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CREDIT OPINION
1 June 2023

Update

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RATINGS

ABN AMRO Bank N.V.

Domicile	Amsterdam, Netherlands
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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ABN AMRO Bank N.V.

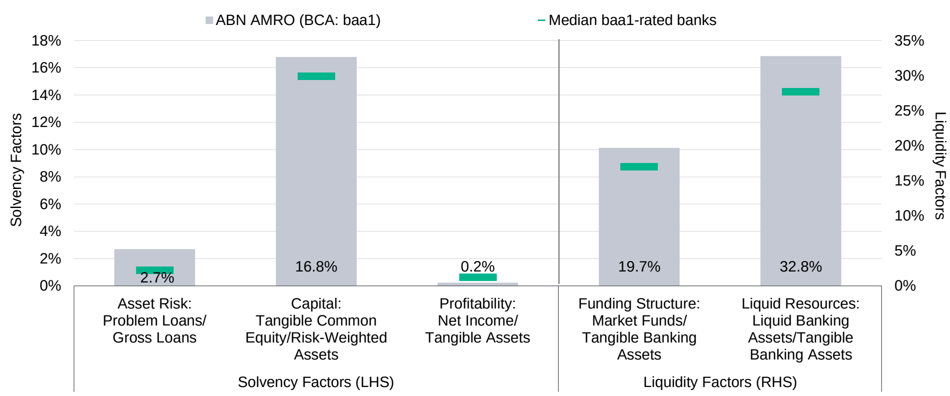
Update to credit analysis

Summary

The baa1 Baseline Credit Assessment (BCA) of ABN AMRO Bank N.V. (ABN AMRO) reflects the bank's overall good financial fundamentals including strong solvency, despite significant setbacks in its corporate loan book, and a robust liquidity and funding position. The BCA captures the bank's strong presence in the Dutch market; its business mix of retail and business banking, wealth management and corporate banking.

ABN AMRO's deposit and senior unsecured debt ratings of A1 reflect ABN AMRO's BCA of baa1; two notches of uplift resulting from the very low expected loss under our Advanced Loss Given Failure (LGF) analysis, given the substantial amount of volume and subordination benefiting senior creditors; and one notch of uplift stemming from a moderate probability of government support.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» Strong positions in the Dutch banking sector

» Moderate risk profile from focus on retail and commercial banking businesses

» Strong capitalisation on a risk-weighted basis

Credit challenges

» Modest profitability albeit commensurate with the low risk profile

» Yet incomplete remediation plan aiming at strengthening the internal control framework, to be completed in 2023

» Cost pressure linked to inflation, regulatory compliance and detection of financial crime

Outlook

The stable outlook reflects the bank's strong capitalisation and historically modest and volatile profitability, which we, however, expect to stabilise because of the bank's lower risk appetite in corporate banking and thanks to rising interest rates. The stable outlook also incorporates our assumption that the liability structure and probability of government support will remain broadly unchanged.

Factors that could lead to an upgrade

We could upgrade ABN AMRO's BCA and long-term ratings if the bank's capitalisation, including its regulatory Tier 1 leverage ratio, were to improve significantly, and the bank concurrently were to report higher net interest margin and sustainably stronger earnings while preserving a low risk profile.

ABN AMRO's deposit and senior unsecured debt ratings could also be upgraded as a result of a decrease in loss given failure, should these instruments sustainably benefit from higher subordination than is currently the case.

Factors that could lead to a downgrade

The bank's BCA could be downgraded as a result of a significant deterioration in the bank's asset quality; lower profitability with continued volatility in earnings; or a negative development in its liquidity or capitalisation. A downward movement in ABN AMRO's BCA would likely result in a downgrade of all the ratings.

ABN AMRO's deposit and senior unsecured debt ratings could also be downgraded as a result of an increase in loss given failure, should these instruments account, for example, for a significantly smaller share of the bank's overall liability structure, or benefit from lower subordination than is currently the case.

Key Indicators

Exhibit 2

ABN AMRO Bank N.V. (Consolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	375,445.0	399,113.0	388,970.0	375,054.0	381,295.0	(0.4)[4]
Total Assets (USD Million)	400,692.6	452,237.3	475,926.5	420,997.5	435,875.3	(2.1)[4]
Tangible Common Equity (EUR Million)	21,650.0	21,138.0	20,556.0	22,773.0	22,100.0	(0.5)[4]
Tangible Common Equity (USD Million)	23,105.9	23,951.6	25,151.4	25,562.7	25,263.5	(2.2)[4]
Problem Loans / Gross Loans (%)	2.1	2.6	3.5	2.5	2.2	2.6[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.8	18.0	18.6	20.7	21.0	19.0[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	22.4	28.7	36.6	26.8	24.2	27.7[5]
Net Interest Margin (%)	1.4	1.3	1.5	1.7	1.7	1.5[5]
PPI / Average RWA (%)	1.7	1.5	2.3	3.0	3.4	2.4[6]
Net Income / Tangible Assets (%)	0.4	0.3	0.0	0.5	0.5	0.4[5]
Cost / Income Ratio (%)	72.8	78.1	67.4	61.8	60.2	68.1[5]
Market Funds / Tangible Banking Assets (%)	19.7	24.2	25.5	23.1	24.3	23.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	32.8	32.5	33.0	24.8	25.3	29.7[5]
Gross Loans / Due to Customers (%)	100.1	102.9	105.4	114.4	115.3	107.6[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Further to the publication of our revised methodology in July 2021, for issuers that have "high trigger" Additional Tier 1 instruments outstanding, not all ratios included in this report reflect the change in treatment of these instruments.

Profile

ABN AMRO Bank N.V. is a Dutch universal bank with total assets of €404 billion at end-March 2023. The bank provides retail, private and commercial banking products and services to individuals, high-net-worth clients, small and medium-sized enterprises (SMEs), large companies and financial institutions.

ABN AMRO has a strong franchise in the highly concentrated Dutch market, where it is the second-largest bank in retail banking, with a 16.5% market share in key products, including mortgages, savings and consumer lending. The market share in new residential mortgages was 17.0% in 2022 and 15% in Q1 2023.

Around 86% of the bank's operating income is from domestic operations. Outside the Netherlands, the bank's franchise is more modest but benefits from good brand recognition in certain activities, such as private banking in France and Germany. As of the end of March 2023, private banking client assets totaled €210 billion.

The bank has also maintained a strong position in business and corporate banking, where its domestic market share ranges from 25% to 30%.

Please refer to ABN AMRO's Company Profile for more information.

Detailed credit considerations

Moderate risk profile because of focus on retail and commercial banking businesses

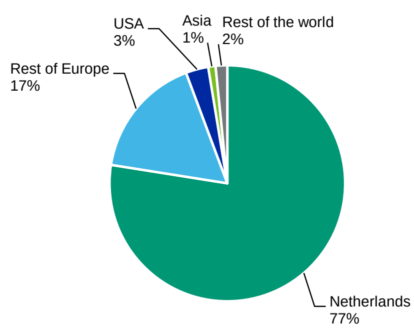
ABN AMRO's asset quality is good overall because its operations are primarily traditional retail and business banking in the domestic market.

Of the bank's loan portfolio, 62% was to households (primarily residential mortgages) as of the end of March 2023. We expect this segment to remain resilient as the low unemployment rate will only slightly increase[1] despite the negative impact of inflationary pressure on households' purchasing power, the economic uncertainties related to the prolonged military conflict between Russia and Ukraine, and temporarily declining house prices as the housing market boom in the Netherlands has come to an end. The Government of Netherlands (Aaa stable) has been deploying measures to support households' purchasing power,[2] which we expect will at least partly mitigate the risk of a deterioration in the bank's asset performance. In addition, Dutch households increasingly secured long-term fixed-rate mortgages[3] during the low interest rates period, mitigating the risk of a sharp deterioration in the credit quality of the outstanding book due to rising interest rates.

Exhibit 3

ABN AMRO's exposures are focused on the Netherlands

Geographical breakdown of exposures at default as of year-end 2022 (as a percentage of total exposures)

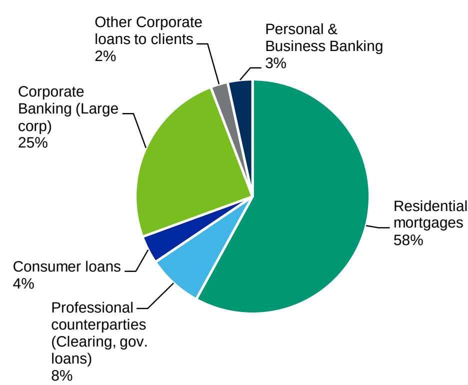


Sources: Company reports and Moody's Investors Service

Exhibit 4

ABN AMRO's loan book largely comprises Dutch residential mortgages

Breakdown of loan book by customer type as of the end of March 2023 (in percentage terms)



Sources: Company reports and Moody's Investors Service

Loans to corporate clients[4] represented 30% of the loan book at end-March 2023, primarily composed of exposures to large corporates stemming from its corporate banking business (around 80%) while the rest consisted of loans to SMEs and smaller businesses. Since it announced the decision to scale down its global market activities in August 2020, ABN AMRO has been refocusing its corporate banking business on its core markets of the Netherlands and Northwestern Europe, exiting the higher risk businesses that had generated 80% of the bank's credit impairments between 2017 and 2019.[5] As a result, the risk profile of the corporate loan portfolio has improved over the past three years.

Asset performance is good. The stock of stage 3 loans continued to reduce to 1.9% of outstanding loans at end-March 2023 from 2.0% at year-end 2022 (2.6% at year-end 2021) as a result of bad loan repayments and clients returning to stage 2[6] in the corporate sector and to a lesser extent int the mortgage book. Stage 2 loan ratio slightly decreased to 9.0% at end-March 2023 from 9.4% at year-end 2022 but remains higher than at year-end 2021 (8.2%). Stage 2 exposures increased in the course of 2022 as a result of transfers of both corporate and residential mortgage loans into stage 2 due to weakening macroeconomic environment.

Although up from a net provision release of €46 million in 2021, loan loss provisions remained extremely low at 3 basis points (bps) of average lending in 2022. This low cost of risk was driven by a €169 million release of provisions on stage 3 loans, reflecting repayments and improvements in the credit quality of defaulted loans, offset by forward-looking provision charges on stage 1 and stage 2 loans resulting from both the deteriorating macroeconomic outlook in IFRS 9 scenario analysis and management overlay on third-order effects from the Russian invasion of Ukraine. Cost or risk remained low at 4 bps in Q1 2023, but we expect it to increase over the coming quarters because of the lagging effects of deteriorated economic environment and because of lower provision reversals.

Exhibit 5
ABN AMRO's cost of risk remained extremely low in 2022
Loan loss impairment charges / gross customer loans in bps

Sources: Company reports and Moody's Investors Service

The bank has limited market risk exposure as reflected by the small share (2%) of market risk-weighted assets (RWA) in the group's total RWA at end-March 2023. Market activities, including some market-making activities, are essentially customer-driven.

ABN AMRO recorded numerous large exceptional losses in recent years, which resulted in significant net income volatility until the end of 2021[7]. These one-off losses, which related to both lending and non-lending credit risk, were testimony to past weaknesses in the bank's risk management, control functions and compliance. The bank has taken numerous remedial actions to reduce its risk appetite and enhance internal controls. We expect the ongoing implementation of such improvements and lower risks in its corporate banking portfolio to gradually reduce ABN AMRO's earnings volatility.

The baa1 assigned Asset Risk score, two notches below the macro-adjusted score, reflects ABN AMRO's sound asset quality. The negative adjustment reflects our expectation of a moderate deterioration in asset quality due to the subdued economic growth and also incorporates the aforementioned volatility in the bank's past performance.

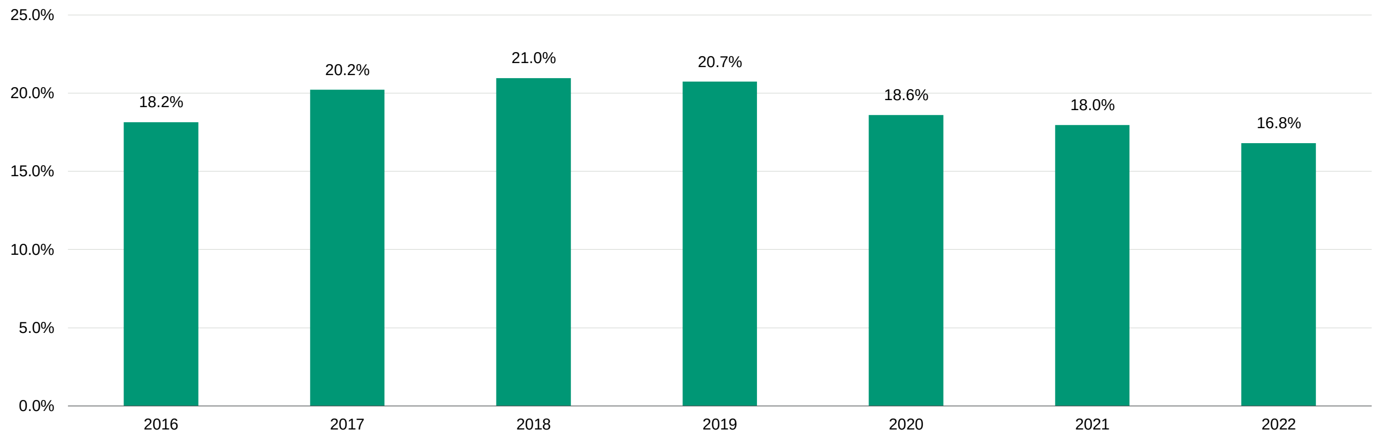
High risk-weighted capitalisation, although with higher-than-average nominal leverage

ABN AMRO reported a Common Equity Tier 1 (CET1) capital ratio of 15.0% as of the end of March 2023, slightly down from 15.2% as of year-end 2022 (16.3% as of year-end 2021 and 17.7% as of year-end 2020), in line with that of its main domestic peers. The decrease in the CET1 ratio to 15.2% at year-end 2022 from 16.3% at year-end 2021 was driven by 9% increase in risk-weighted assets (RWAs) to €128.7 billion,[8] partly offset by 1.6% increase in CET1 capital. The ratio further decreased to 15% at end-March 2023 as a result of the increase in RWAs (-40 bps)[9] and the first-time adoption of IFRS 17 (-20 bps), partially compensated by the positive impact of the quarter's result (40 bps).

The bank set a CET1 ratio target at 13% under "Basel IV" rules, leaving some room for dividends and potentially further share buybacks, which could result in a moderate decline in capitalisation. In April 2023, ABN AMRO completed its second share buyback programme of €500 million in April 2023[10] This followed the €500 million share buyback completed in May 2022. The bank has not yet announced any further buyback. It also reiterated that, for the time being, it would consider such operation only if its Basel IV CET1 ratio remains above 15%, which offers additional comfort to creditors and limits future pressure on capital.

The minimum CET1 regulatory requirement under the Supervisory Review and Evaluation Process (SREP) for 2023 is 9.8%[11]. Thus, ABN AMRO had a solid 5.2-percentage-point buffer above its requirement as of the end of March 2023. The countercyclical buffer (CCyB) for Dutch exposures will increase to 1% (from nil) from May 2023 and to 2% by Q2 2024. ABN AMRO estimates this will lead to a 1.5-percentage-point increase in the bank's CET1 requirement.

Exhibit 6
ABN AMRO has high levels of regulatory capital on a risk-weighted basis
Tangible common equity/RWA (in percentage terms)

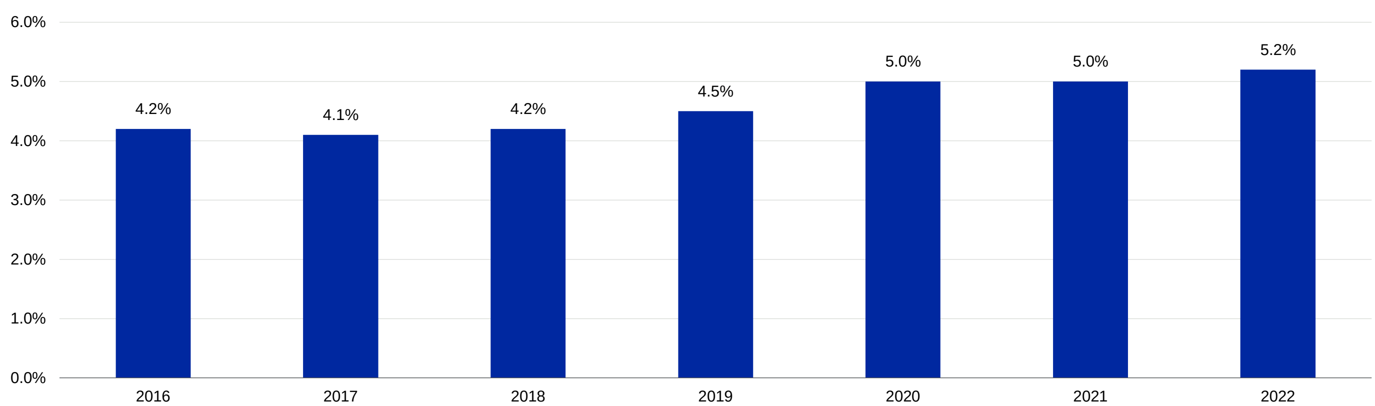


Sources: Company reports and Moody's Investors Service

The bank's leverage ratio was 5% at end-March 2023, slightly down from 5.2% at year-end 2022 due to higher exposures. The ratio of tangible common equity (TCE)/total assets was 5.8% as of year-end 2022, which we consider as commensurate with the moderate risk profile of the bank.

The assigned Capital score is aa3, one notch below the macro-adjusted score of aa2, is aligned with the 15% currently indicated by the bank as the threshold to meet before proceeding to any share buyback.

Exhibit 7
The bank's leverage ratio remains good
Regulatory Tier 1 leverage ratio (in percentage terms)



Sources: Company reports and Moody's Investors Service

Modest structural profitability is commensurate with the bank's reduced risk profile

ABN AMRO's profitability is recovering from two years (2021 and 2020) where profitability was constrained not only by the low interest rate environment and the sale of higher-yielding corporate banking assets, but also numerous large exceptional losses which resulted in significant net income volatility. With the de-risking measures implemented over the past two years, we expect less volatility in the bank's results over the coming quarters. We also expect the bank's net interest income to benefit from the rise in interest rates, of which full effect was not yet tangible in 2022. Higher income will likely be at least partly offset by upward pressure on operating expenses due to inflation as well as a rise in the cost of risk from the current very low levels. The assigned Profitability score of ba3, one notch above the macro-adjusted score of b1, reflects our expectation of a more stable, though structurally modest profitability going forward.

The bank reported a net result of €1.9 billion in 2022, 51% up on 2021 which was particularly affected by substantial negative one-offs[12] whereas the overall impact of one-offs was lower in 2022.[13] Excluding large one-offs, the bank's pre-tax income was €2.6 billion in 2022, up 6% on 2021, driven by 9% rise in pre-provision income, slightly offset by higher impairment charges (€39 million charge in 2022 versus a net release 2021). Revenues[14] grew by 5%, driven by good progression in fee and commission income (+7%) and other income (ALM results, impact of CVA/DVA and results from equity participations) while net interest income remained flat. Operating expenses[15] grew at a slower pace at 3% year-on-year.

Net interest income (69% of the bank's total revenues in 2022) only bottomed out in Q4 2022. Significantly lower prepayment fees compared to previous years, higher hedging costs resulting from longer duration of loans, the wind-down of Corporate Banking non-core portfolio and the progressive increase in interest rate paid on customer deposits offset the positive effects of rising interest rate on deposit margins in the first quarters of 2022. Improvement in net interest income continued into Q1 2023, which, excluding one-offs and the impact of the TLTRO, was up 28% on Q1 2022 and 8% on Q4 2022[16] While we expect net interest income in 2023 to be higher than in 2022, the successive hikes in the remuneration of savings accounts,[17] and competitive pressure on mortgage interest margins will likely constrain progression from the levels achieved in Q1 2023 over the coming quarters.

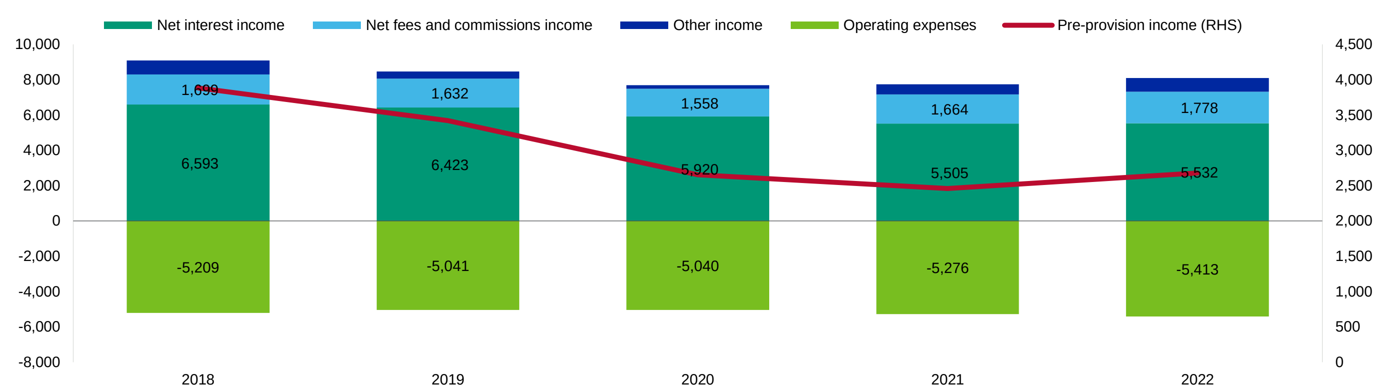
Net fee and commission income, (23% of total revenues in 2022), continued to grow at a steady pace in 2022 (+7% versus 2021). The rise was driven by higher income from payment services in Personal banking thanks to both increased volumes and better pricing, and higher transaction volumes at Clearing in the Corporate Banking division, which more than offset lower income from Wealth management due the lower market value of assets under management. In Q1 2023, fee and commission income remained stable compared to both Q1 2022 and Q4 2022.

The 3% growth in operating expenses in 2022[18] was primarily driven by higher payroll costs, AML staff and IT expenses, partly offset by lower regulatory levies and lower expenses from external staffing. The underlying cost-to-income ratio was 67% in 2022 versus 68% in 2021. Salary increases under the new Collective Labour Agreement will weigh more in 2023 than in 2022 as the first increase has only been effective since October 2022, and the second increase will become effective from July 2023. The bank nonetheless provides a cost guidance of €5.3 billion for 2023, broadly in line with 2022. It also indicates that meeting its 2024 operating expense target of €4.7 billion will be challenging because of high inflation and investment needs.

Exhibit 8

Improvement in pre-provision income is driven by progress in fee and commission income and other income

Breakdown of underlying pre-provision income in € million

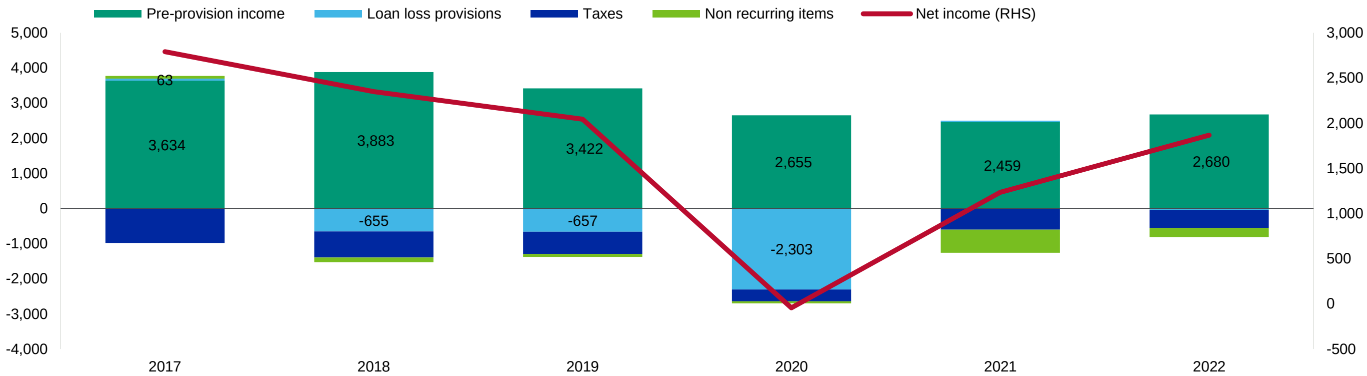


Source: Company reports and Moody's Investors Service

Exhibit 9

Lower impact of non-recurring items and rise in pre-provision income drive higher net profit in 2022

Breakdown of net income in € million



Source: Company reports and Moody's Investors Service

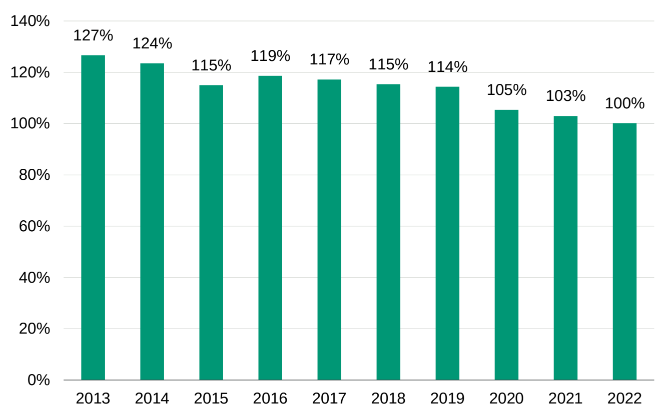
Robust liquidity, partly because of its strong private banking franchise

ABN AMRO's liquidity is robust, and we expect it to remain so over the coming quarters. According to our calculations, the bank's loan-to-deposit ratio was 100% at year-end 2022, further down from 103% at year-end 2021 and 105% at year-end 2020, reflective of continued growth in customer deposits, outpacing growth in the loan book. Customer deposits further grew by 2.7% in Q1 2023, primarily as a result of an increase in professional deposits. This funding position is supported by ABN AMRO's strong franchise in retail banking in the Netherlands, but also in private banking, which generates relatively limited lending and brings substantial deposits. These private banking deposits will remain an important source of funding for ABN AMRO, but these are more confidence-sensitive and less sticky than retail deposits.

Exhibit 10

ABN AMRO's deposit growth allowed to improve the customer funding gap

Gross loans/customer deposits* (in percentage terms)



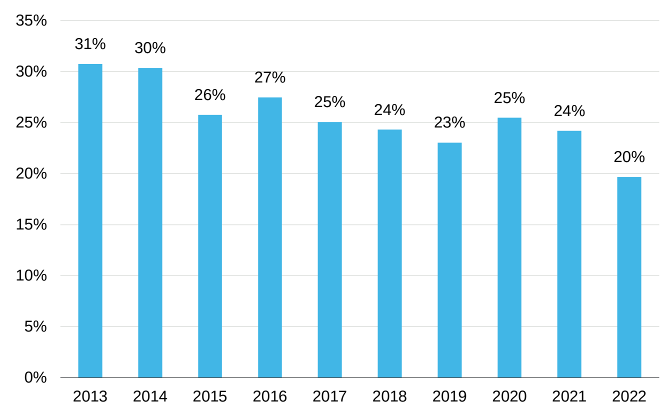
*Loan-to-deposit ratio per Moody's calculations.

Sources: Company reports and Moody's Investors Service

Exhibit 11

Wholesale funding decreased since 2013, despite a spike linked to TLTRO III in 2020

Market funds/tangible banking assets (in percentage terms)



Sources: Company reports and Moody's Investors Service

Risks stemming from the reliance on wholesale funding are mitigated by the term structure of the outstanding debt and the adequate liquidity buffer. As of year-end 2022, the liquidity buffer of €103.6 billion was thrice the amount of wholesale debt securities maturing within one year, which, we believe, provides comfortable coverage of liquidity risk. The bank's liquidity coverage ratio (LCR) was 143% on average during the 12 months ended December 2022, and the net stable funding ratio as of the end of December 2022 was 133%.

The bank repaid €21 billion borrowings from the TLTRO in Q4 2022. The outstanding amount as of year-end 2022 was €14 billion. Given that €11 billion will mature in June 2023 (the remainder will mature in June 2024), we assume that these amounts remain largely deposited back at the ECB. Consequently the bank's balance sheet is still temporarily inflated at year-end 2022.

Our assigned Funding Structure score of baa1 is one notch below the macro-adjusted score reflecting the bank's reliance on deposits stemming from private banking. The deduction of the portion of the TLTRO III borrowed funds that will mature in 2023 from both the numerator and denominator of the ratio to adjust for the temporary inflationary impact of these operations does not have any impact on the score.

Our assigned Liquid Resources score of a3, one notch below the macro-adjusted score of a2 results from a negative adjustment reflecting asset encumbrance. The deduction of the portion of TLTRO III borrowed funds that will mature in 2023 from the numerator and denominator of the ratio does not have any impact on the score.

ESG considerations

ABN AMRO Bank N.V.'s ESG Credit Impact Score is Moderately Negative CIS-3

Exhibit 12
ESG Credit Impact Score

CIS-3
Moderately Negative

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

Source: Moody's Investors Service

ABN AMRO's ESG Credit Impact Score is moderately negative (**CIS-3**), reflecting the limited credit impact of environmental and social factors on the rating to date, and the moderately negative impact of governance factors because of several failures in the bank's risk management and control functions, resulting in substantial losses. Remediation is continuing and has been accelerated by the new management team.

Exhibit 13
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-4	G-3
Moderately Negative	Highly Negative	Moderately Negative

Source: Moody's Investors Service

Environmental

ABN AMRO faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk. In line with its peers, ABN AMRO is exposed to mounting business risks and stakeholder pressure to meet more demanding carbon transition targets. ABN AMRO is further developing its climate risk management and reporting frameworks, and aims to reduce its exposure to certain carbon-intensive sectors over time.

Social

ABN AMRO faces high industrywide social risks related to regulatory risk and litigation exposure, and the bank is required to meet high compliance standards. The Dutch supervisor's high focus on mis-selling and misrepresentation has led to the bank recording significant losses, which its Dutch peers also incurred to various degrees. ABN AMRO has developed policies and procedures to address these risks. ABN AMRO's high cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

ABN AMRO's governance risks are moderate. The bank has reported numerous failures in its risk management and controls, and has had major shortcomings in compliance and reporting. These failures resulted in substantial losses related to both lending and non-lending credit risks in the past two years. The bank incurred losses in its CIB business, despite the shift in focus to select activities aimed at reducing the risk profile of the business. A new management team has accelerated the execution of the strategic plan and the completion of the remediation plan on the bank's controls framework. ABN AMRO is majority owned by the Dutch state. However, the large presence of independent administrators, and the domestic legal and regulatory framework mitigate existing governance risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

ABN AMRO is subject to the European Union Bank Recovery and Resolution Directive, which is an Operational Resolution Regime. In estimating loss given failure, we assume residual TCE of 3% and losses post-failure of 8% of tangible banking assets, a proportion of deposits considered junior of 26%, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

Under our Advanced forward-looking LGF analysis, the portion of ABN AMRO's TLTRO drawdowns, which we estimate is redeposited at the ECB, and will mature in 2023 is deducted from the bank's tangible banking assets, thereby reducing the inflationary impact of TLTRO on the bank's balance sheet.

Using historical financials as of December 2022, our Advanced LGF analysis indicates that ABN AMRO's deposits are likely to face an extremely low loss given failure, which would lead to a three-notch uplift from the Adjusted BCA. However, on a forward-looking basis we expect ABN AMRO's deposits to face a very low loss given failure, leading to a two-notch uplift.

ABN AMRO's senior unsecured debt is also likely to face very low loss given failure. This is supported by the combination of senior debt's own volume and the amount of subordination. This results in a two-notch uplift from the Adjusted BCA.

For subordinated and junior securities, our LGF analysis indicates high loss given failure because of the small volume of debt and limited protection from more subordinated instruments and residual equity. We also incorporate additional notching for junior subordinated and preference share instruments, reflecting the coupon features.

Government support considerations

Since ABN AMRO is a systemically important bank in the Netherlands, there is a moderate probability of government support, resulting in a one-notch uplift for both the long-term deposit rating of A1 and the senior unsecured debt rating of A1.

For subordinated and other junior securities, the likelihood of government support is low and these ratings do not include any uplift. Junior securities also include additional downward notching from the Adjusted BCA, reflecting coupon suspension risk ahead of a potential failure.

Counterparty Risk Ratings (CRRs)

ABN AMRO's CRRs are Aa3/Prime-1

The CRR for ABN AMRO, before government support, is three notches higher than the Adjusted BCA of baa1, based on the level of subordination to CRR liabilities in the bank's balance sheet, and assuming a nominal volume of such liabilities. The CRR also benefits from one notch of government support, in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk (CR) Assessment

ABN AMRO's CR Assessment is Aa3(cr)/Prime-1(cr)

Before government support, the CR Assessment is positioned three notches above the Adjusted BCA of baa1, based on the buffer against default provided to the senior obligations represented by subordinated instruments subordinated to the senior obligations represented by the CR Assessment.

The CR Assessment also benefits from one notch of government support, in line with our support assumptions on deposits and senior unsecured debt. This reflects our view that any support provided by governmental authorities to a bank, which benefits senior unsecured debt or deposits, is very likely to benefit operating activities and obligations reflected by the CR Assessment as well, consistent with our belief that governments are likely to maintain such operations as a going concern to reduce contagion and preserve a bank's critical functions.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 14

ABN AMRO Bank N.V.

Macro Factors							
Weighted Macro Profile	**Strong +**	**100%**					

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.7%	a2	↔	baa1	Sector concentration	Non lending credit risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	16.8%	aa2	↓	aa3	Expected trend	
Profitability						
Net Income / Tangible Assets	0.2%	b1	↑↑	ba3	Expected trend	Earnings quality
Combined Solvency Score		a3		baa1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	19.7%	a3	↔	baa1	Expected trend	Deposit quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	32.8%	a2	↔	a3	Asset encumbrance	
Combined Liquidity Score		a3		baa1		
Financial Profile				baa1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	in-scope (EUR Million)	% in-scope	at-failure (EUR Million)	% at-failure
Other liabilities	68,865	19.1%	94,622	26.2%
Deposits	252,523	69.9%	226,766	62.8%
Preferred deposits	186,867	51.7%	177,524	49.1%
Junior deposits	65,656	18.2%	49,242	13.6%
Senior unsecured bank debt	8,600	2.4%	8,600	2.4%
Junior senior unsecured bank debt	10,900	3.0%	10,900	3.0%
Dated subordinated bank debt	7,609	2.1%	7,609	2.1%
Preference shares (bank)	2,000	0.6%	2,000	0.6%
Equity	10,840	3.0%	10,840	3.0%
Total Tangible Banking Assets	361,337	100.0%	361,337	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	24.7%	24.7%	24.7%	24.7%	3	3	3	3	0	a1
Counterparty Risk Assessment	24.7%	24.7%	24.7%	24.7%	3	3	3	3	0	a1 (cr)
Deposits	24.7%	8.7%	24.7%	11.1%	3	3	3	2	0	a2
Senior unsecured bank debt	24.7%	8.7%	11.1%	8.7%	3	1	2	2	0	a2
Junior senior unsecured bank debt	8.7%	5.7%	8.7%	5.7%	0	0	0	0	0	baa1
Dated subordinated bank debt	5.7%	3.6%	5.7%	3.6%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.6%	3.0%	3.6%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	A1	A1
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	Baa1
Dated subordinated bank debt	-1	0	baa2	0	Baa2	Baa2
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 15

Category	Moody's Rating
ABN AMRO BANK N.V.	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Junior Senior Unsecured	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term	(P)P-1

Source: Moody's Investors Service

Endnotes

1 We forecast an unemployment rate of 3.9% in 2023 and 4.1% in 2024.

2 On 20 September 2022, the government announced its 2023 budget, which includes a €17.2 billion package to support consumer purchasing power. The support package includes energy price caps, increases in social benefits and tax credits, tax rate cuts, a one-time payment of €1,300 to lower-income households to offset the impact of high energy costs and a 10% increase in the minimum wage.

3 Long-term means that the interest reset period typically ten years or more.

4 Excluding loans to professional counterparties, to governments and other financial market participants through the clearing business

5 These include trade and commodity finance activities, as well as natural resources, global transportation and logistics outside Europe. The wind-down of these "non-core" businesses is almost completed with a residual exposure of €805 million as of end-March 2023.

6 Still-performing loans for which credit risk has risen since origination

7 The bank's 2021 results were affected by €306 million provisions for the settlement relating to consumers who were charged too much interest on revolving consumer credits with floating rates. Provision was further increased by €110 million in 2022 as the Appeals Board of the Kifid (the Dutch Financial Services Complaints Board) ruled that clients with interest rates that were not sufficiently aligned with market rates should also be compensated for compound interest. On 19 April 2021, ABN AMRO announced that it had reached a settlement agreement of €480 million with the Dutch Public Prosecution Service in relation to an investigation into possible violation of the Dutch Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) act between 2014 and 2020. Payment of the settlement resulted in the bank reporting a net loss in Q1 2021.

8 The increase in RWAs was mainly due to a new model risk add-on and migration of specific portfolios from Advances IRB to Foundation IRB and Standardized Approach.

9 The increase in RWAs in Q1 2023 is attributable to both business development and model reviews.

10 The impact of this share buyback was already incorporated in the bank's CET1 ratio as of year-end 2022.

11 The 9.8% CET1 requirement includes 4.50% of Pillar 1 requirement, 1.13% of Pillar 2 requirement, 2.5% of capital conservation buffer and 1.5% Other Systemically Important Institutions (OSII) buffer and countercyclical capital buffer of 0.13%.

12 The one-off items of 2021 notably included anti money laundering (AML) settlement and provisions on litigations

13 The one-off items of 2022 included €319 million loss incurred on the unwinding of the hedge of the TLTRO following the change in the terms of the instrument in Q4, offset by €175 million capital gains.

14 Excluding one-offs

15 Excluding one-offs

16 Without adjusting for the positive impact of the TLTRO in 2022, net interest income of Q1 2023 was up 24% on Q1 2022 and 3.6% on Q4 2022.

17 ABN AMRO increased interest rate in savings from 0 to 25 bps from 1 December 2022, to 50% from 1 March 2023 and to 75 bps from 1 May 2023.

18 Excluding one-offs

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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