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ABN AMRO Bank N.V.

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ABN AMRO Bank N.V.

SACP	a-	+	Support	+1	+	Additional Factors	0

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

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

Issuer Credit Rating
A/Positive/A-1

Major Rating Factors

Strengths:	Weaknesses:
• Capital position strengthened to adapt to regulatory challenges. • A leading market position in domestic retail and private banking. • Strong macroeconomic performance of the Dutch economy and recovering local property markets support the bank's operating performance.	• Less business and geographic diversification than larger universal banks. • Like for European peers, the persistently low interest rates puts pressure on revenue generation.

Outlook: Positive

The positive outlook on ABN AMRO stems from the positive economic trend we see for banks operating in the Netherlands, reflecting, in particular, our real GDP growth and unemployment forecasts, which support the expected gradual reduction of economic imbalances in the residential property and CRE sectors. With the continuation of these positive developments--including a reducing average loan-to-value ratio (LTV) on mortgages and decreasing vacancy rates in the CRE sector--we could revise to 'a-' from 'bbb+' the anchor that starts our ratings on banks operating mainly in the Netherlands. This would allow us to revise our SACP assessment upward and raise our long-term ratings on ABN AMRO, all other factors remaining unchanged. In the meantime, we expect that ABN AMRO will maintain a strong capital position, with the risk-adjusted capital (RAC) ratio trending toward 11% in the next two years, and continue to build its additional loss absorption capacity (ALAC) buffer. We assume that ABN AMRO's ratio of ALAC to our risk-weighted assets (RWA) metric will remain above our 5% threshold for a one-notch uplift in the next three years.

We would revise the outlook to stable if macroeconomic conditions and performance of the commercial real estate sector were to stop recovering in 2018, and if progress of reforms in the residential real estate sector were to stall.

Rationale

Our ratings on Dutch bank ABN AMRO reflect the dominance of relatively stable and low-risk activities in its business mix of domestic retail and commercial banking activities, and private banking. With adjusted assets exceeding €400 billion at end-September 2017, the bank is the third largest in the Netherlands, and among the top 20 largest banks in Europe. However, despite its size, ABN AMRO has less geographic diversification than most universal banks in Europe.

With a fully loaded CET1 of 17.6% at end-September 2017 and a risk-adjusted ratio gradually rising to 10.5%-11% by year-end 2018, the bank is strongly capitalized and well-prepared for the upcoming regulatory changes.

A large book of granular and typically low-risk Dutch mortgages, which makes 55% of loans, dominate the bank's risk profile. Although some pockets of risk exist in the corporate book, like in the transportation, commodities, and energy sectors, the bank maintains adequate asset quality metrics with nonperforming loans estimated at about 3% at year-end 2017.

The funding and liquidity positions are sound--not very different from local peers--with a loan-to-deposit ratio of about 115% and a granular base of domestic deposits in the Netherlands.

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

Anchor:'bbb+'

The 'bbb+' anchor draws on our Banking Industry Country Risk Assessment (BICRA) methodology and our view of the weighted-average economic risk in the countries in which ABN AMRO operates, based on the geographic distribution of its exposure at default (75% to the Netherlands, 15% to Europe, and 10% to the rest of the world). The economic risk score for the Netherlands is '3' on a scale of 1-10 ('1' representing the lowest risk and '10' the highest), and the weighted-average score for the countries in which ABN AMRO operates is just above that mark. We do not anticipate any rapid transformation of the asset mix by geography over the next two years. In the meantime, we note that gradual growing of banking activities abroad is among the bank's medium term strategic goals.

We base our assessment of economic risk on our view that the Dutch economy is wealthy, diversified, open, and competitive, as seen in its high income per capita, its net external asset position, recurrent and elevated current account surpluses, and a long track record of prudent and flexible macroeconomic policies. Following average real GDP growth of 2.6% in 2016-2017, we believe that the Netherlands' real GDP will post 1.9% growth in 2018 before lowering to 1.8% in 2019. Strong domestic demand continues to fuel the ongoing recovery. We believe that supportive macroeconomic developments, the dynamics of the real estate markets--both residential and commercial--and, last but not least, the legal reforms introduced since 2013 and the banks' own restructuring efforts in this context, are gradually leading to receding economic imbalances in the country. In our view, the trend on economic risk is positive.

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

Table 1

ABN AMRO Bank N.V. Key Figures

		--Year-ended Dec. 31--			
(Mil. €)	**2017***	**2016**	**2015**	**2014**	**2013**
Adjusted assets	404,041.0	390,956.0	387,511.0	384,159.0	369,656.0
Customer loans (gross)	274,825.0	271,347.0	263,674.0	266,669.0	262,003.0
Adjusted common equity	18,458.0	17,010.0	16,396.0	15,150.0	14,481.0
Operating revenues	6,605.0	8,227.0	8,455.0	8,055.0	7,324.0
Noninterest expenses	3,929.0	5,642.0	5,228.0	4,788.0	4,722.0
Core earnings	2,055.3	1,817.0	1,924.0	1,553.7	1,208.0

*Data as of Sept. 30.

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

Our assessment of ABN AMRO's business position as adequate reflects the dominance of relatively stable activities in its business mix of domestic retail activities, commercial banking activities, and private banking, supported by sound market positions. We believe most of the business the bank operates is low-risk.

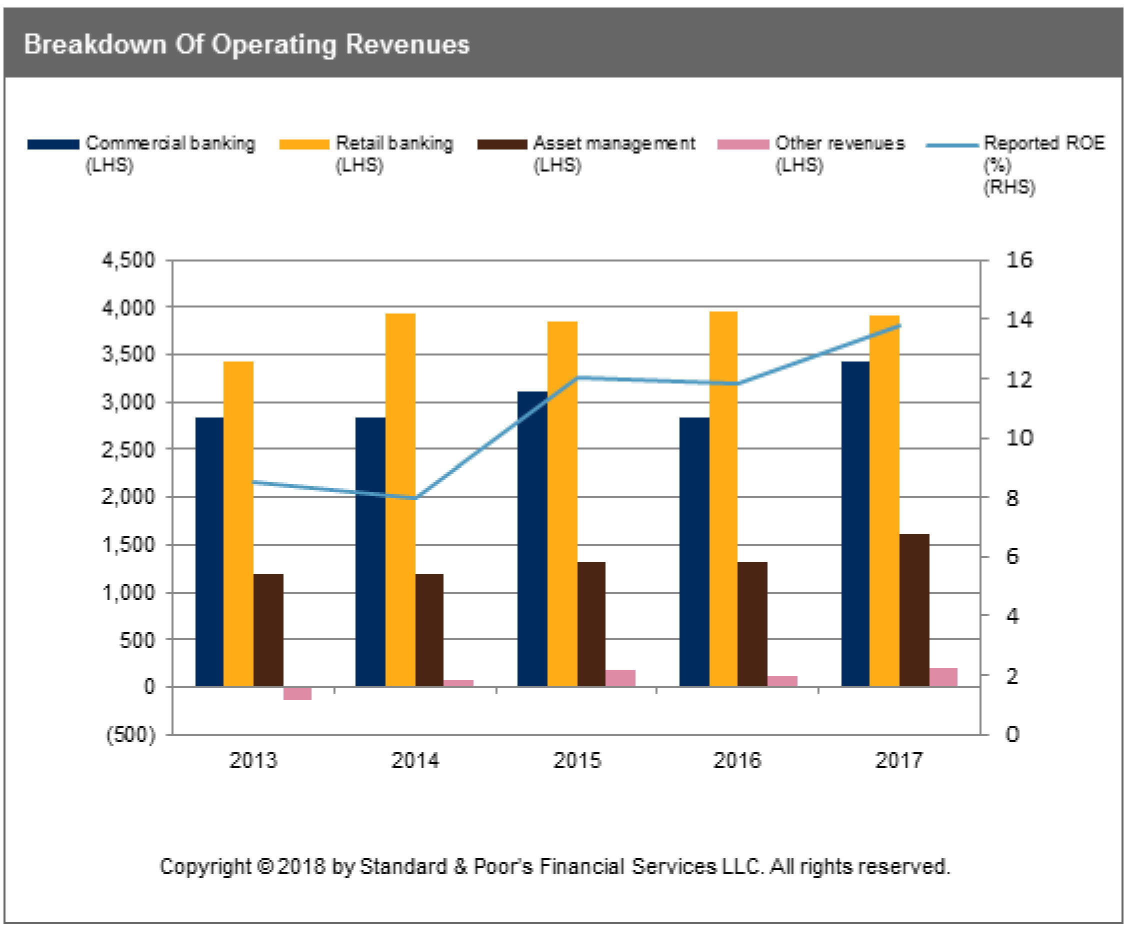
ABN AMRO is the third-largest bank in the Netherlands, with a balance sheet mostly generated by its Dutch activities. It states that it has a market share of new mortgage lending of about 20% and a savings market share of about 20%. We understand that the bank ranks second in lending to small and midsize enterprises (SMEs) in the Netherlands and first in domestic private banking. It is also a leading player in Dutch corporate banking.

Key domestic peers with a higher business position assessment are Cooperatieve Rabobank and ING Bank N.V. (ING). We consider that Rabobank has a stronger competitive position in the Dutch retail market and also benefits from its cooperative structure. On the other hand, ING has greater geographic diversity than ABN AMRO. A broader international peer group includes commercial banks in developed markets with large domestic market shares, but credit profiles similar to their industry average. Examples include Danske Bank A/S, KBC Bank N.V., and Société Générale.

We consider that ABN AMRO has less business and geographic diversification than many universal banks with similar industry risk. However, we note that ABN AMRO benefits from the size and good franchise of its private banking activities, with divisional client assets of €197.1 billion as of Sept. 30, 2017. The portion of Dutch clients' assets has increased to 54% from about 48% following the sale of the bank's private banking activities in Asia in April 2017 (for a net gain of about €200 million).

ABN AMRO is also involved in some sector specific corporate banking activities, operating globally. Two main areas of focus are financing to the energy, commodities, transportation, and adjacent sectors, and clearing activity. ABN AMRO Clearing has benefited from a general market and regulatory trend of more trading volumes going through central counterparties.

Chart 1



We view ABN AMRO's strategy as sound and conservative. We consider that it focuses on preserving its risk profile and reducing operating costs, while strengthening its franchise. In September 2015, the bank refreshed its financial targets ahead of its planned initial public offering (IPO). Current targets are:

- A fully loaded CET1 ratio of 11.5%-13.5%;
- A cost-to-income ratio of 56%-58% by 2020;
- A return on equity (ROE) of 10%-13% in the coming years; and
- A dividend payout ratio of 50% over 2017.

As of September 2017, the bank achieved its CET1 ratio and ROE targets, reported at 17.6% and 15.7%, respectively. The bank intends to communicate an update on its capital policy in the first quarter of 2018. We note the operating performance is good as measured by the ROE, and is expected to remain so, reflecting the strong franchise, ensuing strong earnings power, very low credit costs, and adequate cost efficiency in a European context.

In April 2017, ABN AMRO concluded the sale of its private banking business in Singapore, Hong Kong, and Dubai, as part of its medium-term strategic plan to refocus on Northwest Europe. As part of this strategic plan, ABN AMRO is engaged in a broader restructuring to facilitate digitization and process optimization. The workforce (internal and external full-time employees) is expected to decline by 13% by 2020, compared with 2015.

On Nov. 20, 2015, ABN AMRO became a listed company following the completion of an IPO, which reduced the Dutch government's ownership to 77% from 100%. Several separate placements further reduced this to its current level of 56%. ABN AMRO implemented a new management structure last year. For the moment, we consider that the gradual return to the private sector does not have a material impact on the bank's risk appetite or business strategy. The bank generates about 75%-80% of its operating revenues in the Netherlands, and we understand that management is willing to increase the share of international revenues to leverage further the bank's existing areas of expertise.

Table 2

ABN AMRO Bank N.V. Business Position

		--Year-ended Dec. 31--			
(%)	**2017***	**2016**	**2015**	**2014**	**2013**
Total revenues from business line (currency in millions)	6,860.0	8,227.0	8,455.0	8,055.0	7,324.0
Commercial banking/total revenues from business line	37.4	34.6	36.9	35.2	23.0
Retail banking/total revenues from business line	42.8	48.1	45.6	48.9	46.9
Commercial & retail banking/total revenues from business line	80.2	82.7	82.5	84.2	69.9
Corporate finance/total revenues from business line	N/A	N/A	N/A	N/A	15.8
Asset management/total revenues from business line	17.7	16.0	15.5	14.8	16.2
Other revenues/total revenues from business line	2.2	1.3	2.0	1.0	(1.9)
Investment banking/total revenues from business line	N/A	N/A	N/A	N/A	15.8
Return on equity	16.1	10.5	12.2	8.0	8.5

*Data as of Sept. 30. N/A--Not applicable.

Capital and earnings: Retained earnings and AT1 issuance spur improvements in core capitalization

We view ABN AMRO's capital and earnings as strong and project that its RAC ratio before diversification adjustments will improve to 10.5%-11% by year-end 2018 from 9.2% at year-end 2016. The bank has already strengthened its capital position to adapt to tougher regulatory requirements and eventually maintain a management buffer above the regulatory minimum. In September 2017, the bank issued a €1 billion additional tier 1 instrument, which brought its leverage ratio to 4% pro forma at Sept. 30, 2017 (3.9% at year-end 2016). This instrument, which we include in the S&P Global Ratings total adjusted capital (TAC) with an intermediate equity content, would have lifted the RAC ratio at year-end 2016 to 9.74% (pro forma). We expect that the bank will continue to strengthen its core capital base, mainly through earnings retention. Other key elements of our base-case RAC projection include:

- Modest annual asset growth (2%). We expect the retail loan book to grow moderately as credit demand in a more supportive economic environment in the Netherlands would partly balance the growing portion of amortizing mortgages. We understand that growing the corporate loan book is a strategic priority, including with foreign counterparties, but we expect the bank to grow this part of the book cautiously.
- Resilient earnings with annual net income in the €2.5 billion-€3 billion range in 2017-2018. We believe that the bank has the capacity to manage well its net interest margin and grow the contribution of fees and commissions. We assume that 2017-2018 operating expenses will be broadly flat, as cost-reduction initiatives will compensate for investments needed to execute the strategic plan, including the continuing digitization of its operations. ABN AMRO targets a cost-to-income ratio of 56%-58% by 2020, which it was close to achieving at end-Q3 2017. Cost of risk will likely remain at a very low level over the forecast horizon, given the supportive macroeconomic conditions.
- No change to the announced dividend policy (anticipated to stand at 50% in 2017 and beyond, from 45% in 2016).
- No acquisitions.

We note that ABN AMRO's current capitalization compares well with that of its peers. The average RAC ratio for the 50 largest Western European banks stood at 8.9% at year-end 2016 and we expect the average projected RAC ratio to reach about 9.6%.

The bank reported a fully loaded CET1 ratio of 17.6% at Sept. 30, 2017 (17.0% at year-end 2016), well above the capital target communicated by the bank around the disclosures of Q3 2017 results, in the 11.5%-13.5% range, and reflecting pending regulatory uncertainty. The bank intends to communicate on an updated capital target during Q1 2018, taking into account recent regulatory developments (see "The Basel Capital Compromise For Banks: Less Impact Than Meets The Eye," published Dec. 8, 2017 on RatingsDirect). In our opinion, a relaxed capital policy leading to a lower RAC ratio is unlikely, because of the various anticipated regulatory constraints, such as the minimum leverage ratio, the forthcoming minimum required eligible liabilities (MREL) ratio, or the expected revision (among various changes) of minimum risk weights on mortgages. The introduction of an output floor for banks using internal models could potentially more than double the bank's average risk weights on residential mortgages, which was reported at a very low average of 10.8% as of September 2017.

The large difference between ABN AMRO's Tier 1 ratio and the RAC ratio at year-end 2016 primarily reflects the more conservative standardized risk-weighting that we apply on corporate and retail exposures (see table 4 comparing risk-weights).

In the first nine months of 2017, ABN AMRO reported a statutory profit before tax of €2,960 million, from €2,363 million in the same period in 2016. Beyond the resilient overall performance, net trading income and the sale of private banking activities in Asia have boosted revenues. Cost of risk also declined materially with a net release of provision (€29 million versus a charge of €79 million a year ago).

We forecast that our measure of ABN AMRO's core earnings (which strips out exceptional items) will be approximately 28% of revenues each year from 2017-2018, and ROE will remain well above 10%, which compares well with peers. That said, ABN AMRO's efficiency indicators are only average in a European context, but they represent a key strategic focus and are actively managed.

We consider the quality of capital to be sound. We include AT1 hybrid instruments of approximately €2 billion in ABN AMRO's TAC. ABN AMRO issued a €1 billion AT1 instrument in September 2015 and another €1 billion instrument in September 2017. We classify the two as having intermediate equity content. Consequently, we estimate adjusted common equity represented about 90% of TAC at year-end 2017.

Table 3

ABN AMRO Bank N.V. Capital And Earnings					
		--Year-ended Dec. 31--			
(%)	**2017***	**2016**	**2015**	**2014**	**2013**
Criteria reflected in RAC ratios	N/A	2017 RAC Criteria	N/A	2010 RAC Criteria	2010 RAC Criteria
Tier 1 capital ratio	18.5	17.9	16.9	14.6	15.3
S&P RAC ratio before diversification	N/A	9.2	N/A	8.5	7.5
S&P RAC ratio after diversification	N/A	9.7	N/A	9.5	8.6
Adjusted common equity/total adjusted capital	90.3	94.5	94.3	100.0	100.0
Net interest income/operating revenues	72.1	76.2	71.9	74.8	73.5
Fee income/operating revenues	18.9	21.2	21.6	21.0	22.4
Market-sensitive income/operating revenues	3.4	(0.6)	4.6	1.6	1.3
Noninterest expenses/operating revenues	59.5	68.6	61.8	59.4	64.5
Preprovision operating income/average assets	0.9	0.7	0.8	0.9	0.7
Core earnings/average managed assets	0.7	0.5	0.5	0.4	0.3

*Data as of Sept. 30. N/A--Not applicable.

Table 4

ABN AMRO Bank N.V.--Risk-Adjusted Capital Framework Data					
(Mil. €)	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global RWA**	**Average S&P Global RW (%)**
Credit risk					
Government and central banks	64,714	1,025	2	2,776	4
Institutions and CCPs	22,882	3,363	15	5,436	24
Corporate	111,025	44,584	40	97,200	88
Retail	180,142	25,135	14	51,195	28
Of which mortgage	165,199	19,090	12	38,814	23
Securitization§	1,265	95	8	253	20
Other assets†	4,152	2,833	68	4,671	113
Total credit risk	384,180	77,035	20	161,529	42
Credit valuation adjustment					
Total credit valuation adjustment	--	0	--	3,596	--
Market risk					
Equity in the banking book	883	5,293	599	7,640	865

Table 4

ABN AMRO Bank N.V.--Risk-Adjusted Capital Framework Data (cont.)					
Trading book market risk	--	4,073	--	5,464	--
Total market risk	--	9,366	--	13,104	--
Operational risk					
Total operational risk	--	17,003	--	16,836	--
(Mil. €)		**Basel III RWA**		**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification		103,404		195,065	100
Total Diversification/Concentration Adjustments		--		(9,552)	(5)
RWA after diversification		103,404		185,513	95
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		18,605	18.0	18,003	9.2
Capital ratio after adjustments‡		18,605	17.9	18,003	9.7

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes deferred tax assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2016, S&P Global.

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

Our assessment of ABN AMRO's risk position as adequate incorporates our view that the bank's risk management and exposure are in line with those of its domestic industry, and that our RAC framework captures risks well. We consider that ABN AMRO's asset-quality metrics are broadly in line with the domestic average, with a ratio of nonperforming assets to customer loans at 3.1% as of June 30, 2017, also in line with that of peer banks operating in countries with similar economic risks.

The loan portfolio is more than 70% focused on the Netherlands and dominated by mortgages that we continue to see as low risk, with a supportive track record of loss experience and improving market conditions (see "Various Dutch Bank Outlooks To Positive On Receding Economic Imbalances In The Netherlands," published Sept. 15, 2017).

Mortgages represented 55% (€151.4 billion) of the customer loan book at Sept. 30, 2017, and the profile of the portfolio is changing in line with market trends and in the context of a gradually amended fiscal regime. We note in particular that:

- 18% of the portfolio is made of 100% interest-only mortgages, whereas another 32% is a combination of interest-only and amortizing schemes. This portion is reducing as fiscal benefits now target amortizing schemes.
- The average LTV is going down quarter after quarter, standing at 72% as of Sept. 30, 2017 (76% at year-end 2016), driven by rising housing prices but also restrictions on the maximum LTV for new mortgages. The stock of mortgages with an LTV above 100% has reduced by a third during the first nine months of 2017, from €24.7 billion to €15.3 billion.
- More than 25% of the portfolio benefits from a guarantee from the Nationale Hypotheek Garantie (NHG), a

government-related body.

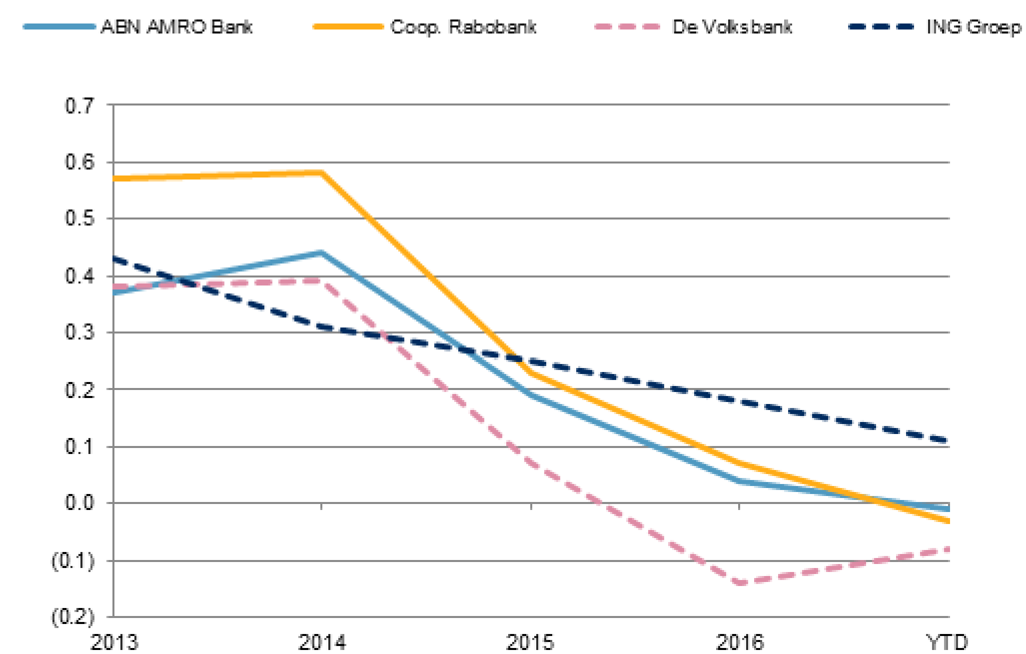
The corporate portfolio, about 35% of the loan book, is granular, with moderate sector and individual corporate concentrations. The Energy-Commodities and Transportation (ECT) portfolio (€28.8 billion) at end-September 2017 is actively monitored and has been resilient since the beginning of the year, with a reported 73 basis points (bps) cost of risk reported. About 75% of impaired loans and 81% of specific provisions relate to the corporate book, including ECT portfolios, at the same date.

Financial investments are essentially high-quality government bonds held as part of the bank's liquidity buffer.

ABN AMRO's loan loss rate has materially reduced year over year, in line with the improvement of the domestic economy, and the release of provisions under the model-based approach. We expect cost of risk for 2017 to remain exceptionally low and in line with 2016 figures. In recent quarters, the release of provisions on domestic loan exposures has more than compensated for the provisioning requirements relating to the ECT portfolios. We estimate that it should normalize afterwards but remain well contained, at around 15bps in 2018-2019.

Chart 2

Peer Comparison On Loss Experience (New Loan Loss Provisions/Average Loans)



The private banking and clearing operations are structurally exposed to operational risks, which we believe are well monitored.

Table 5

ABN AMRO Bank N.V. Risk Position					
		--Year-ended Dec. 31--			
(%)	**2017***	**2016**	**2015**	**2014**	**2013**
Growth in customer loans	1.7	2.9	(1.1)	1.8	(2.0)
Total diversification adjustment / S&P RWA before diversification	N/A	(4.9)	N/A	(10.0)	(13.0)
Total managed assets/adjusted common equity (x)	22.1	23.2	23.8	25.5	25.7
New loan loss provisions/average customer loans	(0.0)	0.0	0.2	0.4	0.4
Net charge-offs/average customer loans	0.1	0.3	0.3	0.5	0.6
Gross nonperforming assets/customer loans + other real estate owned	2.9	3.4	2.9	3.1	3.3
Loan loss reserves/gross nonperforming assets	36.3	40.2	57.0	57.1	57.9

*Data as of Sept. 30. N/A--Not applicable.

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

Our view of ABN AMRO's funding as average factors in the bank's large and stable customer deposit base, despite some reliance on wholesale funding. By our measure, its loan-to-deposit ratio was 115.3% at Sept. 30, 2017, relatively stable compared with previous years. We note that the consolidated metric benefits from ABN AMRO's private banking franchise (€65.6 billion in deposits at Sept. 30, 2017 for a €12.5 billion loan book), while its retail banking division reports a higher loan-to-deposit ratio of 154%. We acknowledge that this profile is typical in the Dutch market due to the large amount of mortgage debt outstanding owing to tax relief, and because Dutch household savings are typically channeled into investments such as the mandatory and collective pension system and life insurance products.

Over the next two years, we assume fairly limited credit growth of 2%-3% per year, but believe that customer deposits will exhibit stability and the reliance on wholesale funding will not increase. Wholesale funding is diversified and the maturity profile is satisfactory. We calculate that ABN AMRO's S&P stable funding ratio was at a satisfactory level of about 110% at Sept. 30, 2017, in line with prior years, and we expect little change in 2018. The bank made use of the targeted long-term refinancing operations (TLTRO II) for up to €8 billion, which we consider as an opportunistic move.

The bank maintains a surplus of liquid assets well in excess of regulatory requirements. At Sept. 30, 2017, it reported an LCR liquidity buffer of €66.7 billion, which comfortably exceeds reported short-term wholesale funding. About one-half of the liquidity buffer comprises deposits at central banks and government bonds. The remainder mainly comprises other assets eligible for repo activity with central banks. Our measure of broad liquid assets to short-term wholesale funding was 1.5x at Sept. 30, 2017.

Liquidity metrics fluctuate due to the nature of the bank's clearing and commodity financing activities. The bank does not publish exact regulatory LCR and NSFR ratios on a quarterly basis, but reports that these were above 100%, which is in line with the bank's targeted early compliance with LCR and NSFR future regulatory requirements.

Table 6

ABN AMRO Bank N.V. Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2017***	**2016**	**2015**	**2014**	**2013**
Core deposits/funding base	63.8	65.9	67.2	64.5	62.3
Customer loans (net)/customer deposits	115.3	117.0	112.7	121.3	124.0
Long term funding ratio	83.7	86.9	89.5	87.0	83.8
Stable funding ratio	109.5	106.7	112.2	100.9	100.5
Short-term wholesale funding/funding base	17.2	13.8	11.0	13.6	16.9
Broad liquid assets/short-term wholesale funding (x)	1.5	1.7	2.2	1.3	1.2
Net broad liquid assets/short-term customer deposits	15.0	15.0	20.1	6.5	6.0
Short-term wholesale funding/total wholesale funding	46.8	40.1	33.3	38.3	44.9
Narrow liquid assets/3-month wholesale funding (x)	4.0	2.5	3.1	1.7	2.1

*Data as of Sept. 30.

Support: ALAC

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

However, we view the Dutch resolution regime as effective under our ALAC criteria. This is because, among other factors, we believe the regime contains a well-defined bail-in process, under which the authorities would permit nonviable, systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities. We calculate that ALAC was 5.4% of S&P Global Ratings' RWA at year-end 2016, only made of eligible subordinated instruments. We forecast an ALAC buffer remaining above the minimum required level of 5% of S&P Global Ratings' RWAs at year-end 2018.

We believe that complying with a minimum of 5% of S&P Global Ratings' RWAs is not at risk for the coming years because future regulatory requirements appear likely to oblige ABN AMRO to increase the buffer of instruments that we expect will be ALAC-eligible. In particular, the bank estimated its MREL to stand at 7.2% as of Sept. 30, 2017, and publicized an MREL ambition above 8% by year-end 2018. We note that the issuance of nonpreferred senior instruments has yet to be introduced in the Netherlands. This is only likely at year-end 2018 at the earliest.

Additional rating factors:

No additional factors affect the ratings.

Related Criteria

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

- Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Risk-Adjusted Capital (RAC) Ratios For The Top 50 Western European Banks: December 2017, Dec. 14, 2017.
- The Basel Capital Compromise For Banks: Less Impact Than Meets The Eye, Dec. 8, 2017.
- Various Dutch Bank Outlooks To Positive On Receding Economic Imbalances In The Netherlands, Sept. 15, 2017.

Anchor Matrix

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

Ratings Detail (As Of January 18, 2018)	
ABN AMRO Bank N.V.	
Counterparty Credit Rating	A/Positive/A-1
Commercial Paper	A-1
Junior Subordinated	BB+
Junior Subordinated	BBB-
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB
Counterparty Credit Ratings History	
15-Sep-2017	A/Positive/A-1

Ratings Detail (As Of January 18, 2018) (cont.)	
02-Dec-2015	A/Stable/A-1
29-Apr-2014	A/Negative/A-1
Sovereign Rating	
Netherlands (State of The)	AAA/Stable/A-1+

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

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