

## CREDIT OPINION

9 December 2021

Update

✓ Rate this Research

### 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.

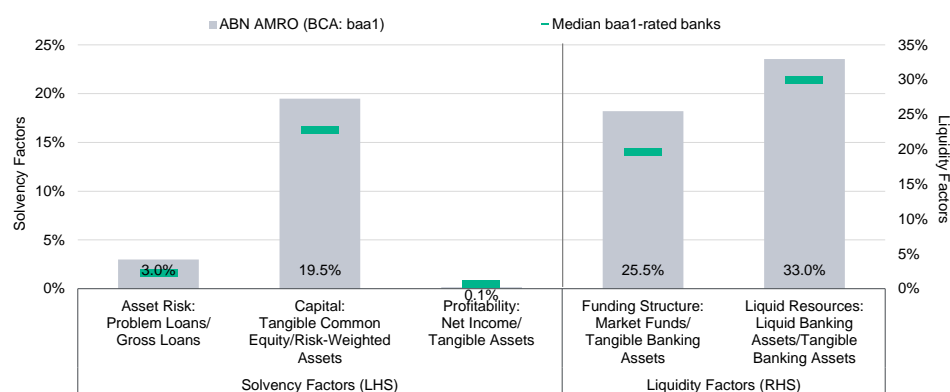
### Update to credit analysis

#### 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 material 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, commercial banking, corporate & institutional banking (CIB), and its private banking activity across Europe.

ABN AMRO's deposit and senior unsecured debt ratings of A1 reflects (1) ABN AMRO's BCA of baa1; (2) two notches of uplift resulting from the very low loss-given-failure under our Advanced Loss Given Failure (LGF) analysis, given the substantial amount of volume and subordination benefiting these creditors; and (3) 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
- » Declining asset risks thanks to ongoing reduction of riskiest CIB exposures
- » Strong capitalisation on a risk-weighted basis, although leverage ratio is more modest

## Credit challenges

- » Modest profitability, and recently volatile, driven by net interest margin pressure due to low interest rates and the sale of higher-yielding CIB assets
- » Yet incomplete remediation plan aiming at strengthening internal control framework, to be completed in 2022
- » Cost inflation linked to regulatory compliance and detection of financial crime

## Outlook

The stable outlook reflects the bank's strong capitalisation, as well as the structurally weakened profitability which we however expect to stabilize owing to a lower risk appetite in the CIB division. The stable outlook also assumes 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 (1) the bank's capitalisation were to improve materially further, including its regulatory Tier 1 leverage ratio, and (2) the bank concurrently were to report higher net interest margins and sustainably stronger earnings with a reduced risk profile and a completed remediation to their risk control frameworks.

ABN AMRO's deposit and senior unsecured debt ratings could also be upgraded as a result of a decrease in loss given failure, should they 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 (1) a significant deterioration in the bank's asset quality; (2) lower profitability with continued volatility in earnings; or (3) a negative development in its liquidity and/or capitalisation. A downward movement in ABN AMRO's BCA would likely result in downgrades to all 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 they 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.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key Indicators

Exhibit 2

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

	06-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	12-18 <sup>2</sup>	12-17 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR Million)	408,312.0	388,970.0	375,054.0	381,295.0	393,171.0	1.1 <sup>4</sup>
Total Assets (USD Million)	484,218.0	475,926.5	420,997.5	435,875.3	472,118.7	0.7 <sup>4</sup>
Tangible Common Equity (EUR Million)	20,881.0	20,556.0	22,773.0	22,100.0	21,468.8	(0.8) <sup>4</sup>
Tangible Common Equity (USD Million)	24,762.8	25,151.4	25,562.7	25,263.5	25,779.6	(1.1) <sup>4</sup>
Problem Loans / Gross Loans (%)	3.0	3.3	2.5	2.2	2.5	2.7 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	19.5	18.6	20.7	21.0	20.2	20.0 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	31.5	35.3	26.8	24.2	28.9	29.3 <sup>5</sup>
Net Interest Margin (%)	1.3	1.5	1.7	1.7	1.6	1.6 <sup>5</sup>
PPI / Average RWA (%)	0.8	2.3	3.0	3.4	3.0	2.5 <sup>6</sup>
Net Income / Tangible Assets (%)	0.1	0.0	0.5	0.5	0.6	0.4 <sup>5</sup>
Cost / Income Ratio (%)	87.1	66.8	61.8	60.2	64.2	68.0 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	27.5	25.5	23.1	24.3	25.1	25.1 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	36.3	33.0	24.8	25.3	24.9	28.9 <sup>5</sup>
Gross Loans / Due to Customers (%)	101.1	107.0	114.4	115.3	117.2	111.0 <sup>5</sup>

[1] 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. [2] All figures and ratios are adjusted using Moody's standard adjustments. [3] Basel III - fully loaded or transitional phase-in; IFRS.

[4] May include rounding differences because of the scale of reported amounts. [5] Compound annual growth rate (%) based on the periods for the latest accounting regime. [6] 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. 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. Please refer to [ABN AMRO's Company Profile](#) for more information.

## Detailed credit considerations

### Strong position in the domestic market

ABN AMRO has a strong franchise in the highly concentrated Dutch market, where it is the second-largest bank in retail banking, having a 16%-18% market share in key products, including mortgages, savings and consumer lending. The market share in new production of residential mortgages was 16% at the end of June 2021. Around 80% of the bank's operating income was from domestic operations in 2020.

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 June 2021, private banking client assets totaled €203 billion.

The bank has also maintained a strong position in commercial banking, where its domestic market share ranges from 25% to 30%. In international activities, which are run through its corporate and institutional banking (CIB) segment, ABN AMRO was a large player in some global markets such as "Global Transportation and Logistics (GTL)", "Natural Resources", and "Trade and Commodity Finance (TCF)", asset-based finance and clearing. However, as announced in August 2020, ABN AMRO is refocusing its activities on its core markets of the Netherlands and Northwestern Europe and its International Clearing business. The bank will completely exit TCF activities while the Natural Resources and GTL will be conducted exclusively in Europe. The risk profile of the core activities will be moderated as a result.

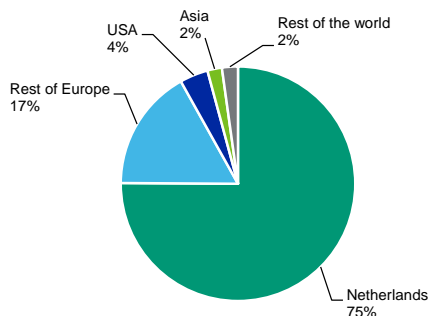
### Moderate risk profile thanks to focus on retail and commercial banking businesses

As reflected in the assigned Asset Risk score of baa1, we consider ABN AMRO's asset quality to be good overall because its operations are primarily traditional retail and commercial banking in the domestic market. Around 60% of the bank's loan portfolio was to households (primarily residential mortgages) at half-year 2021. As we expect this segment to be resilient in part thanks to government support measures in the Netherlands, ABN AMRO will continue to benefit from its focus on the domestic retail market.

Exhibit 3

#### ABN AMRO's exposures are focused on the Netherlands

Geographical breakdown of exposures at default as of the end of 2020 (as a percentage of total exposures)

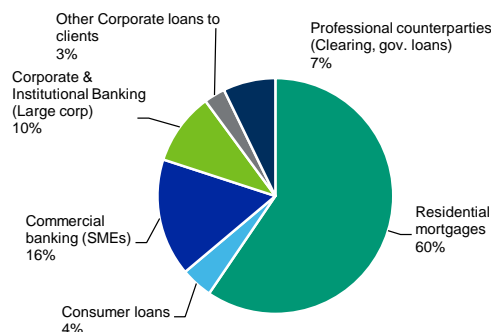


Source: Company reports and Moody's Investors Service

Exhibit 4

#### ABN AMRO's loan book is largely comprised of Dutch residential mortgages

Breakdown of loan book to customers by nature as of the end of June 2021 (in percentage terms)



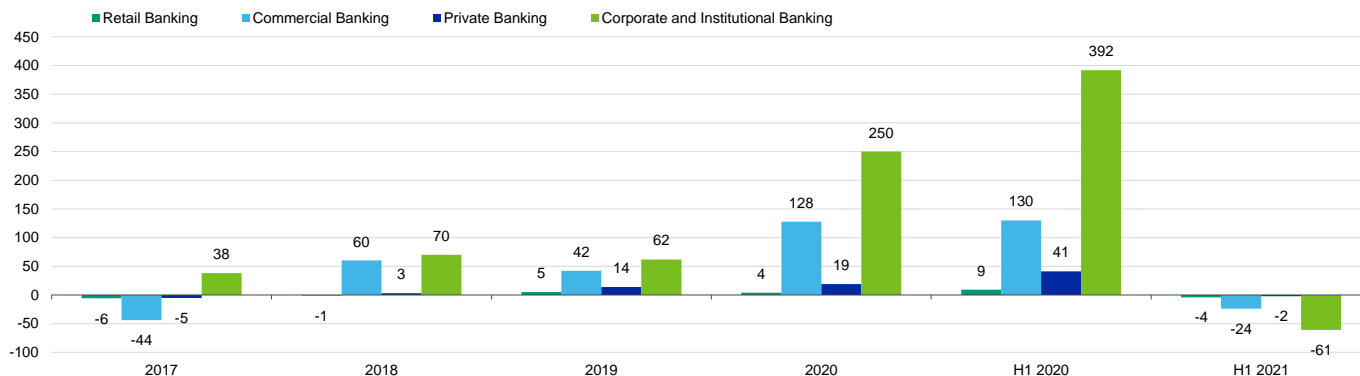
Source: Company reports and Moody's Investors Service

Nonetheless, ABN AMRO recorded numerous large exceptional losses in recent quarters resulting in significant net income volatility. The bank announced on 9 September 2021 that its Q3 results will be negatively affected by a €250 million payment to consumers who were charged too much interest on revolving consumer credits with floating rates. 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 Q1 2021 loss. These one-off losses, which relate to both lending and non-lending credit risk, are testimony to past weaknesses in the bank's risk management, control functions and compliance. However, the bank has taken numerous remedial actions in recent years aimed at moderating its risk appetite and enhancing its internal controls. We expect the ongoing implementation of such improvements and lower risks in its CIB portfolio to gradually reduce ABN AMRO's earnings volatility.

ABN AMRO's annualised cost of risk for 2020 amounted to 78 basis points (bps) of customer loans, or €2.3 billion, a higher level than the Dutch banking sector (60 bps on average). This abrupt increase in loan-loss charges from 24 bps in 2019 resulted from pandemic-related forward-looking provisions and the oil price decline, as well as impairments incurred on several large exposures. Nonetheless, the provision charges during the second half of 2020 and the first half of 2021 were much more benign. In H1 2021, the bank recorded a negative cost of risk of 18 bps (a €156 million release<sup>1</sup>) compared to 116 bps in H1 2020 (1,814 million). The bank also estimated that the cost of risk will be well below the through the cycle guidance of 25-30 bps in 2021.

Exhibit 5

**Impairment charges turned negative in H1 2021 after a difficult year in 2020 as a result of the coronavirus outbreak and significant one-offs**  
**Loan-loss impairment charges/gross customer loans (bps)**



Note: For H1 2020 and H1 2021, the cost of risk is based on annualised impairment charges.

Source: Company reports and Moody's Investors Service

The bank has limited market risk exposure, and related market risk-weighted assets (RWAs) accounted for around 2% of total RWAs as of the end of June 2021. ABN AMRO focuses on customer-driven activities and discontinued its proprietary trading activities in 2010. However, the bank still undertakes some market-making activities, which are relatively small and driven by its corporate and institutional clients.

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

ABN AMRO reported a Common Equity Tier 1 (CET1) ratio of 18.3% as of the end of June 2021 (17.7% at end-2020), which we view as strong compared with its main domestic and European peers. The bank set a CET1 ratio target at 13% under "Basel IV", leaving some room for dividends and share buybacks, which could result in a moderate decline in capitalisation.

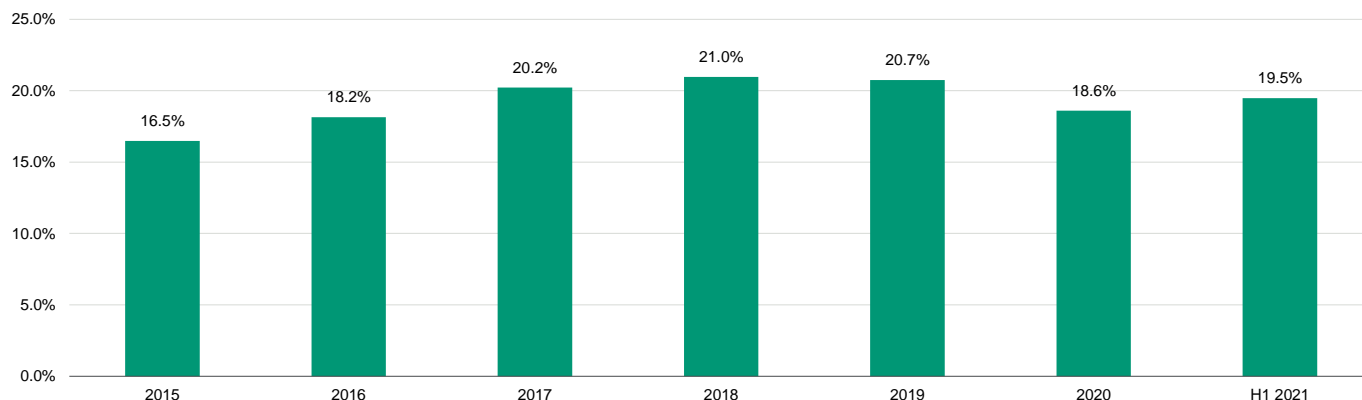
Nonetheless, the bank's CET1 ratio is approximately 16% on a pro-forma "Basel IV" basis and the bank said that it would consider share buybacks only if the CET1 ratio remained above 15% for the time being, which offers additional comfort to creditors and limits future pressure on capital. The bank may review the 15% share buyback threshold towards year-end 2021, as uncertainties related to litigation risks and the CIB review have subsided. The bank will not proceed to any share buybacks in 2021. The bank will also target a pay-out ratio of 50% of reported net profit after AT1 coupons and minority interests.

The minimum CET1 regulatory requirement under the Supervisory Review and Evaluation Process (SREP) for 2020 was 12.1%, including a countercyclical buffer of 0.1%. Due to the Covid crisis, the ECB and the DNB provided Dutch banks with capital relief measures. By allowing banks to use Additional Tier 1 and Tier 2 instruments to comply with their Pillar 2 requirements, suppressing the countercyclical buffers and by lowering the bank's systemic risk buffer to 1.5% from 3% and its Other Systematically Important Institutions (O-SIIs) buffer to 1.5% from 2%, the minimum CET1 requirement for ABN AMRO decreased to 9.6%<sup>2</sup>. Thus, ABN AMRO has a solid 8.7 percentage points buffer<sup>3</sup> above its requirement. ABN AMRO reported that it will not make use of IFRS 9 transitional measures embedded in "CRR2 quick fix".

Exhibit 6

**ABN AMRO has high levels of regulatory capital on a risk-weighted basis**

Tangible common equity/RWA (in percentage terms)



Source: Company reports and Moody's Investors Service

The bank's Tier 1 leverage ratio was 4.8% at end-June 2021. The ratio of tangible common equity (TCE)/ total assets was 5.1% as of the same date. The contrast between the strong CET1 ratio and the lower leverage ratios reflects the relatively low risk weights assigned to assets, in particular Dutch mortgages, in the calculation of RWAs.

The estimated overall effect of the application of the "Basel IV" rules given by the bank in 2018 was a 36% increase in its RWAs, before mitigation efforts (mitigation measures would lower the impact by around 20%). This estimate assumed a static balance sheet. The bank has already experienced around €24 billion RWA inflation since Q4 2018 linked to the ECB's Targeted Review of Internal Models (TRIM) and model review add-ons, including a self-imposed add-on of €1.7 billion recorded for the new mortgage models in Q1 2021. These impacts have reduced the impact related to the future application of the "Basel IV" rules on the bank's capital ratios.

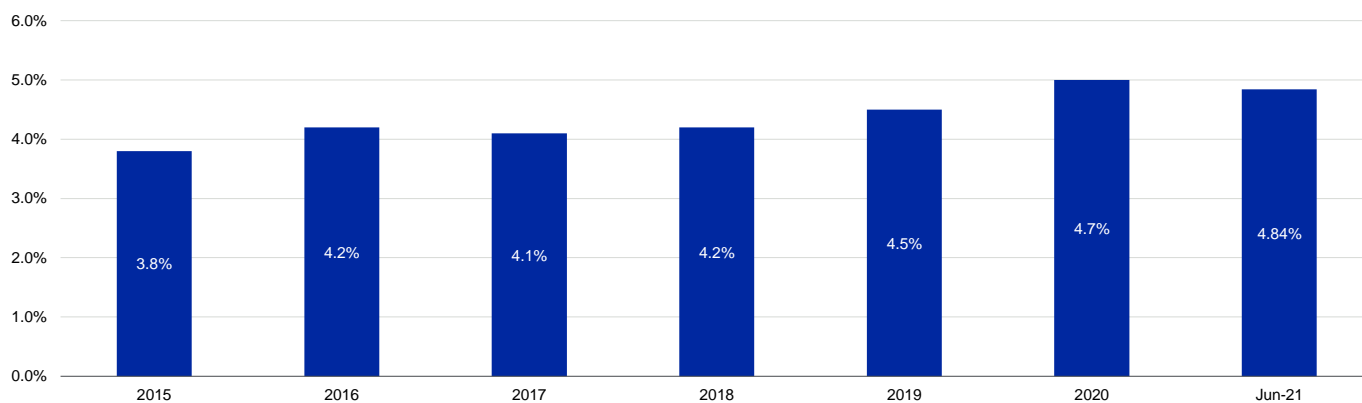
In line with the change in the [Banks methodology](#) published on 9 July, we revised our previous view that AT1 securities with a high trigger would provide ABN AMRO Bank N.V. with loss absorption ahead of the point of non-viability. This revision prompted the removal of €2 billion equity credit linked to high trigger AT1 instruments from the group's capital, which was previously added to ABN AMRO's post-failure loss-absorbing instruments under our LGF analysis.

The assigned Capital score is aa3, a reflection of the strong capitalisation of the bank.

Exhibit 7

**The bank's leverage has improved**

Regulatory Tier 1 leverage ratio (in percentage terms)



Source: Company reports and Moody's Investors Service

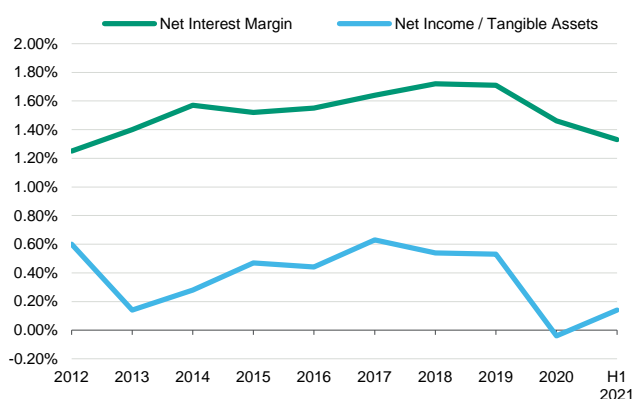
### Modest structural profitability going forward is commensurate with the bank's reduced risk profile

The low interest rate environment and the sale of higher-yielding CIB assets affected ABN AMRO's profitability in the past two years. In addition, the bank recorded numerous large exceptional losses in recent quarters resulting in significant net income volatility. Nonetheless, ABN AMRO's profitability is structurally sound and, although more modest going forward, it will be commensurate with the bank's reduced risk profile.

In H1 2021, ABN AMRO reported a net profit of €339 million, versus a net loss of €400 million in H1 2020. H1 results were affected by the €480 million provision on AML cited above. Revenues also decreased by 8% against H1 2020 due to continued pressure on net interest margins, lower corporate volumes and lower fees. Although largely a consequence of deposit margin pressure, the decline of NIMs was also partly due to the sale of non-core exposures in the CIB division.

Exhibit 8

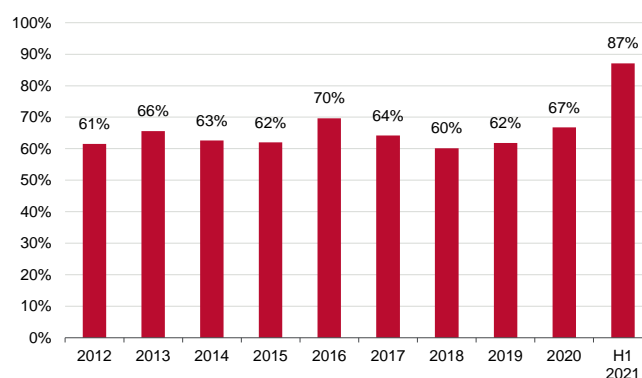
#### Net interest margins supported net profits until now



Adjusted figures in accordance with Moody's calculations and adjustments.  
Source: Company reports and Moody's Investors Service

Exhibit 9

#### Efficiency efforts brought significant results but one-offs and regulatory compliance staffing bring pressure Cost-to-income ratio (in percentage terms)



Cost-to-income ratios include regulatory levies. Adjusted figures in accordance with Moody's calculations and adjustments.  
Source: Company reports and Moody's Investors Service

Net interest margins started to decline in 2019 and we expect them to keep falling because of the low interest rate environment and the divestment of higher-yielding non-core assets. Deposit margins are under significant pressure and the bank is only partly able to offset this by progressively lowering the thresholds for charging negative rates. The bank drew a total €35 billion of ECB's TLTRO III in 2020 and H1 2021 with a view of boosting net interest income, but loan growth was insufficient to benefit from the preferential TLTRO rate of -100 bps as of March 2021. The bank indicated that it hopes to benefit from this preferential rate during the period running between June and December 2021. We also expect fees and commissions to come under pressure due to the reduction of the CIB activities.

The bank's cost-savings plan delivered €1.1 billion recurring savings annually up to 2020 (excluding restructuring provisions). However, significant impairment charges and other costs will weigh on profit in our opinion, including bank levies and external staff recruitment related to regulatory and IT projects. The bank indicated that this will lead to an increase in total operating expenses to €5.3 billion for full year 2021, up around 1% year-on-year.

The bank's reported cost-to-income ratio was 86% in H1 2021. This is much above the previous target, which has been abandoned by the bank, of 56%-58% by 2020 and less than 55% by 2022. The cost-to-income ratio target was replaced by a cost base target of no more than €4.7 billion by 2024. The bank has postponed its cost-to-income target indefinitely because of the persistently low interest rates and resulting pressure on margins.

The assigned profitability score of ba3 reflects our view of the structural modest but stable profitability of the bank going forward.

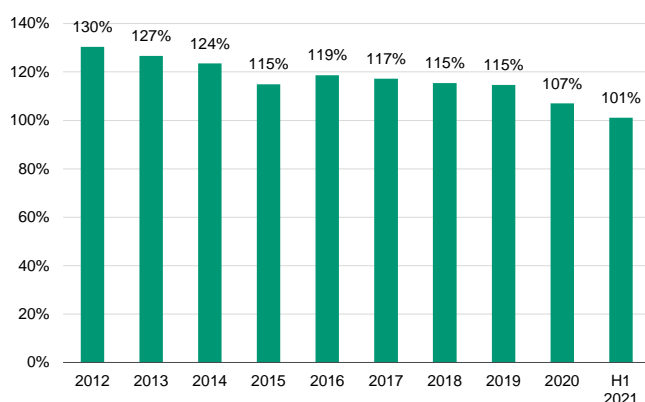
### Robust liquidity, partly because of its strong private banking franchise

We view ABN AMRO's liquidity as robust, and we expect it to remain so over the coming quarters. As of the end of June 2021, the bank disclosed a loan-to-deposit ratio of 100%, reflective of the strong increase of savings during the lock-down periods. The loan-to-deposit ratios were 114% and 106% at year-ends 2019 and 2020, respectively. This funding position is supported by ABN AMRO's strong position 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 we consider them to be 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)

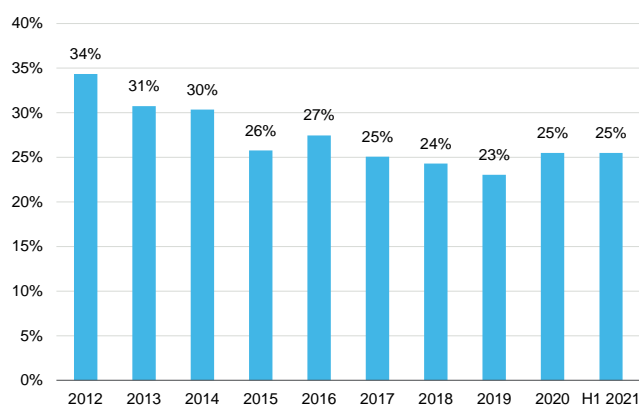


Note: \*Loan-to-deposit ratio under Moody's calculations.  
Source: Company reports and Moody's Investors Service

Exhibit 11

#### Wholesale funding decreased since 2012, despite a spike linked to TLTRO III in 2020 / H1 2021

Market funds/tangible banking assets (in percentage terms)



Source: 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, as well as the adequate liquidity buffer. As of end-June 2021, the liquidity buffer of €108.5 billion represented more than five times all the wholesale debt securities maturing within one year, which we consider a strong coverage of liquidity risk. The bank's liquidity coverage ratio was 166% on average during the twelve months ending June 2021 and net stable funding ratio at end-June 2021 was above 100%, as reported by the bank.

All these factors are reflected in our combined Liquidity score of baa1. The score also reflects the abundant source of cheap funding and liquidity available via the Long-term Refinancing Operations (TLTROs) by the ECB. We believe these amounts are largely deposited back at the ECB (to take advantage of favorable terms offered on funding rate), rather than being recycled for investment purposes. In H1 2021, the bank's TLTRO take-up amounted to €35 billion and we have consequently deducted the amount redeposited at the ECB from both the Market funding ratio and the Liquidity ratio in our scorecard.



## 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

## E-3

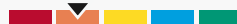
### Moderately Negative



SOCIAL

## S-4

### Highly Negative



GOVERNANCE

## G-3

### 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 Moody's.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 we consider to be 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, 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. All Additional Tier 1 (AT1) instruments are included in our LGF analysis, including the €2 billion of high-trigger AT1 instruments as of year-end 2020.

Under Moody's Advanced forward-looking LGF analysis, the portion of ABN's TLTRO drawdowns which we estimate is redeposited at the ECB is deducted from the bank's tangible banking assets, thereby reducing the inflationary impact of TLTRO on the bank's balance-sheet. We assume that the portion of borrowed funds re-deposited at the ECB will be running off medium-term. This adjustment does not result in a change in ratings uplift.

ABN AMRO's deposits are likely to face very low loss given failure because of the loss absorption provided by the combination of substantial deposit volume and subordination. This results in a two-notch uplift from the Adjusted BCA.

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

For subordinated and other junior securities, we believe that 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 CRR is 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.

<b>Macro Factors</b>							
<b>Weighted Macro Profile</b>		<b>Strong +</b>	<b>100%</b>				
<b>Factor</b>	<b>Historic Ratio</b>	<b>Initial Score</b>	<b>Expected Trend</b>	<b>Assigned Score</b>	<b>Key driver #1</b>	<b>Key driver #2</b>	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	3.0%	a2	↔	baa1	Sector concentration	Non lending credit risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	19.5%	aa2	↓	aa3	Expected trend		
Profitability							
Net Income / Tangible Assets	0.1%	b1	↑	ba3	Expected trend	Earnings quality	
Combined Solvency Score		a3		baa1			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	25.5%	baa2	↑	baa2	Deposit quality		
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	33.0%	a2	↓	a3	Asset encumbrance		
Combined Liquidity Score		baa1		baa1			
Financial Profile							
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			
<b>Balance Sheet</b>							
		<b>in-scope (EUR Million)</b>	<b>% in-scope</b>	<b>at-failure (EUR Million)</b>	<b>% at-failure</b>		
Other liabilities		102,909	26.4%	127,921	32.9%		
Deposits		245,212	63.0%	220,200	56.6%		
Preferred deposits		181,457	46.6%	172,384	44.3%		
Junior deposits		63,755	16.4%	47,816	12.3%		
Senior unsecured bank debt		17,200	4.4%	17,200	4.4%		
Junior senior unsecured bank debt		4,100	1.1%	4,100	1.1%		
Dated subordinated bank debt		6,091	1.6%	6,091	1.6%		
Preference shares (bank)		2,000	0.5%	2,000	0.5%		
Equity		11,676	3.0%	11,676	3.0%		
Total Tangible Banking Assets		389,188	100.0%	389,188	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	22.8%	22.8%	22.8%	22.8%	3	3	3	3	0	a1
Counterparty Risk Assessment	22.8%	22.8%	22.8%	22.8%	3	3	3	3	0	a1 (cr)
Deposits	22.8%	6.1%	22.8%	10.6%	2	3	2	2	0	a2
Senior unsecured bank debt	22.8%	6.1%	10.6%	6.1%	2	1	2	2	0	a2
Junior senior unsecured bank debt	6.1%	5.1%	6.1%	5.1%	0	0	0	0	0	baa1
Dated subordinated bank debt	5.1%	3.5%	5.1%	3.5%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.5%	3.0%	3.5%	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
<b>ABN AMRO BANK N.V.</b>	
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

- Partly related to a €40 million release in CIB non-core following the write-back linked to a large individual file and the decrease in the exposure on the CIB non-core wind-down
- The 9.6% CET1 requirement includes 4.50% (Pillar 1), 1.1% of Pillar 2 requirement, 2.5% of capital conservation buffer and 1.5% of systematic risk buffer
- The 9.6% CET1 requirement includes 4.50% (Pillar 1), 1.1% of Pillar 2 requirement, 2.5% of capital conservation buffer and 1.5% of systematic risk buffer

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