8,111	8,455	8,055
Noninterest expenses	2,610	5,476	5,642	5,228	4,788
Core earnings	1,283	2,534	1,732	1,924	1,554

*Year to date June 30.

Business position: Third-largest Dutch bank, focused on domestic operations

Our assessment of ABN AMRO's business position as adequate reflects the dominance of relatively stable activities in its business mix of domestic retail and commercial banking activities, and private banking, supported by sound market positions.

ABN AMRO is the third-largest bank in The Netherlands, with approximately 80% of its income generated by its Dutch activities. It has a market share of new mortgage lending of around 20% and a savings market share of around 20% as well. We have observed a slight decline in the market share of new mortgage lending, which stood at 19.9% in the first quarter of 2018 and 17.7% in the second quarter, as ABN AMRO defended its margins, which is an indication of the limited pricing power the bank has on the domestic mortgage market. We understand that the bank ranks second in lending to small and midsize enterprises (SMEs) in The Netherlands and first in domestic private banking. It is also a leading player in Dutch corporate banking.

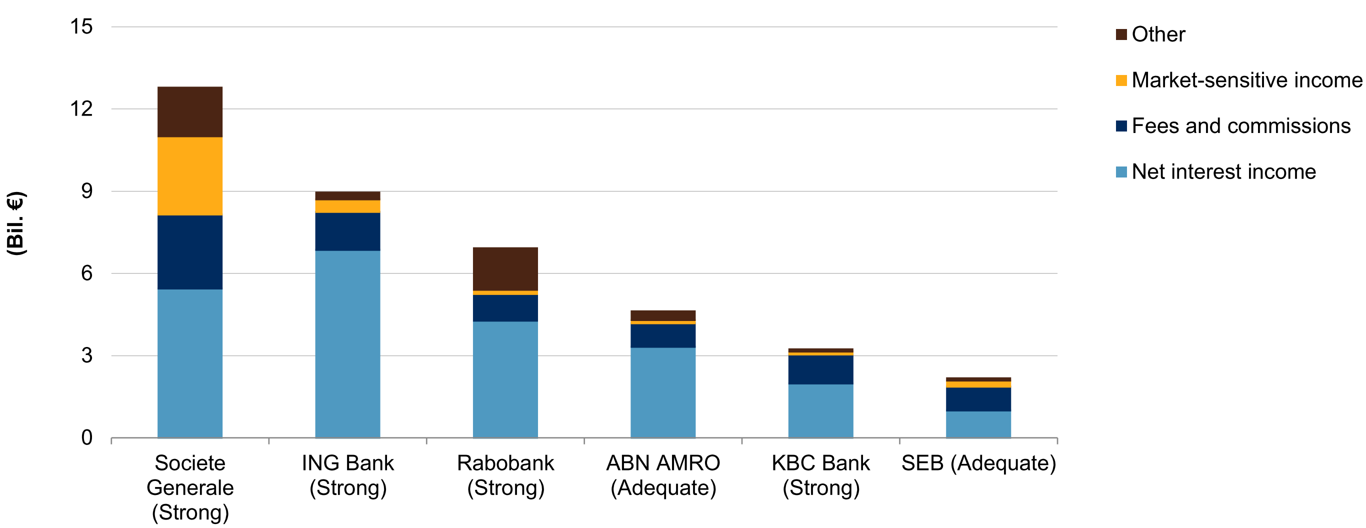
Key domestic peers are Rabobank Nederland and ING Bank N.V. (ING). We consider that Rabobank Nederland has a stronger business position in the Dutch market and also benefits from its cooperative structure. On the other hand, ING has greater geographic diversity than ABN AMRO.

A broader international peer group includes commercial banks in developed markets with large domestic market shares, but credit profiles similar to their industry average. Examples include Danske Bank A/S, KBC Bank N.V., and Société Générale, among others.

We consider that ABN AMRO has less business and geographic diversification than many universal banks with similar industry risk. However, we note that ABN AMRO benefits from the size and good franchise of its clearing and private banking activities, with divisional client assets of €200.9 billion as of June 30, 2018 (56% of which is in The Netherlands), supported by a net inflow of new assets of €0.3 billion in the first half of 2018.

Chart 1

ABN AMRO And Selected Peers Revenue Breakdown

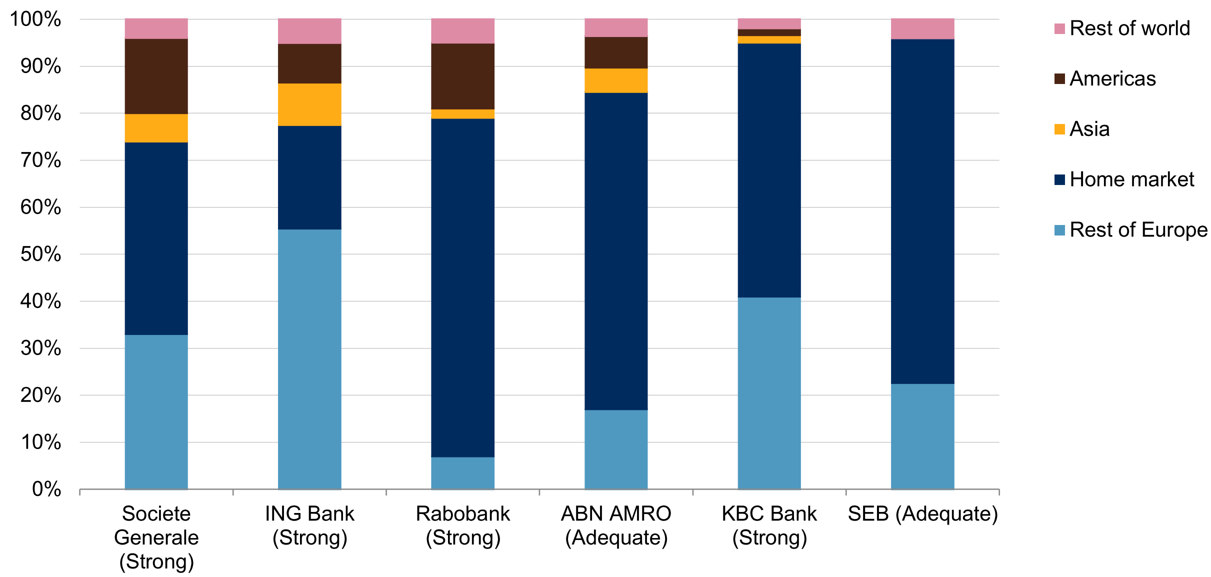


Note: Data as of June 30, 2018. Each bank's business position score is in brackets. Source: S&P Global Ratings and company accounts.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

Chart 2

ABN AMRO And Selected Peers Credit Exposures By Geography



Each bank's business position score is in brackets. Credit exposure refers to on-balance-sheet items, except from Societe Generale figures, which include off-balance-sheet items. Source: S&P Global Ratings and company accounts. Data as of June 30, 2018, except SEB figures, which are of Dec. 31, 2017.
Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

ABN AMRO is also involved in niche corporate and investment banking, operated internationally (CIB division), including financing to the energy, commodities, and transportation sectors, and clearing activity. ABN AMRO Clearing has benefitted from a general market and regulatory trend of more trading volumes going through central counterparties. However, in the bank's global markets division and the trade and commodity finance division, ABN AMRO's return on equity was below its minimum target of 10%. Therefore, the group engaged in restructuring of this business, whereby it expects to reduce the associated RWAs by €5 billion on a net basis by the year 2020 and reduce costs by €80 million by 2021. This strategy is not unusual for a bank that aims to focus on low-risk business in its home Dutch market and countries in North-Western Europe.

We view these strategic decisions as sound and conservative. We consider that the bank focuses on preserving its risk profile and reducing operating costs, while strengthening its franchise in the Dutch banking sector. As of June 30, 2018, its financial targets were:

- A fully loaded CET1 ratio of 17.5%-18.5% (includes Basel IV implementation buffer of 4%-5%);
- A cost-to-income ratio of 56%-58% by 2020;
- A return on equity (ROE) of 10%-13% in the coming years; and

- A dividend payout ratio of 50% over 2018, and considering additional distributions if the bank is in or above the CET1 target range of 17.5%-18.5%.

As of mid-2018, the bank's CET1 ratio (18.3%) was well within its target range and ROE (13.5%) was ahead of its target. We expect an increase in the dividend payout to around 70% in 2018 as the bank comes close to exceeding the upper limit of its CET1 ratio target range.

ABN AMRO continued to streamline its private banking operations after it divested Asian private banking operations in 2017. This year the bank sold its Luxembourg subsidiary, and the acquisition of Societe Generale's private banking subsidiary in Belgium is pending completion. We estimate the net effect on assets under management of these two transactions to be slightly negative, while the overall impact on the bank's capital and funding positions is likely to be negligible. These transactions are part of the bank's strategy to focus on domestic private banking business in its core North-Western countries (see "ABN AMRO Bank N.V. Ratings Unaffected By Sale Of ABN AMRO Bank (Luxembourg) S.A.," published on Feb. 20, 2018, and "ABN AMRO Bank And Societe Generale Ratings Unaffected By The Sale Of Soc Gen Belgian Private Banking To ABN AMRO," published on July 31, 2018).

On Nov. 20, 2015, ABN AMRO became a listed company following the completion of an IPO, which reduced the Dutch government's ownership to 77% from 100%. This was further reduced by 21% in three separate placements between November 2016 and September 2017. For the moment, we consider that the gradual return to the private sector does not have a material impact on the bank's risk appetite or business strategy, as it already operates fully on commercial terms.

The bank generates about 75%-80% of its operating revenues in The Netherlands and we understand that management is determined to focus on its core domestic operations and grow its international revenues only moderately in its existing areas of expertise.

Table 2

ABN AMRO Bank N.V. Business Position					
		--Year ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Total revenues from business line (mil. €)	4,617	9,289	8,227	8,455	8,055
Commercial banking/total revenues from business line	43.1	37.9	34.6	36.9	35.2
Retail banking/total revenues from business line	38.5	43.0	48.1	45.6	48.9
Commercial & retail banking/total revenues from business line	81.6	80.9	82.7	82.5	84.2
Asset management/total revenues from business line	15.4	16.6	16.0	15.5	14.8
Other revenues/total revenues from business line	3.0	2.6	1.3	2.0	1.0
Return on average common equity	13.0	14.9	10.5	12.2	8.0

*Year to date June 30.

Capital and earnings: Strong capital position supported by prudent payout policy

We view ABN AMRO's capital and earnings as strong and project that its RAC ratio will improve to about 11.5% by end-2019. We include €2 billion AT1 hybrid instruments in ABN AMRO's total adjusted capital (TAC). ABN AMRO issued these instruments in September 2015 and in April 2017, and we classify these as intermediate equity.

We calculate that ABN AMRO's year-end 2017 RAC ratio was 11.3%. Key elements of our base-case RAC projection include:

- 2019 pretax profit of about €2 billion, by our calculations. We factor in a slightly declining net interest margin, as a slight reduction of higher-risk and higher-margin CIB lending activities is only partially compensated by gradual increase in interest rates. We also note that ABN AMRO is not lowering its Dutch mortgage rates and is ready to sacrifice its market share somewhat to maintain margins.
- We assume that 2018-2019 operating expenses will be decreasing slightly, as cost-reduction initiatives will compensate for investments needed to execute the strategic plan, including the continuing digitalization of the banking operations. There will be a one-off restructuring cost of around €50 million associated with CIB restructuring in 2018.
- An average loan impairment charge of 25 basis points (bps) throughout 2018-2020.
- A slight rise in S&P Global Ratings' RWAs of about 1.5% per annum over the period.
- We expect a higher dividend payout ratio than c. 50% in 2017 as ABN AMRO is approaching the upper limit of its CET 1 target range (18.5%). We estimate the payout ratio to stand at 70% for 2018.

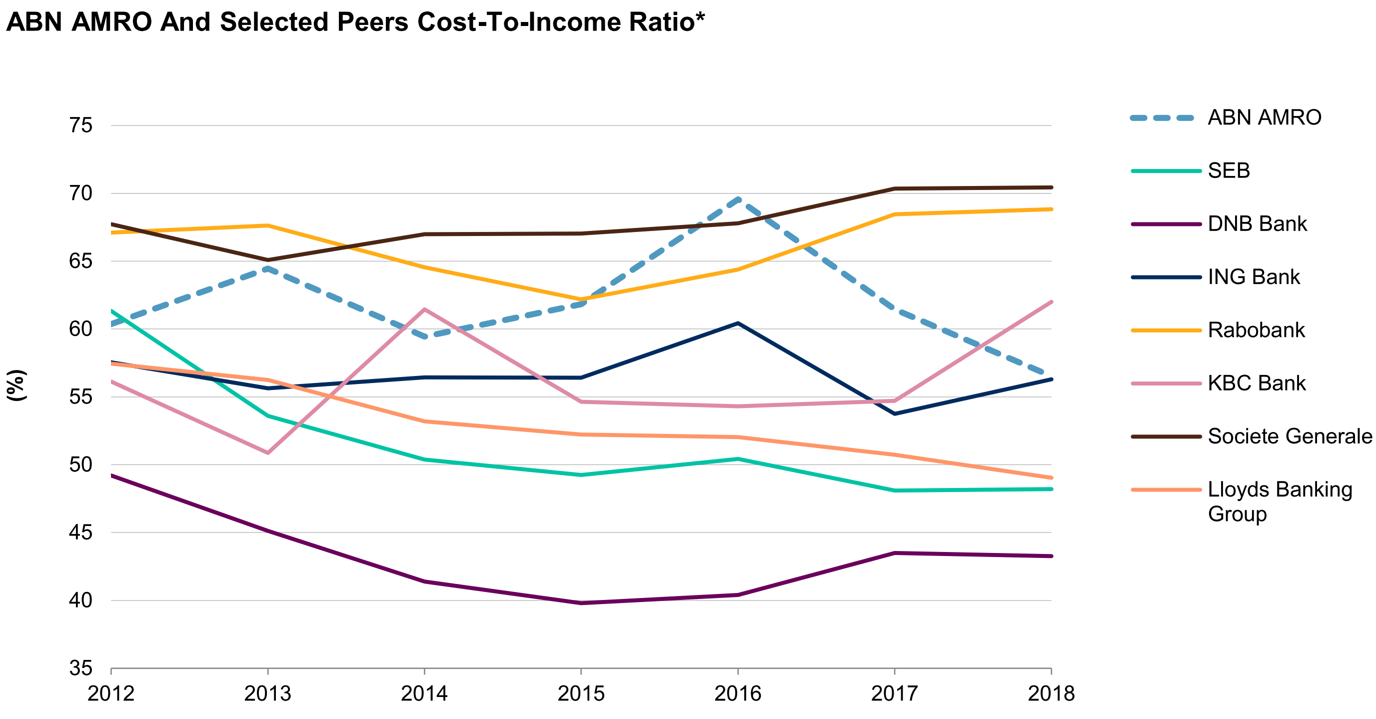
We note that ABN AMRO's current regulatory capitalization compares quite well with that of its peers. The bank reported a fully loaded CET1 ratio of 18.3% at June 30, 2018, up from 17.6% at June 30, 2017, compared to the European average of around 14%, as reported in the ECB Supervisory Banking Statistics. The bank reported a fully loaded CET1 ratio of 18.3% at June 30, 2018, up from 17.6% at June 30, 2017. We assume that this metric will remain well within its target range of 17.5%-18.5% over the next two years. This target range includes a prudent buffer for Basel IV implementation to address an estimated RWA increase of about 35%.

The difference between ABN AMRO's Tier 1 ratio and the RAC ratio at end-2017 primarily reflects the more-conservative standardized risk-weighting that we apply. We also note that ABN AMRO's reported leverage ratio, 4.1% at June 30, 2018, is lower than that of some peers, though it could increase by 70 bps once minority interest rules and the use of the new standardized approach for measuring counterparty credit risk for clearing guarantees is in place.

In the first six months of 2018, ABN AMRO reported a statutory profit before tax of €1,666 million, down from €2,051 million in the same period in 2017. This was primarily because of increased loan loss provisions from exceptionally low charges in 2017 (€341 million versus a release of €33 million a year ago) and 2017 exceptional gain from the sale of Asian private banking business for €255 million.

We forecast that our measure of ABN AMRO's core earnings (which strips out exceptional items) will be around 24% of revenues in each year from 2018-2019, which compares well with peers. That said, ABN AMRO's efficiency measures are not the strongest. We assume that its ratio of noninterest expenses to revenues will remain around 60% in the next two years, higher than many Nordic peers.

Chart 3



*S&P Global Ratings' cost-to-income ratio calculated as noninterest expenses over operating revenues.
Source: S&P Global Ratings database and company accounts. Data as of June 30, 2018.
Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

We consider the quality of capital to be sound. Adjusted common equity represented about 90% of total adjusted capital at year-end 2017.

Table 3

ABN AMRO Bank N.V. Capital And Earnings

		--Year ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	19.2	18.5	17.9	16.9	14.6
S&P Global Ratings RAC ratio before diversification	N.A.	11.3	9.2	9.0	8.5
S&P Global Ratings RAC ratio after diversification	N.A.	11.9	9.7	10.3	9.5
Adjusted common equity/total adjusted capital	90.4	90.1	94.5	94.3	100.0
Net interest income/operating revenues	72.1	72.4	77.3	71.9	74.8
Fee income/operating revenues	18.5	19.6	21.5	21.6	21.0
Market-sensitive income/operating revenues	2.6	5.7	(2.0)	4.6	1.6
Noninterest expenses/operating revenues	56.5	61.4	69.6	61.8	59.4
Preprovision operating income/average assets	1.0	0.9	0.6	0.8	0.9
Core earnings/average managed assets	0.7	0.6	0.4	0.5	0.4

*Year to date June 30. N.A.--Not available.

Table 4

ABN AMRO Bank N.V. RACF [Risk-Adjusted Capital Framework] Data

(Mil. €)	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	96,267.8	1,166.4	1.2	2,161.4	2.2
Of which regional governments and local authorities	0	0	0	0	0
Institutions and CCPs	23,077.7	3,407.8	14.8	5,328.7	23.1
Corporate	118,409.0	49,388.8	41.7	94,068.0	79.4
Retail	153,620.3	23,023.1	15.0	49,813.3	32.4
Of which mortgage	138,854.1	17,236.0	12.4	37,725.7	27.2
Securitization§	4.0	0.3	7.4	0.8	20.0
Other assets†	3,009.1	1,878.2	62.4	4,866.6	161.7
Total credit risk	394,387.9	78,864.5	20.0	156,238.7	39.6
Credit valuation adjustment					
Total credit valuation adjustment	--	741.7	--	0	--
Market risk					
Equity in the banking book	611.3	4,533.8	741.7	5,348.6	875.0
Trading book market risk	--	2,390.0	--	3,320.4	--
Total market risk	--	6,923.8	--	8,668.9	--
Operational risk					
Total operational risk	--	19,625.5	--	15,179.2	--
(Mil. €)		**Basel III RWA**		**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification		106,155.5		180,086.9	100.0
Total diversification/concentration adjustments		--		(9,292.4)	(5.2)
RWA after diversification		106,155.5		170,794.4	94.8
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		19,618.0	18.5	20,258.0	11.3
Capital ratio after adjustments‡		19,618.0	18.5	20,258.0	11.9

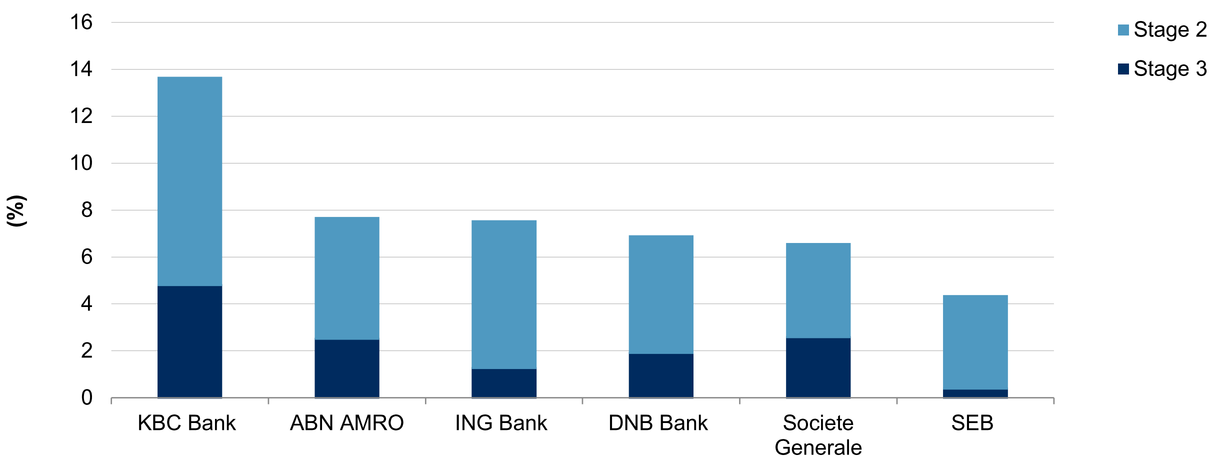
*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2017, S&P Global Ratings.

Risk position: Modest risk appetite, supported by a strong private banking franchise, with some pockets of risk in the corporate loan book

Our assessment of ABN AMRO's risk position as adequate incorporates our view that the bank's risk management and exposures are in line with those of its domestic industry, and that risks are well captured by our RAC framework. Due to change in disclosures with the adoption of IFRS 9 standards, we are now considering Stage 3 loans as nonperforming. Generally, this results in the asset-quality metrics being not comparable to the historical data, though for ABN AMRO Stage 3 loan ratios are broadly in line with previously reported impaired loans ratios. Stage 3 loans accounted for 2.5% of total portfolio at June 30, 2018, while Stage 2 loans made up 5.1% as of the same date. This is in line with peer banks operating in countries with similar economic risks and that have undergone similar change in reporting standards.

Chart 4

ABN AMRO And Selected Peers Stage 2 And Stage 3 Profile



Source: S&P Global Ratings database and Company Accounts. All data as of June 30, 2018.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

The loan portfolio is more than 60% focused on The Netherlands and dominated by mortgages that we continue to see as moderate risk. Mortgages represented 54% of the customer loan book at June 30, 2018. We see the quality of the ABN AMRO mortgage lending book as broadly in line with the market average, with a quarter of total mortgage loans guaranteed by NHG and a portion of full interest-only loans reducing year over year, now at 18%.

The corporate portfolio, 35% of the loan book as of first-half 2018, is granular, with moderate sector and individual corporate concentrations. Financial investments are essentially high-quality government bonds held as part of the bank's liquidity buffer. The bank's exposure to commercial real estate represented less than 10% of the loan book and about 50% of total adjusted capital at end 2017 (€9.4 billion).

ABN AMRO's loan loss rate has been declining since 2014, in line with the improvement of the domestic economy. However, this trend has started to reverse with cost of risk at 27 bps as of the first half of 2018. This was related to few one-off impairments in sectors like health care, offshore oil, diamonds, and shipping.

ABN AMRO, as a large mortgage lender, is exposed to interest rate risk, which it mitigates to a large extent by hedging measures in place, whereby most fixed-rate assets and liabilities are swapped to floating, locking in targeted margin. ABN AMRO's €20 billion of equity remains exposed to interest rate risk. However, the bank has recently decreased the duration of assets that equity is invested in for it to benefit from rising interest rates.

Table 5

ABN AMRO Bank N.V. Risk Position

		--Year ended Dec. 31--			
(%)	2018*	2017	2016	2015	2014
Growth in customer loans	2.3	2.2	2.9	(1.1)	1.8
Total diversification adjustment/S&P Global Ratings RWA before diversification	N.A.	(5.2)	(4.9)	(12.0)	(10.0)
Total managed assets/adjusted common equity (x)	21.2	21.5	23.2	23.8	25.5
New loan loss provisions/average customer loans	0.27	(0.02)	0.04	0.19	0.44
Net charge-offs/average customer loans	0.18	0.30	0.28	0.33	0.50
Gross nonperforming assets/customer loans + other real estate owned	2.5	2.6	3.4	2.9	3.1
Loan loss reserves/gross nonperforming assets	39.9	34.6	40.2	57.0	57.1

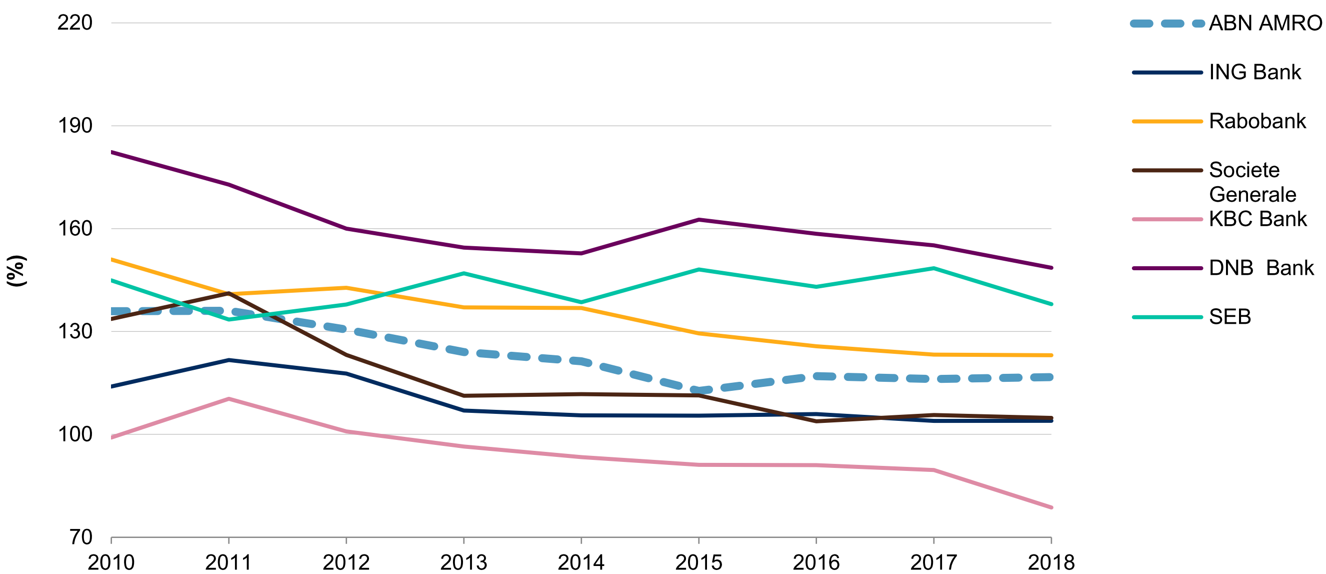
*Year to date June 30. The gross nonperforming asset ratio at June 30, 2018, consists of Stage 3 assets and is not entirely comparable to historical nonperforming assets. RWA--Risk-weighted assets. N.A.--Not available.

Funding and liquidity: Broadly in line with the levels of major domestic peers

Our view of ABN AMRO's funding as average factors in the bank's large and stable customer deposit base, despite some reliance on wholesale funding. Its reported loan-to-deposit ratio was 114% at June 30, 2018, relatively stable compared to previous years. We note that the consolidated metric benefits from ABN AMRO's private banking franchise (€65 billion in deposits at June 30, 2018), while its retail banking division reports a much higher loan-to-deposit ratio of 163%. We acknowledge that this profile is typical in the Dutch market due to the large amount of mortgage debt outstanding, and because Dutch household savings are typically channeled into investments such as the mandatory and collective pension system and life insurance products.

Chart 5

ABN AMRO And Selected Peers Loan-To-Deposit Ratio



Source: S&P Global Ratings database. Data as of June 30, 2018.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

Over the next two years we assume fairly limited credit growth of around 1.5% per year, but believe that customer deposits will exhibit stability and the reliance on wholesale funding will not increase. Wholesale funding is diversified and the maturity profile is satisfactory. We calculate that ABN AMRO's stable funding ratio was a satisfactory 109.5% at June 30, 2018, in line with prior years, and we expect little change at year-end 2018.

The bank maintains a surplus of liquid assets well in excess of regulatory requirements. At June 30, 2018, it reported a liquidity buffer of €72.5 billion, which comfortably exceeds reported short-term wholesale funding. About 85% of the liquidity buffer comprises deposits at central banks and government bonds. The remainder mainly consists of other assets eligible for repo activity with central banks. Our measure of broad liquid assets to short-term wholesale funding was 2.0x at June 30, 2018. The fluctuation of liquidity metrics reflects the nature of the bank's clearing and commodity financing activities.

Table 6

ABN AMRO Bank N.V. Funding And Liquidity

		--Year ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	67.23	66.97	65.92	67.16	64.46
Customer loans (net)/customer deposits	116.70	116.14	117.01	112.68	121.33
Long term funding ratio	88.55	88.57	86.92	89.50	86.96
Stable funding ratio	109.49	110.09	106.71	112.15	100.87

Table 6

ABN AMRO Bank N.V. Funding And Liquidity (cont.)

		--Year ended Dec. 31--			
(%)	2018*	2017	2016	2015	2014
Short-term wholesale funding/funding base	12.13	12.11	13.78	11.03	13.61
Broad liquid assets/short-term wholesale funding (x)	2.00	1.97	1.69	2.19	1.30
Net broad liquid assets/short-term customer deposits	18.59	18.10	14.99	20.10	6.49
Short-term wholesale funding/total wholesale funding	36.40	36.04	40.10	33.29	38.30
Narrow liquid assets/3-month wholesale funding (x)	3.96	2.45	2.51	3.10	1.68

*Year to date June 30.

Support: ALAC

In our view, ABN AMRO has high systemic importance in The Netherlands, mainly reflecting its material market share in retail deposits. Since December 2015, we have regarded the prospect of extraordinary government support for Dutch banks as uncertain in view of the country's well-advanced and effective resolution regime. As a result, systemic banks are not eligible for notching uplift for possible future Dutch government support.

However, we view the Dutch resolution regime as effective under our ALAC criteria because, among other factors, we believe it contains a well-defined bail-in process under which the authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities.

Our ALAC calculation at year-end 2017 includes regulatory capital instruments that have defined principal write-down triggers and excludes instruments that are likely to be called in the next 12 months. On this basis, we calculate that ALAC was 6.6% of S&P Global Ratings' RWA at year-end 2017, of which excess TAC was 1.5%.

We assume that ALAC will likely stand close to 5% of S&P Global Ratings' RWAs over 2018-2020 as ABN AMRO replaces called Tier 2 instruments with Tier 2 or, more likely, senior nonpreferred notes. We expect senior nonpreferred notes to be issued in 2019 at the earliest. We believe that complying with a minimum of 5% of our measure of RWAs is not at risk for the coming years because future regulatory requirements appear likely to oblige ABN AMRO to increase the buffer of instruments that we expect will be ALAC-eligible.

Additional rating factors: None

No additional factors affect the ratings.

Related Criteria

- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology

And Assumptions, Jan. 29, 2015

- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Financial Institutions - Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- ABN AMRO Bank N.V. Ratings Unaffected By Sale Of ABN AMRO Bank (Luxembourg) S.A., Feb. 20, 2018
- ABN AMRO Bank And Societe Generale Ratings Unaffected By The Sale Of Soc Gen Belgian Private Banking To ABN AMRO, July 31, 2018

Anchor Matrix

Industry Risk	**Economic Risk**									
	1	2	**3**	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	**bbb+**	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of October 10, 2018)	
ABN AMRO Bank N.V.	
Issuer Credit Rating	A/Positive/A-1
Resolution Counterparty Rating	A+/--/A-1

Ratings Detail (As Of October 10, 2018) (cont.)	
Commercial Paper	A-1
Junior Subordinated	BB+
Junior Subordinated	BBB-
Senior Subordinated	BBB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB
Issuer Credit Ratings History	
15-Sep-2017	A/Positive/A-1
02-Dec-2015	A/Stable/A-1
29-Apr-2014	A/Negative/A-1
Sovereign Rating	
Netherlands	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@spglobal.com

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.