Rating Report

ABN AMRO Group N.V.

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DBRS

Insight beyond the rating.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
ABN AMRO Group N.V.	Long-Term Issuer Rating	A	Confirmed, July '18	Stable
ABN AMRO Group N.V.	Short-Term Issuer Rating	R-1 (low)	Confirmed, July '18	Stable
ABN AMRO Bank N.V.	Long-Term Issuer Rating	A (high)	Confirmed, July '18	Stable
ABN AMRO Bank N.V.	Short-Term Issuer Rating	R-1 (middle)	Confirmed, July '18	Stable
ABN AMRO Bank N.V.	Intrinsic Assessment	A	--	--

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

Positive rating pressure could result from:

1. A longer track record of strong returns across business segments and
2. Improved efficiency levels,
3. While maintaining a solid capital position.

Factors with Negative Rating Implications

Negative pressure on the ratings would likely be driven by:

1. A substantial deterioration in profitability or capital, or,
2. A significant downturn in the Dutch housing market could also result in negative pressure given the Group's large domestic mortgage exposure.

Rating Considerations

Franchise Strength: Strong retail and commercial footprint in the Netherlands, with solid corporate and private banking operations internationally.	**Strong**
Earnings Power: Sound earnings generation across businesses. Cost reduction remains a focus.	**Strong / Good**
Risk Profile: Generally conservative risk profile, consistent with its retail and commercial franchise. Some exposure to volatile energy related sectors remains, although at manageable levels.	**Strong / Good**
Liquidity and Funding: Strong funding and liquidity profile, underpinned by solid core retail and private banking funding base.	**Strong**
Capitalization: Strong capital, with a large cushion to absorb changes in the regulatory environment.	**Strong**

Financial Information

ABN AMRO Group NV

EUR Millions	**30/06/2018**	**31/12/2017**	**31/12/2016**	**31/12/2015**	**31/12/2014**
Total Assets	395,365	393,171	394,482	407,373	413,730
Equity	21,288	21,330	18,937	17,584	14,877
Pre-provision operating income (IBPT)	2,007	3,436	2,778	3,232	3,239
Net Income	1,238	2,773	1,805	1,919	1,134
Net Interest Income / Risk Weighted Assets (%)	6.37%	6.08%	6.01%	5.63%	5.49%
Risk-Weighted Earning Capacity (%)	3.76%	3.26%	2.62%	2.89%	2.86%
Post-provision Risk-Weighted Earning Capacity (%)	3.12%	3.32%	2.51%	2.44%	1.83%
Efficiency Ratio (%)	56.50%	61.45%	67.01%	61.77%	59.76%
Impaired Loans % Gross Loans	2.47%	2.49%	3.28%	3.22%	2.58%
Core Tier 1 (As-reported)	18.30%	17.70%	17.06%	15.53%	14.07%

Source: SNL Financial

Issuer Description

ABN AMRO Group N.V. provides a wide range of Retail Banking, Private Banking and Corporate Banking products and services, primarily in the Netherlands and selectively abroad. At end-June 2018, ABN AMRO Group N.V. had total assets of EUR 395 billion.

Rating Rationale

The intrinsic assessment (IA) of 'A' reflects ABN AMRO's domestic retail and commercial banking franchise's strength, which is underpinned by its key market presence in Dutch mortgages and savings. The IA also incorporates the Group's consistent earnings generation, improved risk profile, solid funding and capitalisation. The Stable trend reflects DBRS's view that the ratings are well-placed at the current level, taking into account the impact related to regulatory capital developments. ABN AMRO's ratings are underpinned by a leading and well-established franchise in the Netherlands. ABN AMRO has demonstrated solid earnings generation in recent years, supported by its largely Dutch franchise (78% of income in the Netherlands at end-2017), and DBRS views ABN AMRO's risk profile as well managed, evidenced by the good quality loan book, solid diversification by industry and the low cost of risk. The Group's funding and liquidity profile is viewed as strong, in part reflecting the solid core retail and private banking funding base, and well diversified wholesale funding sources. DBRS considers the Group to be in a good position to face the regulatory capital developments, in particular Basel IV, given ABN AMRO's planned capital cushion over minimum requirements, conservative capital management and strong internal capital generation.

Franchise Strength

Grid Grade: Strong

ABN AMRO is one of the three leading banks in the highly concentrated Dutch market with a substantial retail and commercial franchise based on its solid brand and well-established reputation. The Group, which is the result of the 2010 merger of the state-owned portions of the former ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V., focuses on serving retail banking clients in the Netherlands and meeting the commercial banking needs of Dutch clients in the Netherlands and abroad, while seeking leading positions in a limited number of niche global businesses.

Ownership Structure
The Dutch State, through NL Financial Investments (NLFL), owned 56% of the Group as of end-June 2018, following the successful IPO of the Group in November 2015, as well as subsequent sale of depositary receipts in 2016 and 2017 totalling 21% of the Group's share capital.

Business Segments
ABN AMRO reports into five distinct segments: Retail Banking; Private Banking; Commercial Banking, Corporate & Institutional Banking; and Group Functions. Group Functions includes the support and control functions: Innovation and Technology; Finance including ALM/Treasury; Risk Management; Transformation and HR, Group Audit and Corporate Office.

Retail Banking (46% of Group's net underlying profit in 1H2018)
Generating 46% of underlying net profit in 1H18, ABN AMRO's strong retail banking franchise in the Netherlands is an important factor underpinning the ratings. Pursuing an increasingly digital-first approach, ABN AMRO maintains a strong position within the Netherlands, with the Group operating as the primary bank for 20% of the Dutch population, and estimated market shares (by the Group) in new mortgage lending of approximately 20%. In FY17, retail banking recorded a net underlying profit of EUR 1.5 billion, up 17% year-on-year (YoY), on the back of loan loss reversals, higher net interest income and lower expenses. In 1H18, Retail Banking's net underlying profit was EUR 589 million lower than in 1H17 due to a decrease in operating income driven by lower consumer loans volumes, lower impairments releases and higher regulatory levies.

Private Banking (13% of Group's net underlying profit in 1H2018)
At end-2017, the Private Banking (PB) business had EUR 201 billion of Client Assets (AuM), under the brand name ABN AMRO MeesPierson in the Netherlands, internationally under ABN AMRO Private Banking and well recognised local brands, such as Banque Neuflize OBC (NOBC) in France and Bethmann Bank in Germany. Private banking is a core activity of ABN AMRO, with the Group increasingly targeting growth in Northwest Europe. As a result, ABN AMRO transferred their Private Banking Business in Asia and the Middle East to LGT in 2Q17 and expanded its offering in Netherlands to cover clients with more than EUR 500,000 in investable assets. PB recorded a net underlying profit of EUR 386 million in FY17, up from EUR 199 million a year earlier, benefitting from proceeds from the sale of PB Asia. Excluding PB Asia, profit increased by EUR 11 million YoY, supported by higher asset management fees and loan loss reversals. In 1H18, PB's net underlying profit was down to EUR 169 million driven by lower other operating income; however, excluding the sale of PB Asia, other operating income was up by EUR 58 million.

Commercial Banking (22% of Group's net underlying profit in 1H2018)
Previously known as Commercial Clients, ABN AMRO's Commercial Banking business provides banking services to clients with annual turnover up to EUR 250 million, which are active in the Dutch economy, in addition to offering asset-based financing to clients in the Netherlands and selected countries in Europe. In FY17, Commercial Banking reported an underlying profit of EUR 733 million, up 6% YoY on the back of higher net interest income and loan impairment reversals which more than offset investments in IT and digital banking. In 1H18, Commercial Banking's underlying net profit was trending down at EUR 280 million due to higher impairments mainly in healthcare.

Corporate & Institutional Banking (12% of Group's net underlying profit in 1H2018)
ABN AMRO's Corporate & Institutional Banking division serves Dutch business clients with revenues exceeding EUR 250 million, as well as clients in Northwest Europe with a turnover of more than EUR 100 million. This division includes Natural Resources (former ECT – Energy), Trade and Commodity Finance (TCF, former ECT – Energy) and Global Transportation & Logistics (GTL), asset based-financing and clearing, sectors in which ABN AMRO is a leading global player. In August 2018, ABN announced its plan to improve CIB's return on equity by reducing capital mainly in trade and commodity finance, global transportation and logistics, and natural resources, lowering costs through staff reduction, and transforming the business model with a further focus on distribution and on clients with multiple needs. In FY17, Corporate & Institutional Banking reported improvement in net underlying profit while in 1H18 profit was down to EUR 151 million from EUR 166 million in 1H17 reflecting increased impairments. However, CIB's net interest income was up 19% on the back of continued growth in corporate loans.

Earnings Power

Grid Grade: Strong / Good

ABN AMRO has demonstrated solid earnings generation in recent years, underpinned by its well-positioned franchise in the Netherlands, and solid corporate banking operations.

In FY17, ABN AMRO reported a net profit of EUR 2.8 billion, versus a net profit of EUR 1.8 billion in FY16. The 2017 result, however, included several one-offs, such as gains from the disposal of the Private Banking business in Asia and from the sale of the equity stake in Visa, as well as restructuring charges and other provisions. In 2016, the results were negatively impacted by a pre-tax charge of EUR 361 million for SME-derivative related provisions, but included gains from the Visa disposal and Equens revaluation. Excluding one-offs, pre-tax profit improved 20% YoY on the back of resilient core income, loan loss reversals and lower underlying costs.

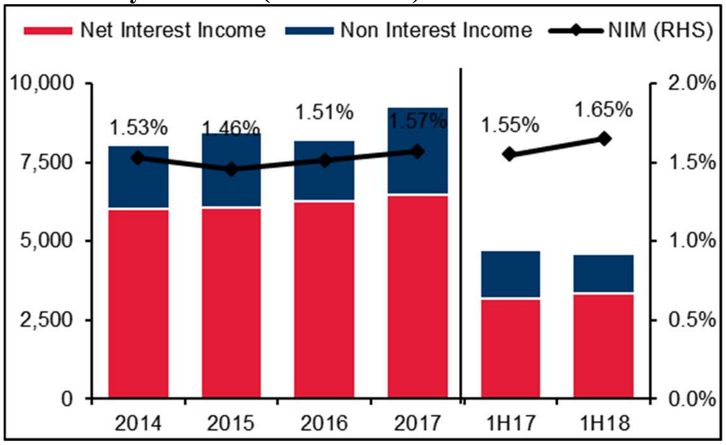
Net interest income (NII) increased by 3% YoY to EUR 6.5 billion in FY17, but included a number of one-offs (unearned interest, mortgage penalties, Euribor provisions). Adjusted for these, underlying NII was up 1% supported by growth in residential mortgages and corporate lending, as well as improving margins. Fees and commissions declined by 3% YoY to EUR 1.7 billion, from EUR 1.8 billion in FY2016, due to both the divestments of PB Asia and lower clearing fees.

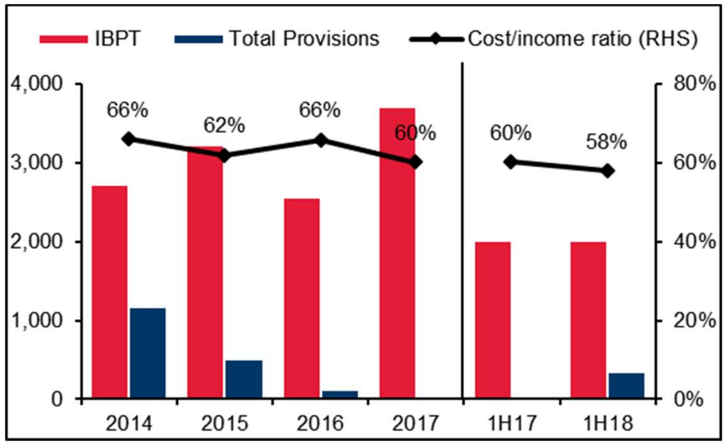
Cost control remains a focus for ABN AMRO. In 2017, operating expenses were slightly down 1% YoY to EUR 5.6 billion, thanks to lower staff and restructuring costs. In 1H18, underlying cost-to-income ratio was down to 56.5% from 60.1% in 2017, within the Group's target to achieve 56-58% by 2020 thanks to existing programmes delivering on targeted cost reductions. DBRS notes cost reductions will continue in particular in CIB with staff reduction, IT rationalisation and right-size geographies & support.

In FY17, cost of risk benefitted from the benign economic environment in the Netherlands, with a net loan loss reversal of EUR 63 million, from a EUR 114 million charge in FY 2016. DBRS notes positive developments where registered across the whole book. The cost of risk in 1H2018 increased to 27bps compared to -3bps in 1H2017. Nonetheless, ABN AMRO's management cost of risk guidance for 2018 remain below the through the cycle range of 25-30bps.

In 1H18, ABN AMRO posted a net profit of EUR 1,283 million, down 19% compared to 1H2017 driven by lower other non-interest income, which main item was the sale of the Private Banking business in Asia recorded in 2Q2017. According to DBRS calculations, adjusted for CVA/DVA/FVA, hedge accounting, discontinued securities financing activities, PB divestments, provisions for SME derivatives, and Visa & Equens gains, net profit in 1H2018 would be down by 5% compared to 1H2017. At the same time, the Group's net interest income improved 4% YoY to EUR 3.3 billion, on the back of a growth in commercial lending and lower cost of funding, particularly retail deposits. However, results were impacted by higher loan loss provisions, up to EUR 341 million from reversals of EUR -33 million in 1H17, reflecting some pressures in oil related sectors (offshore services and vessels / offshore shipping) as well as in healthcare and the diamond & jewellery business.

Profitability evolution (EUR million)





Source: Company data, DBRS

Risk Profile

Grid Grade: Strong / Good

ABN AMRO has a relatively low risk profile, evidenced by the good quality loan book, solid diversification by industry and the low cost of risk.

The Group's customer loan portfolio totalled EUR 277.8 billion at end-June 2018 and is mostly comprised of residential mortgages (55%). The remaining 45% of the portfolio consists of corporate loans (36%), consumer loans (4%), and other loans (5%), which is broadly made up of loans to professional counterparties.

The positive economic conditions in the Netherlands as well as benign credit environment continued to support ABN AMRO's asset quality. At end-June 2018, the Group's impaired and more than 90 days past due (dpd) customer loans, stood at 2.5%, stable from 2.5% at end-2017 and down from 3.5% at end-2016, supported by positive developments across the majority of the loan book.

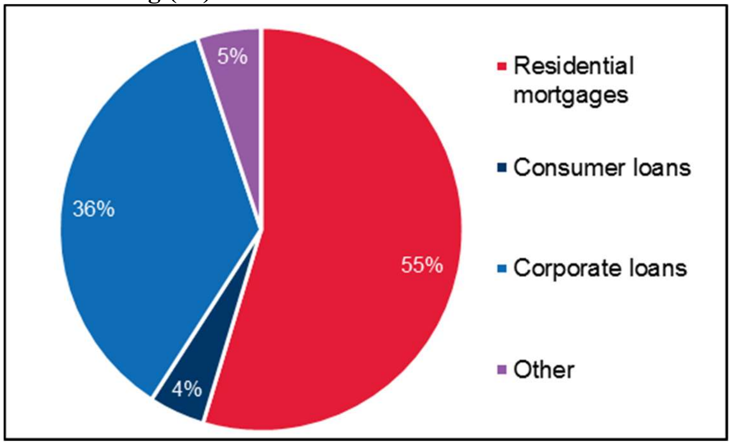
At end-June 2018, the Group's residential mortgage portfolio, excluding the fair value adjustment for hedge accounting, totalled EUR 150.0 billion, 25% of which is guaranteed by the Nationale Hypotheek Garantie (NHG) scheme. The performance of this portfolio continues to be strong, with an impaired and 90 dpd ratio of only 0.60%. DBRS also notes that average loan-to-values (LTVs) of the portfolio has continued to improve, down to 67% at end-June 2018 down from 70% at end-2017 and 76% at end-2016, driven by rising house prices and restrictions on the maximum LTV for new mortgages. The composition of the Group's portfolio has also continued to change positively towards more amortising loans, with full interest only accounting for 18% of the portfolio at end-June 2018, compared with 20% at end-2016, and redeeming mortgages about 49% of the portfolio, compared with 48% at end-2016.

The performance of ABN AMRO's corporate loan portfolio, which totalled EUR 98 billion at end-June 2018, improved in particular in the construction and real estate segment with impaired loans decreasing by 47% YoY to EUR 600 million at end-2017, from EUR 1.1 billion a year earlier. Declines were also visible in food, retail and basic resources. The former Energy Commodity and Transportation (ECT) portfolio continued to experience elevated impairment charges in 2017, at EUR 186 million, and 1Q18, at EUR 97 million, mainly driven by oil-related sectors (shipping and offshore segments) still facing a challenging operating environment. This is in part mitigated by a good diversification of the portfolio, with only EUR 4 billion is directly related to oil price risk, according to DBRS' calculations. DBRS will continue to monitor these developments. Overall, corporate loans' impaired ratio (stage 3) stood at 5.4% at end-2017 and end-1H18.

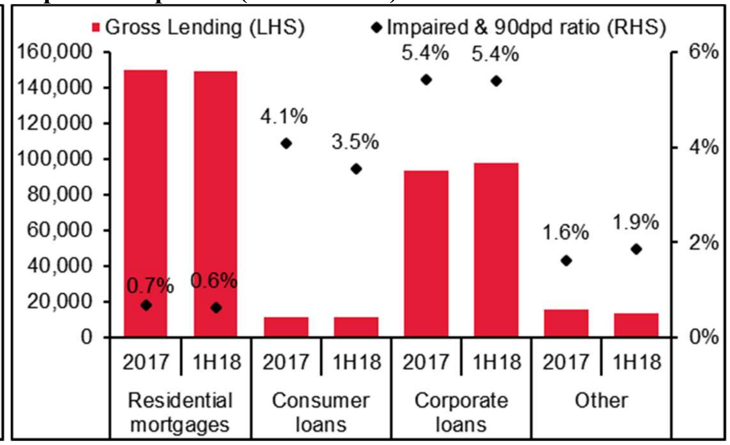
The Group has limited market risk exposure (2% of RWAs) with the trading book having an average undiversified VaR (value at risk) of EUR 6 million in 2017 and a maximum undiversified VaR of EUR 14 million.

In DBRS' opinion, operational risk is an important challenge for banking groups with the size and scope of ABN AMRO. The Group has, however, largely avoided the large fines and conduct costs that have affected some international peers in recent years. DBRS does, however, note that the Group is currently dealing with certain litigation issues, including the pricing model it used in the sale of mortgage loans with floating Euribor-based interest rates, and allegations of potential 'irresponsible lending' within its credit card business, International Card Services B.V. (ICS). While ABN AMRO has provided for certain cases, and is cooperating with the relevant authorities, DBRS remains cautious as settlement costs continue to be extremely elevated across the sector.

Gross lending (%)



Impaired Exposure (EUR million)



Source: Company data, DBRS

Funding and Liquidity

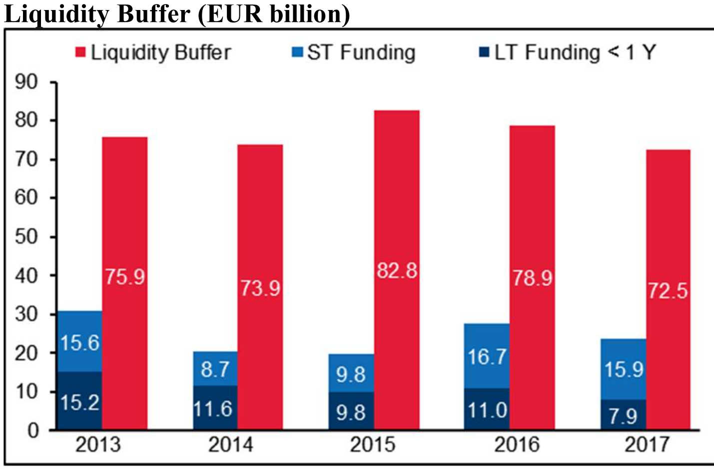
Grid Grade: Strong

The Group maintained a strong funding profile, underpinned by a solid customer deposit base and diversified wholesale funding. In recent years, customer deposits increased to approximately EUR 237 billion at end-June 2018, from EUR 229 billion at end-2016, particularly supported by the positive trend in private banking. Nonetheless, ABN AMRO's loan-to-deposit (LTD) ratio increased slightly to 114% at end-June 2018 compared to 112% at end-2017, due to higher corporate lending activity.

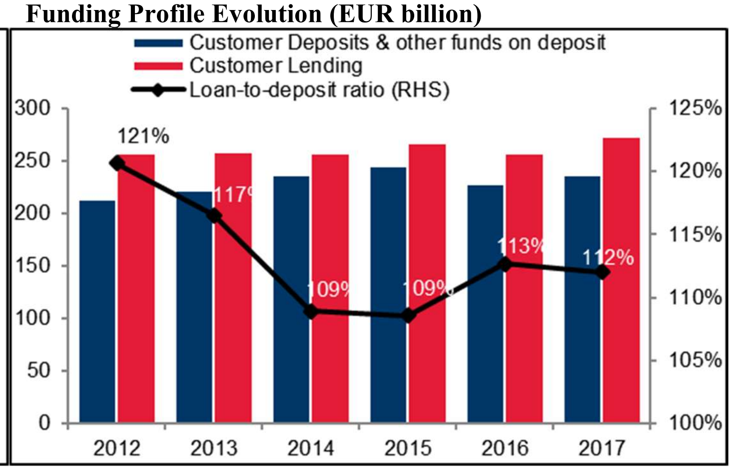
ABN AMRO maintains some reliance on market sensitive funding, which at end-June 2018 went up to at EUR 87.9 billion, accounting for about 26% of total funding. This is mitigated by a diversified funding mix and maturity profile as well as good market access. In this context, since the beginning of 2018, the Group issued EUR 3.7 billion in covered bonds, and EUR 2.8 billion of senior unsecured notes. Total funding raised in 2017 amounted to about EUR 16.0 billion, which included EUR 5.1 billion of senior unsecured funding, EUR 4.6 billion of covered bonds, and also EUR 1.4 billion of Tier 2 instruments and EUR 1 billion of additional Tier 1 capital instruments.

ABN AMRO's liquidity position is robust. At end-June 2018, the Group's total liquidity buffer totalled EUR 72.5 billion (stable from end-2017), consisting largely of cash and deposits at central banks, government bonds and asset backed securities. This represented approximately 2.8x the Group's wholesale debt funding maturing within one year. At end June-2018, ABN AMRO's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) were above 100%.

Liquidity Buffer (EUR billion)



Funding Profile Evolution (EUR billion)



Source: Company data, DBRS

Capitalisation

Grid Grade: Strong

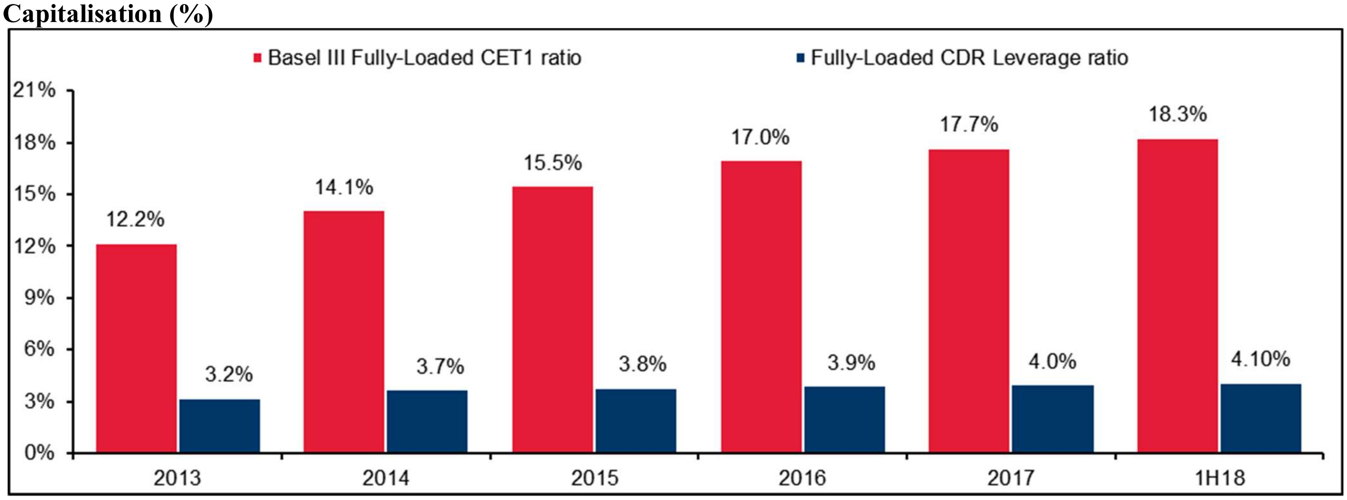
ABN AMRO maintained a strong capital profile in 2017 and 1H18. DBRS considers the Group to be in a good position to face the regulatory capital developments, given ABN AMRO's planned capital cushion over minimum requirements, conservative capital management and strong internal capital generation.

At end-June 2018, ABN AMRO's CET1 ratio (fully loaded) was up to 18.3%, from 17.7% at end-2017, in spite of the 12bps impact from the First Time Adoption of IFRS 9 in 1Q18, which the Group did not opt to dilute over five years. Nonetheless, ABN AMRO maintains a large cushion over the ECB's 10.4% minimum CET1 SREP requirement for 2018 and 11.78% for 2019.

Basel IV is estimated to increase the Group's risk weighted assets by around 35%. This could push ABN AMRO's CET1 ratio down to approx. 13%, according to DBRS' calculations. In DBRS' view, this impact is manageable, also considering ABN AMRO's consistent profitability levels, with an average net profit of 200bps of CET1 capital in the last three years, as well as conservative dividend payout policy of at least 50% of sustainable profit from 2018 onwards. Furthermore, the Group announced that it aims to maintain a Basel IV implementation buffer of 4-5% in CET1 and has accordingly revised its 2018 CET1 ratio target to 17.5% - 18.5%. This target will be reviewed annually to reflect regulatory developments such as TRIM and SREP.

The Group's fully-loaded leverage ratio was 4.1% at end-June 2018, which is in line with the minimum requirement set by the DNB for 2018. DBRS notes that the current calculation of the leverage ratio denominator, and specifically the calculation of derivative exposures and credit conversion factors of off-balance sheet items, remains under review by the Basel Committee. A revision of the calculation could potentially improve the fully loaded leverage ratio by 0.5%, according to ABN AMRO's calculations.

Capitalisation (%)



Source: Company data, DBRS

Although final requirements have yet to be determined, ABN AMRO also looks well placed to meet future Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements. At end-June 2018, the Group held EUR 30.5 billion of MREL-eligible instruments, based on solely on equity and subordinated instruments, equivalent to 29.2% of RWAs (28.1% at end-2017), which is close to the Group's ambition of 29.3% for 2019. Taking into account MREL eligible senior debt, however, the Group would exceed the internal target. Nonetheless, ABN AMRO aims to achieve the minimum requirement through profit retention, subordinated instruments and non-preferred senior bonds, whilst excluding the use of senior unsecured bonds to fill the requirement.

	2018H1		2017Y		2016Y		2015Y		2014Y	
ABN AMRO Group NV	30/06/2018		31/12/2017		31/12/2016		31/12/2015		31/12/2014	
	EUR		EUR		EUR		EUR		EUR	
EUR Millions	IFRS		IFRS		IFRS		IFRS		IFRS	
Balance Sheet										
Cash and deposits w ith central banks	28,826	7.29%	29,783	7.58%	21,861	5.54%	26,195	6.43%	706	0.17%
Lending to/deposits w ith credit institutions	10,084	2.55%	10,665	2.71%	13,485	3.42%	15,680	3.85%	21,680	5.24%
Financial Securities*	59,566	15.07%	58,234	14.81%	64,672	16.39%	62,291	15.29%	68,173	16.48%
- Trading portfolio	0	0.00%	1,584	0.40%	1,586	0.40%	1,686	0.41%	8,196	1.98%
- At fair value	2,555	0.65%	679	0.17%	778	0.20%	770	0.19%	589	0.14%
- Available for sale	40,181	10.16%	40,285	10.25%	44,719	11.34%	39,772	9.76%	40,877	9.88%
- Held-to-maturity	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
- Other	16,830	4.26%	15,686	3.99%	17,589	4.46%	20,063	4.92%	18,511	4.47%
Financial derivatives instruments	8,648	2.19%	9,825	2.50%	14,384	3.65%	19,138	4.70%	25,285	6.11%
- Fair Value Hedging Derivatives	1,400	0.35%	1,659	0.42%	2,909	0.74%	4,403	1.08%	5,555	1.34%
- Mark to Market Derivatives	7,249	1.83%	8,165	2.08%	11,475	2.91%	14,735	3.62%	19,730	4.77%
Gross lending to customers	280,600	70.97%	277,382	70.55%	271,365	68.79%	280,750	68.92%	294,354	71.15%
- Loan loss provisions	2,767	0.70%	2,460	0.63%	3,666	0.93%	4,355	1.07%	4,761	1.15%
Insurance assets	NA	-	NA	-	3,275	0.83%	2,543	0.62%	2,453	0.59%
Investments in associates/subsidiaries	594	0.15%	714	0.18%	765	0.19%	778	0.19%	1,136	0.27%
Fixed assets	1,472	0.37%	1,458	0.37%	1,418	0.36%	1,366	0.34%	1,412	0.34%
Goodw ill and other intangible assets	176	0.04%	184	0.05%	251	0.06%	263	0.06%	255	0.06%
Other assets	8,167	2.07%	7,385	1.88%	6,671	1.69%	2,727	0.67%	3,037	0.73%
Total assets	**395,365**	**100.00%**	**393,171**	**100.00%**	**394,482**	**100.00%**	**407,373**	**100.00%**	**413,730**	**100.00%**
Total assets (USD)	461,282		472,107		416,032		442,460		500,823	
Loans and deposits from credit institutions	14,646	3.70%	16,462	4.19%	13,419	3.40%	14,630	3.59%	15,744	3.81%
Repo Agreements in Deposits from Customers	NA	-	NA	-	NA	-	NA	-	NA	-
Deposits from customers	238,057	60.21%	236,700	60.20%	228,757	57.99%	247,352	60.72%	242,873	58.70%
- Demand	209,075	52.88%	127,675	32.47%	119,848	30.38%	134,632	33.05%	135,415	32.73%
- Time and savings	27,852	7.04%	109,025	27.73%	108,909	27.61%	112,560	27.63%	107,314	25.94%
Issued debt securities	91,007	23.02%	88,024	22.39%	92,903	23.55%	87,579	21.50%	91,049	22.01%
Financial derivatives instruments	9,700	2.45%	8,367	2.13%	14,526	3.68%	22,425	5.50%	30,449	7.36%
- Fair Value Hedging Derivatives	2,380	0.60%	2,455	0.62%	4,970	1.26%	9,466	2.32%	12,246	2.96%
- Other	7,320	1.85%	5,912	1.50%	9,557	2.42%	12,958	3.18%	18,203	4.40%
Insurance liabilities	8	0.00%	62	0.02%	3,402	0.86%	2,697	0.66%	2,636	0.64%
Other liabilities	10,973	2.78%	12,508	3.18%	11,365	2.88%	5,397	1.32%	7,774	1.88%
- Financial liabilities at fair value through P/L	9,081	2.30%	1,182	0.30%	1,639	0.42%	1,715	0.42%	1,981	0.48%
Subordinated debt	9,683	2.45%	9,720	2.47%	11,171	2.83%	8,453	2.08%	7,043	1.70%
Hybrid Capital	0	0.00%	0	0.00%	0	0.00%	1,255	0.31%	1,285	0.31%
Equity	21,288	5.38%	21,330	5.43%	18,937	4.80%	17,584	4.32%	14,877	3.60%
Total liabilities and equity funds	**395,365**	**100.00%**	**393,171**	**100.00%**	**394,481**	**100.00%**	**407,373**	**100.00%**	**413,730**	**100.00%**
Income Statement										
Interest income	6,481		12,502		12,651		13,207		13,376	
Interest expenses	3,154		6,045		6,383		7,130		7,353	
Net interest income and credit commissions	3,327	72.82%	6,456	72.43%	6,267	74.43%	6,076	71.86%	6,023	74.82%
Net fees and commissions	856	18.73%	1,747	19.60%	1,810	21.50%	1,829	21.63%	1,691	21.01%
Trading / FX Income	0	0.00%	287	3.22%	-211	-2.51%	99	1.17%	174	2.16%
Net realised results on investment securities (available for sale)	NA	-	NA	-	NA	-	NA	-	NA	-
Net results from other financial instruments at fair value	118	2.58%	NA	-	NA	-	NA	-	NA	-
Net income from insurance operations	NA	-	NA	-	NA	-	NA	-	NA	-
Results from associates/subsidiaries accounted by the equity method	25	0.55%	54	0.61%	55	0.65%	1	0.01%	51	0.63%
Other operating income (incl. dividends)	124	2.71%	368	4.13%	499	5.93%	450	5.32%	112	1.39%
Total operating income	4,569	100.00%	8,913	100.00%	8,420	100.00%	8,455	100.00%	8,050	100.00%
Staff costs	1,164	45.42%	2,569	46.91%	2,777	49.22%	2,492	47.71%	2,396	49.80%
Other operating costs	1,314	51.27%	2,712	49.52%	2,681	47.52%	2,560	49.01%	2,248	46.73%
Depreciation/amortisation	86	3.36%	196	3.58%	183	3.24%	172	3.29%	166	3.45%
Total operating expenses	2,563	100.00%	5,477	100.00%	5,642	100.00%	5,223	100.00%	4,811	100.00%
Pre-provision operating income	**2,007**		**3,436**		**2,778**		**3,232**		**3,239**	
Loan loss provisions**	341		-63		114		505		1,171	
Post-provision operating income	1,665		3,499		2,664		2,727		2,068	
Impairment on tangible assets	NA		7		15		4		8	
Impairment on intangible assets	0		42		0		1		30	
Other non-operating items***	2		321		-193		0		-484	
Pre-tax income	1,666		3,771		2,456		2,722		1,546	
(-)Taxes	383		979		650		798		412	
(-)Other After-tax Items (Reported)	0		0		0		0		0	
(+)Discontinued Operations (Reported)	0		0		0		0		0	
(-)Minority interest	25		18		1		5		0	
Net income	**1,238**		**2,773**		**1,805**		**1,919**		**1,134**	
Net income (USD)	1,522		3,133		1,997		2,130		1,507	

*Includes derivatives w hen breakdow n unavailable, **LLP includes Impairments on financial assets, ***Incl. Other Provisions

Off-balance sheet and other items	30/06/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Asset under management	308,200	307,000	322,700	313,500	302,500
Derivatives (notional amount)	1,411,029	1,246,486	1,211,843	1,250,719	1,100,179
BIS Risk-w eighted assets (RWA)	104,490	106,157	104,215	108,001	109,647
No. of employees (end-period)	19,215	19,954	21,664	22,048	22,215
Earnings and Expenses					
Earnings					
Net interest margin [1]	1.73%	1.63%	1.53%	1.41%	1.56%
Yield on average earning assets	3.37%	3.16%	3.08%	3.07%	3.47%
Cost of interest bearing liabilities	1.78%	1.72%	1.84%	1.98%	2.05%
Pre-provision earning capacity (total assets basis) [2]	0.99%	0.84%	0.67%	0.78%	0.82%
Pre-provision earning capacity (risk-w eighted basis) [3]	3.76%	3.26%	2.62%	2.89%	2.86%
Net Interest Income / Risk Weighted Assets	6.37%	6.08%	6.01%	5.63%	5.49%
Non-Interest Income / Total Revenues	27.18%	27.57%	25.57%	28.14%	25.18%
Post-provision earning capacity (risk-w eighted basis)	3.12%	3.32%	2.51%	2.44%	1.83%
Expenses					
Efficiency ratio (operating expenses / operating income)	56.50%	61.45%	67.01%	61.77%	59.76%
All inclusive costs to revenues [4]	56.51%	59.63%	70.07%	61.82%	65.90%
Operating expenses by employee	266,771	274,481	260,432	236,892	216,565
Loan loss provision / pre-provision operating income	17.00%	-1.83%	4.10%	15.63%	36.15%
Provision coverage by net interest income	975.66%	-10247.62%	5497.37%	1203.17%	514.35%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	18.25%	21.29%	13.94%	16.43%	10.18%
Return on equity	11.84%	13.01%	9.53%	10.92%	7.63%
Return on average total assets	0.62%	0.68%	0.44%	0.46%	0.29%
Return on average risk-w eighted assets	2.36%	2.63%	1.70%	1.71%	1.00%
Dividend payout ratio [5]	59.78%	36.95%	43.75%	0.00%	NA
Internal capital generation [6]	2.55%	9.23%	6.22%	14.12%	NA
Growth					
Loans	2.12%	2.70%	-3.15%	-4.56%	12.22%
Deposits	1.15%	3.47%	-7.52%	1.84%	17.00%
Net interest income	4.13%	3.02%	3.14%	0.88%	11.95%
Fees and commissions	-3.60%	-3.48%	-1.04%	8.16%	2.92%
Expenses	-3.79%	-2.92%	8.02%	8.56%	1.93%
Pre-provision earning capacity	10.28%	23.69%	-14.05%	-0.22%	19.65%
Loan-loss provisions	-1133.33%	-155.26%	-77.43%	-56.87%	-29.92%
Net income	-19.41%	53.63%	-5.94%	69.22%	-2.41%
Risks					
RWA% total assets	26.43%	27.00%	26.42%	26.51%	26.50%
Credit Risks					
Impaired loans % gross loans	2.47%	2.49%	3.28%	3.22%	2.58%
Loss loan provisions % impaired loans	39.93%	35.61%	41.14%	48.19%	62.64%
Impaired loans (net of LLPs) % pre-provision operating income [7]	113.93%	134.72%	197.52%	159.19%	108.92%
Impaired loans (net of LLPs) % equity	21.47%	21.70%	28.98%	31.51%	25.96%
Liquidity and Funding					
Customer deposits % total funding	67.36%	67.45%	66.07%	69.09%	68.09%
Total w holesale funding % total funding [8]	32.64%	32.55%	33.93%	30.91%	31.91%
- Interbank % total funding	4.14%	4.69%	3.88%	4.09%	4.41%
- Debt securities % total funding	25.75%	25.08%	26.83%	24.46%	25.52%
- Subordinated debt % total funding	2.74%	2.77%	3.23%	2.36%	1.97%
Short-term w holesale funding % total w holesale funding	12.70%	46.52%	45.93%	40.27%	43.08%
Liquid assets % total assets	24.91%	25.10%	25.35%	25.57%	21.89%
Net short-term w holesale funding reliance [9]	-28.24%	-15.47%	-15.64%	-19.66%	-12.85%
Adjusted net short-term w holesale funding reliance [10]	-28.24%	-30.64%	-30.67%	-39.27%	-12.85%
Customer deposits % gross loans	84.84%	85.33%	84.30%	88.10%	82.51%
Capital [11]					
Tier 1	19.24%	18.48%	17.85%	16.88%	14.58%
Tier 1 excl. All Hybrids	17.34%	16.61%	16.90%	15.31%	13.85%
Core Tier 1 (As-reported)	18.30%	17.70%	17.06%	15.53%	14.07%
Tangible Common Equity / Tangible Assets	4.82%	4.87%	4.48%	4.00%	3.53%
Total Capital	22.21%	21.29%	24.60%	21.70%	19.74%
Retained earnings % Tier 1	29.72%	29.18%	21.64%	16.81%	11.04%

[1] (Net interest income + dividends)% average interest earning assets.
[2] Pre-provision operating income % average total assets.
[3] Pre-provision operating income % average total risk-w eighted assets.
[4] (Operating & non-op. costs) % (op. & non-op. revenues)
[5] Paid dividend % net income.
[6] (Net income - dividends) % shareholders' equity at t-1.
[7] We take into account the stock of LLPs in this ratio.
[8] Whole funding excludes corporate deposits.
[9] (Short-term w holesale funding - liquid assets) % illiquid assets
[10] (Short-term w holesale funding - liquid assets- loans maturing w ithin 1 year) % illiquid assets
[11] Capital ratios of Interim results exclude profits for the year
* Interim information is annualised w here needed.

Rating Methodology

The applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (July 2018), which can be found on our website under Methodologies.

Ratings

Issuer	Debt	Rating	Rating Action	Trend
ABN AMRO Group N.V.	Long-Term Issuer Rating	A	Confirmed	Stable
ABN AMRO Group N.V.	Long-Term Senior Debt	A	Confirmed	Stable
ABN AMRO Group N.V.	Short-Term Debt	R-1 (low)	Confirmed	Stable
ABN AMRO Group N.V.	Short-Term Issuer Rating	R-1 (low)	Confirmed	Stable
ABN AMRO Bank N.V.	Long-Term Issuer Rating	A (high)	Confirmed	Stable
ABN AMRO Bank N.V.	Long-Term Senior Debt	A (high)	Confirmed	Stable
ABN AMRO Bank N.V.	Long-Term Deposits	A (high)	Confirmed	Stable
ABN AMRO Bank N.V.	Short-Term Debt	R-1 (middle)	Confirmed	Stable
ABN AMRO Bank N.V.	Short-Term Deposits	R-1 (middle)	Confirmed	Stable
ABN AMRO Bank N.V.	Short-Term Issuer Rating	R-1 (middle)	Confirmed	Stable
ABN AMRO Bank N.V.	Long Term Critical Obligations Rating	AA	Confirmed	Stable
ABN AMRO Bank N.V.	Short Term Critical Obligations Rating	R-1 (high)	Confirmed	Stable
ABN AMRO Bank N.V	Dated Subordinated Debt	A (low)	Confirmed	Stable
ABN AMRO Bank N.V	6.250% Sub notes Due 2022	A (low)	Confirmed	Stable
ABN AMRO Bank N.V	6.375% Sub Notes Due 2021	A (low)	Confirmed	Stable
ABN AMRO Bank N.V	7.125% Sub Notes Due 2022	A (low)	Confirmed	Stable
ABN AMRO Bank N.V	7.75% Sub Notes Due 2023	A (low)	Confirmed	Stable
ABN AMRO Bank N.V	Floating Rate Sub Notes Due 2020	A (low)	Confirmed	Stable

Rating History

Issuer	Debt	Current	2017	2016	2015
ABN AMRO Group N.V.	Long-Term Issuer Rating	A	A	N/A	N/A
ABN AMRO Group N.V.	Long-Term Senior Debt	A	A	A	A (low)
ABN AMRO Group N.V.	Short-Term Debt	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
ABN AMRO Group N.V.	Short-Term Issuer Rating	R-1 (low)	R-1 (low)	N/A	N/A
ABN AMRO Bank N.V.	Long-Term Issuer Rating	A (high)	A (high)	N/A	N/A
ABN AMRO Bank N.V.	Short-Term Issuer Rating	R-1 (mid)	R-1 (mid)	N/A	N/A
ABN AMRO Bank N.V.	Long-Term Senior Debt	A (high)	A (high)	A (high)	A
ABN AMRO Bank N.V.	Long-Term Deposits	A (high)	A (high)	N/A	N/A
ABN AMRO Bank N.V.	Short-Term Debt	R-1 (mid)	R-1 (mid)	R-1 (mid)	R-1 (low)
ABN AMRO Bank N.V.	Short-Term Deposits	R-1 (mid)	R-1 (mid)	N/A	N/A
ABN AMRO Bank N.V.	Long Term Critical Obligations Rating	AA	AA	AA	N/A
ABN AMRO Bank N.V.	Short Term Critical Obligations Rating	R-1 (high)	R-1 (high)	R-1 (high)	N/A
ABN AMRO Bank N.V	Dated Subordinated Debt	A (low)	A (low)	A	A (low)
ABN AMRO Bank N.V	6.375% Sub Notes Due 2021	A (low)	A (low)	A	A (low)
ABN AMRO Bank N.V	6.250% Sub Notes Due 2022	A (low)	A (low)	A	A (low)
ABN AMRO Bank N.V	7.125% Sub Notes Due 2022	A (low)	A (low)	A	A (low)
ABN AMRO Bank N.V	7.75% Sub Notes Due 2023	A (low)	A (low)	A	A (low)
ABN AMRO Bank N.V	Floating Rate Sub Notes Due 2020	A (low)	A (low)	A	A (low)

Previous Action

- DBRS Confirms ABN AMRO Bank N.V. at A (high), Trend Stable, July 19, 2018

Related Research

- DBRS: Basel IV - Significant but Manageable Impact for Resilient Dutch Banks, March 6, 2018

Previous Report

- Rating Report, ABN AMRO Group N.V., August 15, 2017

Note:
All figures are in Euros unless otherwise noted.