Rating Report
ABN AMRO Bank N.V.

DBRS Morningstar
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Contents

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Ratings

	Debt	Rating	Rating Action	Trend
ABN AMRO Bank N.V.	Long-Term Issuer Rating	A (high)	Confirmed June' 22	Stable
ABN AMRO Bank N.V.	Short-Term Issuer Rating	R-1 (middle)	Confirmed June' 22	Stable
ABN AMRO Bank N.V.	Intrinsic Assessment	A (high)	Maintained June' 22	--

Rating Drivers

Factors with Positive Rating Implications

- The ratings would be upgraded if the Bank can significantly improve its profitability metrics while showing a consistent track record of improved risk management.

Factors with Negative Rating Implications

- The ratings would be downgraded in the event of a sustained deterioration in asset quality or a material weakening of profitability metrics.

Rating Considerations

Franchise Strength (Strong/Good)

- Strong footprint in retail and commercial banking in the Dutch market, and a solid private banking franchise in Northwest Europe. Corporate franchise refocused domestically and in Europe.

Earnings Power (Good/Moderate)

- Sound earnings generation historically, however, earnings volatility has increased in recent years. Cost containment remains a key priority.

Risk Profile (Good)

- Asset quality improved in 2021, however, higher interest rates, elevated inflation and energy prices could have an adverse effect. Efforts to strengthen the Bank's operational risk compliance function are still ongoing.

Funding and Liquidity (Strong/Good)

- Strong funding base, supported by a broad retail and private banking base with growth in customer deposits. Liquidity remains robust.

Capitalisation (Strong/Good)

- Strong capitalisation, supported by good access to capital markets and cushions over minimum regulatory requirements. CET1 ratio decreased in Q1'22 mainly due to regulatory changes.

2021	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	S	S/G	S/G
Earnings	M	G	G/M
Risk	G/M	G	G
Funding & Liquidity	S/G	S	S/G
Capitalisation	G/M	S	S/G

Overall Assessment	Intrinsic Assessment Range (IAR)	Assigned IA
S/G	[A-AAL]	A (high)

Financial Information

	For the Year Ended December 31 (IFRS)				
(In EUR Millions unless otherwise stated)	**2021**	**2020**	**2019**	**2018**	**2017**
Total Assets	399,113	395,623	375,054	381,295	393,171
Gross Loans to Customers	258,713	251,788	266,687	269,963	275,940
Income Before Provisions and Taxes (IBPT)	1,800	2,546	3,278	3,924	3,804
Net Attributable Income	1,231	(45)	2,046	2,311	2,773
Net Interest Margin	1.4%	1.6%	1.8%	1.8%	1.7%
Cost / Income ratio	75.6%	67.0%	61.2%	56.4%	56.8%
LLP / IBPT	-2.6%	90.5%	20.0%	16.7%	-1.7%
Cost of Risk	-0.02%	0.91%	0.24%	0.24%	-0.03%
CET1 Ratio	16.30%	17.70%	18.10%	18.40%	17.70%

Source: Morningstar Inc., Company Documents.

Issuer Description

ABN AMRO Bank N.V. (ABN AMRO or the Bank) is a Dutch bank with universal banking services in the Netherlands, private banking services in Northwest Europe and has a presence in certain corporate banking activities globally.

Rating Rationale

The A (high) IA assigned to ABN AMRO reflects the Bank's strong retail and commercial banking franchise in the Netherlands, combined with a solid franchise in private and commercial banking in Northwest Europe, particularly France and Germany and a global clearing business. The IA takes into account the Bank's historically sound earnings generation, whilst also noting that results in recent years were negatively impacted by revenue pressure from the low interest rate environment, a high level of impairments related to the non-core Corporate & Institutional Banking (CIB) business, and elevated costs related to the Bank's anti-money laundering (AML) procedures. The IA also incorporates the Bank's generally sound asset quality indicators following the de-risking of the portfolio and the Bank's solid funding and liquidity profile, which is underpinned by a stable customer deposit base and good access to market funding. We also note that ABN AMRO's capital position is strong, with significant cushions over minimum regulatory requirements.

Franchise Strength

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong	Strong / Good	Strong / Good

ABN AMRO Bank N.V. is a leading Dutch bank, with total assets of EUR 421.5 billion at end-Q1 2022. The Bank mainly operates in its domestic market where it benefits from a strong retail and commercial banking franchise, reporting a 17% market share in new mortgage lending in Q1 2022 and a 18% share in SME lending in 2021. ABN AMRO aims to reach a market share of approximately 20% in new mortgage production and SMEs by 2024. In addition, the Bank has a solid private banking footprint in Northwest Europe, mainly in Belgium, France and Germany.

In August 2020, ABN AMRO announced the outcome of a strategic review of its Corporate & Institutional Banking (CIB) division, following elevated credit losses in this segment and with the aim to improve profitability and better realign the division's risk profile. In line with its focus on Northwestern European clients and clearing activity, the Bank announced it would exit all non-European Corporate Banking activities, as well as its Trade and Commodity Finance activities by

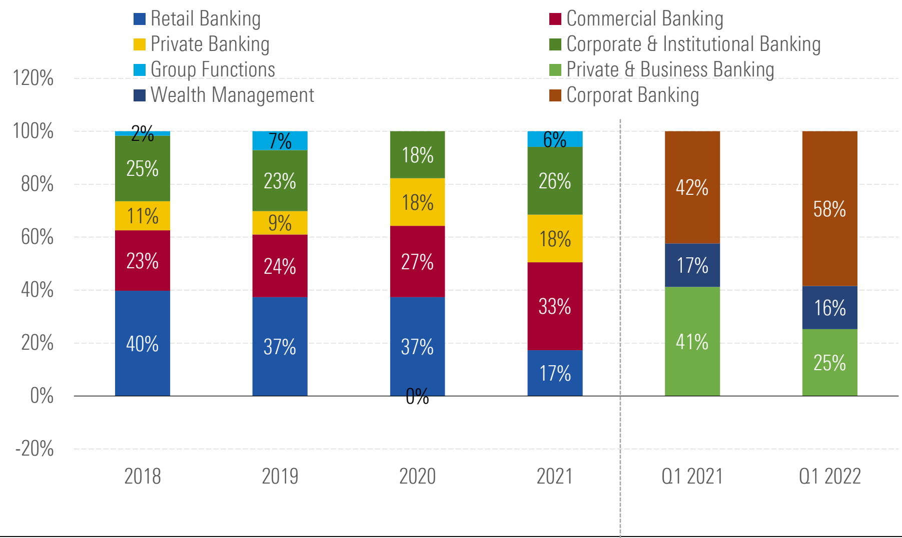
2023. At end-Q1 2022, the non-core loan portfolio amounted to EUR 1.4 billion, down from EUR 6.9 billion at end Q1 2021. RWAs were EUR 2.3 billion at end Q1 2022 vs. EUR 10.2 billion at end-Q1 2021 and total employees declined to 380 vs. 679 at end-Q1 2021. However, the Bank will maintain its global clearing business, where it has a leading market position.

The Bank is the result of the merger of the state-owned portions of the former ABN AMRO Bank N.V. and Fortis Bank (Nederland) N.V. in 2010. The Dutch State, through NL Financial Investments (NLFI), currently owns 56.3% of ABN AMRO. We expect that the Dutch State will reduce its stake and ultimately exit its investment in ABN AMRO. As such, we do not factor any support into ABN AMRO's ratings from the current ownership structure.

The financial targets announced in conjunction with the outcome of the strategic review include (i) a Return on Equity (ROE) of circa 8% by 2024, and an ambition of 10% once interest rates normalise, (ii) a statutory cost base of less than EUR 4.7 billion in 2024, (iii) a through-the-cycle cost of risk of 20 bps, (iv) a CET1 ratio, on a finalised Basel IV basis, of 13%, and (v) a dividend pay-out ratio of 50% of reported net profit, after deduction of AT1 coupon payments and minority interests. In our view this realignment fits the Bank's strategy of being a strong regional player in Europe, and we expect that the narrowing of the CIB business will result in more stable earning levels, albeit somewhat lower compared to historical levels.

In April 2021, ABN AMRO announced it had agreed a settlement of EUR 480 million with the Dutch Public Prosecution Service (DPPS) in connection with an investigation over ABN AMRO's compliance with the Dutch Anti-Money Laundering and Counter Terrorism Financing Act. The DPPS found serious shortcomings in ABN AMRO’s processes to prevent money laundering in the Netherlands, but we also note that the Bank has been remediating this issue and investing to strengthen its compliance and internal control framework.

Exhibit 1 IBPT Breakdown by Business Segment



Source: DBRS Morningstar, Company Documents.

DESCRIPTION OF OPERATIONS

Starting in Q1 2022, ABN AMRO has adopted a new organisational structure which replaces the previous four segments with three business units: Personal & Business Banking, Wealth Management and Corporate Banking (Exhibit 1).

Personal & Business Banking (P&B) – Pre-impairment operating profit of EUR 122 million in Q1 2022 (25% of pre-impairment profit in Q1 2022 excl. group functions). This unit mostly serves retail customers and SMEs leveraging the Bank's digital capabilities, and encompasses around 5 million retail clients and more than 365k business clients with turnover below EUR 25 million. The P&B operations are mostly domestic where ABN AMRO is a top 3 player and the primary bank for c.20% of the Dutch population, as well as ranking second in new mortgage production and savings in the Dutch market.

Wealth Management (WM) - Pre-impairment operating profit of EUR 79 million in Q1 2022 (16% of pre-impairment profit in Q1 2022 excl. group functions). This unit focuses on investment advisory, financial planning and real estate financing. WM is serving high-net worth individuals in Northwestern Europe with a presence in 4 countries including Germany (where it ranks 3rd in private banking) and France (where it ranks 5th).

Corporate Banking (CB) - Pre-impairment operating profit of EUR 282 million in Q1 2022 (59% of Pre-impairment profit in Q1 2022 excl. group functions). The CB unit is focused on delivering tailored financing and capital structuring solutions for mid to large sized corporate clients and financial institutions. It has a presence in 14 countries with a leading market position in the Netherlands and leading market position in clearing globally.

Earnings Power

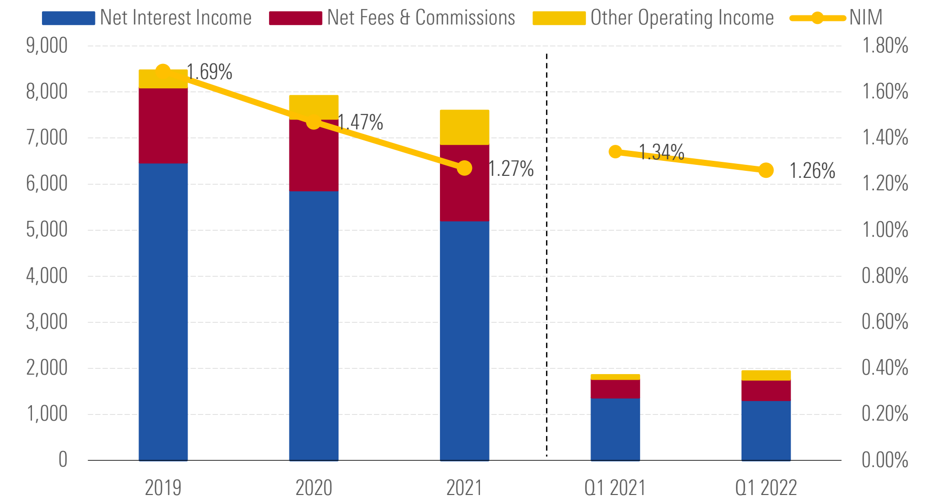
Scorecard BB Assessment	**Grids BB Assessment**	**Combined BB Assessment**
Moderate	Good	Good /Moderate

ABN AMRO has historically reported sound earnings generation, supported by its strong franchise in the Dutch market, and generally low levels of impairment charges. Nevertheless, persistent pressure from low interest rates, the higher cost of risk in 2020, as well as higher operating costs, mostly linked to the Bank's AML remediation issue, has led to more volatility in the last few years. In 2021, ABN AMRO returned to profitability with a net profit of EUR 1,234 million after a net loss of EUR -45 million in 2020. The result was mostly driven by net loan loss reversals of EUR 46 million in 2021 compared to the pandemic-related loan loss provisions of EUR 2,303 in 2020. As a result the Bank reported a return-on-equity (ROE) of 5.8% in 2021 (7.3% excluding the non-core unit) a little below the Bank's 8% long term target by 2024 (10% assuming normalised interest rates).

Operating income reduced mainly due to persistent pressure on net interest income (NII), partially compensated by higher net fees and commissions which continued to perform well in Q1 2022. Cost control remains a key focus for ABN AMRO as AML-related costs and regulatory expenses remained high. However, we expect the results of the Bank's cost management efforts to become more visible by 2024, while regulatory and AML-related costs are also expected to decline. Uncertainty has increased as the macroeconomic outlook is weakening following Russia's invasion of Ukraine and could adversely affect cost of risk and lending volumes. However, over the medium term the Bank is expected to benefit from increasing interest rates.

In 2021, statutory operating income totaled EUR 7,597 million, down 4% year-on-year (YoY), as NII was affected by continued pressure on deposit margins, but also lower corporate lending volumes due to the wind-down of the non-core CIB unit. However, this was partially compensated by net fee and commission income which increased by 7% YoY due to the strong performance of asset management related fees. In Q1 2022, the trend continued with NII down a further 4% and net fee income up 10% YoY, however, the Bank expects NII to be at the top range of EUR 5.0-5.1 billion in 2022 and then start to increase from 2023 benefiting from higher interest rates. With regards to the net fee & commission income outlook, the Bank would only expect a moderate positive result for private banking in 2022, however, net fees and commissions are expected to increase at a CAGR of 5-7% through 2024.

Exhibit 2 Total Income & NIM Evolution (EUR million)



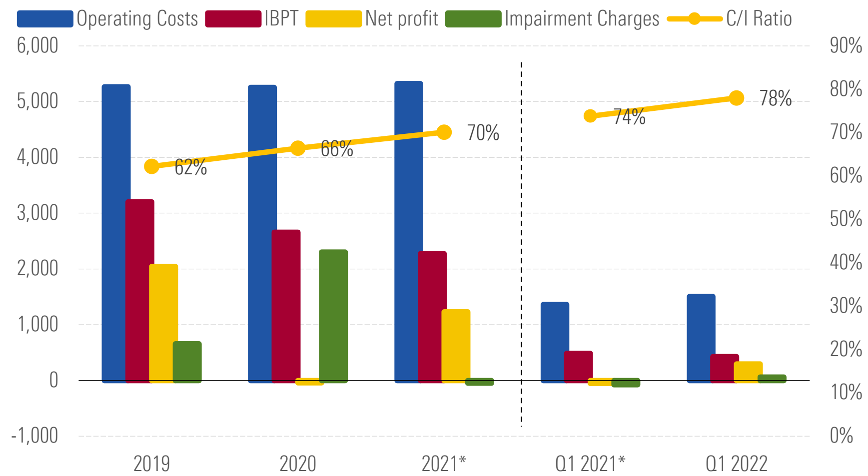
Source: DBRS Morningstar, Company Documents.

Cost control remains a key focus for ABN AMRO, with pressure remaining, especially from the ongoing AML remediation process. In 2021, statutory operating expenses totaled EUR 5,806 million, 10% higher YoY. However, this included the EUR 480 million AML settlement. Excluding the AML settlement, total operating costs amounted to around EUR 5.3 billion which is in line with cost guidance provided by Bank but still 1% higher than the year before mostly reflecting higher staff for AML activities and investments in IT, partially compensated by around EUR 130 million cost savings realized in 2021. The Bank reported an underlying cost-income ratio (excluding the settlement with the Dutch Public Prosecutor) of 70% in 2021 compared to 66% in 2020.

In Q1 2022, ANB AMRO's net profit was EUR 295 million vs. EUR -54 million net loss in Q1 2021. In Q1 2022, total operating expenses were EUR 1,508, compared to EUR 1,363 million in Q1 2021 (excluding AML settlement). The increase was mostly attributable to higher strategic investments, higher regulatory levies as well as an additional EUR 50 million AML provisions to cover charges related to the extension of the AML remediation process into 2023. The Bank expects overall operating expenses to be below EUR 5.2 billion in 2022 (excl. restructuring costs and large incidentals) and remains committed to a target of below EUR 4.7 billion by 2024.

In 2021, ABN AMRO reported net loan loss reversals of EUR 46 million compared to LLPs of EUR 2,303 in 2020. This mainly reflected the absence of outsized impairments in 2020 and an improved macroeconomic outlook in 2021. The Bank's cost of risk therefore was negative at -7 bps compared to 78 bps in 2020 and 24 bps in 2019. In Q1 2022, ABN AMRO reported EUR 62 million loan loss provisions which mostly included EUR 72 million model-driven LLPs related to the worsening of the macroeconomic scenario and EUR 148 million model overlay for potential second order effects from the war in Ukraine, partially counterbalanced by EUR 161 million reversals from the COVID-19 overlay built up in 2020. As a result, cost of risk came at 14 bps, still below through the cycle average cost of risk to 20 bps reported by the Bank.

Exhibit 3 Profitability & CIR Evolution (EUR million)



Source: DBRS Morningstar, Company Documents.
*Operating costs in 2021 and Q1 2021 exclude the EUR 480 million settlement with the Dutch Public Prosecutor.

Risk Profile

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good /Moderate	Good	Good

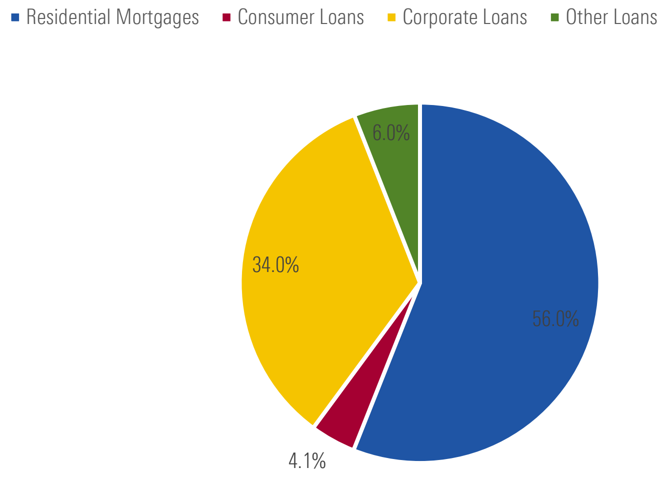
Following the de-risking of the Bank's CIB loan portfolio DBRS Morningstar views ABN AMRO's risk profile as sound. More than half of the Bank's loan portfolio consists of low-risk Dutch mortgages. At end-Q1 2022, ABN AMRO reported a Stage 3 loan ratio of 2.5%, down from 3.3% a year earlier. Going forward a number of factors could adversely affect asset quality metrics including higher interest rates, elevated inflation and energy prices in particular. However, we view ABN AMRO as well reserved against these risk given the EUR 424 million loan loss reserves in the form of COVID-19 related management overlays at end-2022. In Q1 2022, the Bank released EUR 161 of these reserves, while creating a EUR 148 million overlay related to protect against secondary effects from the war in Ukraine. In addition, the Bank took a EUR 72 million impairment to reflect the deteriorating macroeconomic environment.

Credit Risk

At end-2021, total gross loans, excluding loans to banks and fair value adjustments, totaled EUR 261.4 billion, largely comprised of loans to private individuals, with residential mortgages accounting for 56.0% and consumer loans for 4.1% of the total. The remaining 39.9% were corporate loans. We note that at end-2021 exposure-at-default (EAD) in commercial real estate (CRE) stood at EUR 14.4 billion, up from EUR 12.9 billion a year earlier, but still low at 3.5% in terms of the total EAD.

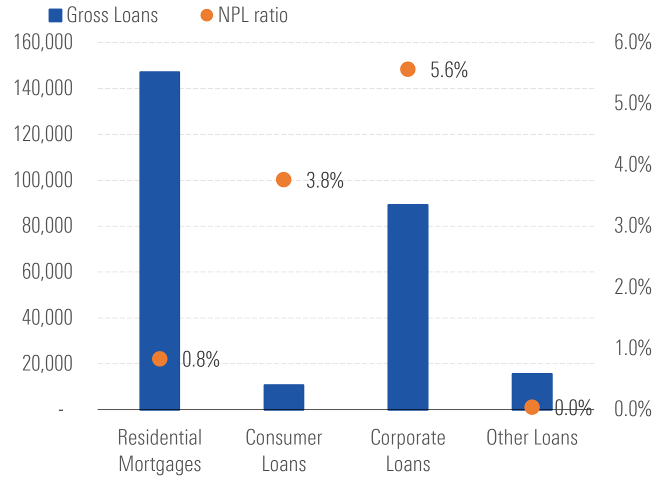
At end-2021 21.6% of the Bank's EUR 146.4 billion residential mortgage portfolio was guaranteed by the Nationale Hypotheek Garantie (NHG) scheme. Furthermore, the average loan-to-values (LTVs) of the portfolio continued to improve to 56% from 61% at end-2020. Only 4.7% of Mortgages have an LTV higher than 90% and 1.3% have an LTV of higher than 100%. ABN AMRO's mortgage portfolio is largely located in its Dutch home market, and we note that Dutch mortgages performed well in the previous crisis.

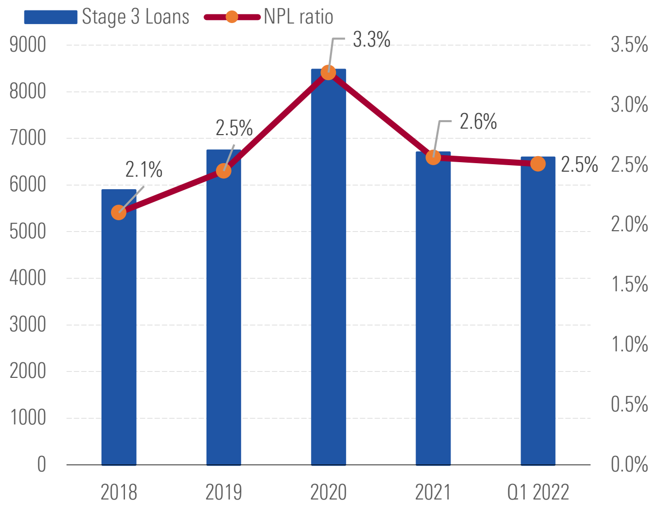
Exhibit 4 Gross Loans, end-March 2022 (EUR 262.6 billion)



Source: DBRS Morningstar, Company Documents.

Exhibit 5 Gross Loans (EUR Million) & Stage 3 ratio per subsegment at end-Q1'22 **Exhibit 6:** Stage 3 Loans (EUR Million) & NPL ratio evolution





Source: DBRS Morningstar, Company Documents.

The Bank's de-risking effort and the pick-up in economic activity have had a positive effect on asset metrics. The overall Stage 3 ratio improved to 2.5% at end-Q1 2022, from 3.3% at end-Q1 2021, driven mostly by the decline in the corporate loan book from 8.0% to 5.6%. Following the exit of potentially more volatile business segments such as natural resources, trade & commodity finance and global transportation & logistics, the corporate book is now mostly geared towards more stable sectors.

Market Risk

Market risk remains low, with market risk-related risk-weighted assets accounting for 1.6% of ABN AMRO's RWAs at end-Q1 2022. In 2021, the highest daily VaR in ABN AMRO's trading book was EUR 5.3 million for undiversified Value-at-Risk (VaR) and EUR 4.3 million for the undiversified VaR.

Operational Risk

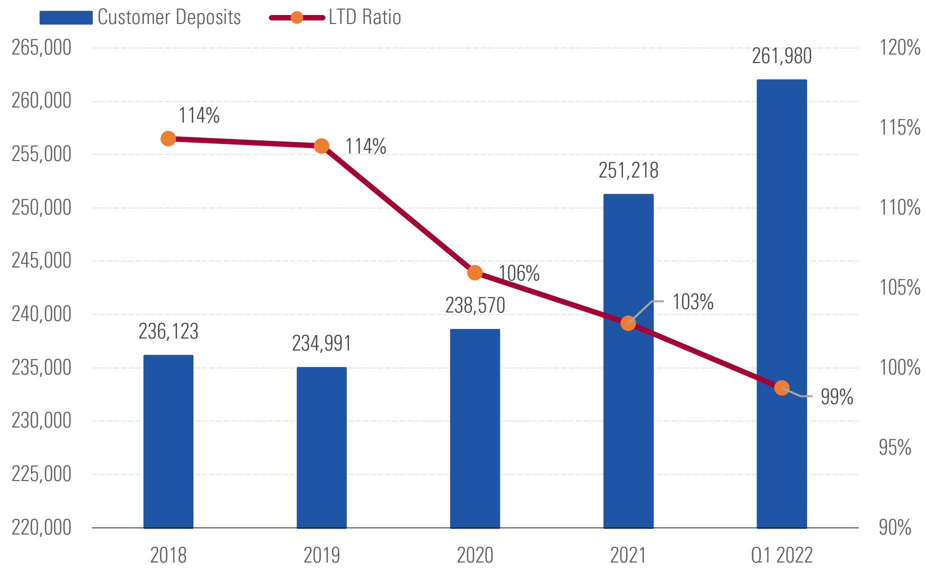
Operational risk related to anti-money laundering (AML) procedures has been a focus of Dutch regulators for some time. Despite ABN AMRO's considerable efforts to improve systems and processes, in April 2021, the Bank announced a settlement of EUR 480 million (EUR 300 million fine and EUR 180 million disgorgement) with the Dutch public prosecutor in relation to requirements under the Act on the prevention of money laundering and financing of terrorism. Efforts to strengthen the Bank' compliance function are still ongoing.

Funding and Liquidity

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong / Good	Strong	Strong / Good

We view ABN AMRO's funding profile as solid, supported by a sound customer deposit base and diversified funding sources. In line with peers, customer deposits continued to increase steadily throughout the pandemic, reaching around EUR 262 billion at end-Q1 2022, up 4% vs. end-2021 and 10% at end-2020. Combined with an overall declining level of loan volumes following the Bank's de-risking strategy, ABN AMRO's loan-to-deposit ratio (LTD) improved to 99% at end-Q1 2022, compared to 103% at end-2021, and levels above 110% pre-2020 (Exhibit 7).

Exhibit 7 Net Loan-to-Deposit Ratio Evolution (EUR million)



Source: Company Documents, DBRS Morningstar

We consider ABN AMRO's wholesale funding as well diversified in terms of funding mix and maturity profile and the Bank has maintained good access to capital markets. The Bank had EUR 35.0 billion of TLTRO III outstanding at end-2021. Debt & subordinated liabilities outstanding were EUR 67 billion or around 19% of total funding at end-2021 and consisted of commercial paper/certificates of deposit (13%), covered bonds (46%), senior unsecured debt (28%) and subordinated debt (12%), as of end-2021. During Q1 2022, ABN AMRO issued EUR 29.1 billion in covered bonds, EUR 11 billion senior preferred debt, EUR 6.6 billion in senior non-preferred debt and EUR 9.7 billion in commercial paper/certificates of deposit. A total of EUR 13.7 billion of debt matures within 12 months.

Liquidity remains ample with the ABN AMRO's liquidity buffer at EUR 97.1 billion at end-Q1 2022, covering 7.1x the wholesale short-term funding as reported by the Bank. ABN AMRO reported a Liquidity Coverage Ratio (LCR) of 163% and a Net Stable Funding Ratio (NSFR) of 136% at end-Q1 2022.

Capitalisation

Scorecard BB Assessment	**Grids BB Assessment**	**Combined BB Assessment**
Good /Moderate	Strong	Strong / Good

DBRS Morningstar considers ABN AMRO has a strong capital profile, supported by the solid internal capital generation. At end-March 2022, ABN AMRO reported a Basel III Common Equity Tier 1 (CET1) ratio of 15.7%, down from 16.3% at end-2021. The reduction was almost fully attributable to higher risk-weighted assets (RWAs) which increased to EUR 124.3 billion vs. EUR 117.7 billion at end-2021. The increase in RWAs is mostly related to a EUR 5 billion add-on for planned model reviews and redevelopments (which includes the introduction of the risk weight floor for Dutch mortgages as of January 1, 2022). The Bank also reported a fully loaded Basel IV CET1 ratio of 16%, still well above the management ambition for a CET1 ratio of 13% in the long term.

Including the temporary relaxation of certain capital buffers during the pandemic, ABN AMRO's minimum CET1 ratio requirement was 9.6% leading to a capital cushion of 610 bps end-March 2021 (vs. 670 bps at end-December 2021). We therefore continue to view the Bank as well-positioned to withstand a stressed environment. Nevertheless, the capital cushion is expected to decline as the Dutch central bank (DNB) is expected to gradually increase the countercyclical capital buffer (CCyB) requirement from 0% back to 2%.

We also consider ABN AMRO as well placed to meet future Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements. At end-Q1 2022, the Bank had an intermediate MREL target of 27.1% of Basel III RWA. Based on own funds, subordinated instruments and SNP notes, MREL was 27.5% as of 31 March 2022 vs. 27.9% at end-2021.

Exhibit 8 Capital Ratios Evolution (FY18-Q1'22)

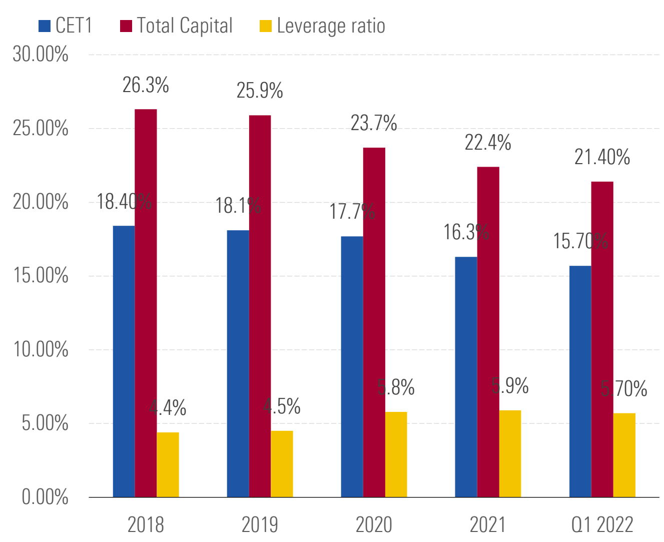
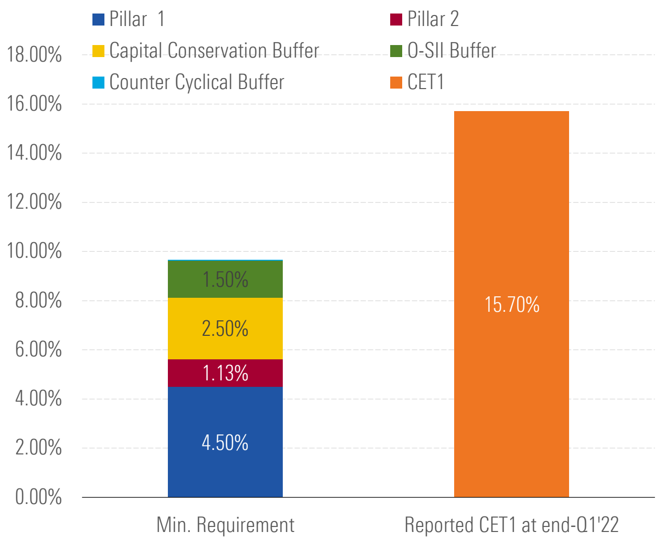


Exhibit 9: CET1 requirement at end-Q1'22



Source: DBRS Morningstar, Company Documents.

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental	**Overall:**	**N**	**N**
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by a 2°C rise in temperature?	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social	**Overall:**	**N**	**N**
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or operational impact?	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Human Capital and Human Rights:	**N**	**N**
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could result, in financial penalties or client attrition to the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance	**Overall:**	**Y**	**R**
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
	Bribery, Corruption, and Political Risks:	**N**	**N**
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	Y	R
	Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
	Corporate / Transaction Governance:	**Y**	**R**
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
	Consolidated ESG Criteria Output:	**Y**	R

* A **Relevant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A **Significant Effect** means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environment

None of the environmental factors are relevant to the rating or trend assigned to ABN AMRO. ABN AMRO has been applying a climate risk heat map on its lending portfolio since 2018 to identify sectors vulnerable to physical and transitional climate risks. The most recent results of the heat map exercise shows that agriculture, mining and transportation sectors (accounting for 7% of total gross loans) are most vulnerable to climate related risks. In addition to this, the bank has performed climate scenario analysis on its residential and commercial real estate portfolio where flooding and drought were identified as the most significant risks to the lending portfolio. Currently, all corporate loans are assessed for climate risk and the bank also took part in the ECB's climate stress test in 2022. The bank has also started to offer sustainability linked loans to clients where the interest rate is linked to sustainability KPIs. As of end-FY21, the bank's on-balance sheet exposure to the oil and gas sector amounted to 1.2% of gross lending, compared to 2.4% at end-FY20. ABN AMRO has been disclosing their climate-related risks according to the TCFD standard since November 2017, and in line with EU regulations ABN AMRO will start to disclose their Green Asset Ratio from 2024.

"The ECB climate risk stress-test's results were published on July 8, 2022. While they did not provide detailed indications on the geographies potentially affected under the selected scenarios, participating European banks were told they need to enhance their climate risk stress testing framework. In the meantime, we note the results will be integrated into two SREP elements in a qualitative manner: (i) business model assessment, and (ii) internal governance and risk management."

Social

None of the social factors affect the rating or trend assigned to ABN AMRO Bank. However, we note that since the invasion of Ukraine, there has been an increased concerns of cybersecurity attacks, which could have serious effects on a bank's franchise and earnings in event of a substantial data breach or security failure.

Governance:

DBRS Morningstar views the 'corporate governance' subfactor as relevant for ABN AMRO's ratings. This is reflected in the Franchise building block, and largely relates to weaknesses within the Bank's internal controls, which could negatively affect the Bank's reputation. In April 2021, ABN AMRO accepted a settlement with the Dutch Public Prosecution Service (DDPS) related to serious shortcomings in their anti-money laundering (AML) framework, especially failure to identify accounts involved in money laundering, end relations with suspicious clients, and report such activities to regulatory authorities between 2014 and 2020. As part of the settlement the Bank paid EUR 480 million in fines and profit disgorgement. In response to these shortcomings, ABN AMRO has implemented a remediation process in order to strengthen its internal control framework. The remediation process is ongoing and will continue into 2023. We note that the fine did not have an impact on the Bank's capital, representing approximately 39% of total net profit in 2021.

IA Framework

ABN AMRO Bank N.V.

	1		2	3	4	5
2021	**Scorecard Indicator**	**Scorecard Indicator Data**	**Scorecard Indicator Assessment**	**Scorecard Building Block (BB) Assessment**	**Grids BB Assessment**	**Combined BB Assessment**
Franchise	Adjusted Assets	386	S	**S**	**S/G**	**S/G**
	Sovereign Rating	20	VS			
Earnings	Return on Equity	5.37%	M	**M**	**G**	**G/M**
	Return on Assets	0.32%	G/M			
	IBPT/Avg.Assets	0.70%	G/M			
Risk	Net NPLs/Net Loans	1.75%	G/M	**G/M**	**G**	**G**
	Provisions/IBPT	29.73%	S/G			
Funding & Liquidity	Sovereign-Adjusted Funding Ratio	106.0%	S/G	**S/G**	**S**	**S/G**
Capitalisation	Sovereign-Adjusted Capital Ratio	17.26%	VS/S	**G/M**	**S**	**S/G**
	NPL/Equity + Loan Loss Reserves	29.73%	G/M			
	5-Year Accumulated Net Income/Total Assets	2.31%	G/M			

6	7			8
Overall Assessment	**Intrinsic Assessment Range (IAR)**			**Assigned IA**
S/G	AA (low)	A (high)	A	**A (high)**

Company Financials

	For the Year Ended December 31 (IFRS)				
	2021	2020	2019	2018	2017
Balance Sheet (EUR Millions)					
Cash & Cash Equivalents*	69,666	63,583	32,569	42,495	40,447
Investments in Financial Assets	51,666	61,105	57,490	53,522	55,486
Gross Loans to Customers	258,713	251,788	266,687	269,963	275,940
Loan Loss Reserves	(2,415)	(3,466)	(2,426)	(2,260)	(2,460)
Net Lending to Customers	256,298	248,322	264,261	267,703	273,480
Total Assets	399,113	395,623	375,054	381,295	393,171
Deposits from Customers	133,648	111,999	92,867	85,002	84,168
Debt & Capital Lease Obligations	67,722	75,337	85,579	90,589	86,332
Total Liabilities	377,114	374,633	353,583	359,935	371,841
Total Equity	21,999	20,990	21,471	21,360	21,330
Income Statement (EUR Millions)					
Net Interest Income	5,210	5,865	6,470	6,593	6,456
Non Interest Income	2,133	1,813	1,949	2,383	2,289
Equity Method Results	23	29	37	43	54
Total Operating Income	7,366	7,707	8,456	9,019	8,799
Total Operating Expenses	5,568	5,161	5,174	5,091	4,995
Income Before Provisions and Taxes (IBPT)	1,800	2,546	3,278	3,924	3,804
Loan Loss Provisions	(46)	2,303	657	655	(63)
Irregular Income/Expenses	8	(113)	(59)	183	96
Net Attributable Income	1,231	(45)	2,046	2,311	2,773
Growth (%) - YoY Change					
Net Interest Income	-11.17%	-9.35%	-1.87%	2.12%	3.02%
Total Operating Income	-4.42%	-8.86%	-6.24%	2.50%	10.57%
Total Operating Expenses	7.89%	-0.25%	1.63%	1.92%	5.38%
IBPT	-29.30%	-22.33%	-16.46%	3.15%	18.17%
Net Attributable Income	-2835.56%	-102.20%	-11.47%	-16.66%	53.63%
Gross Loans & Advances	2.75%	-5.59%	-1.21%	-2.17%	2.34%
Deposits from Customers	19.33%	20.60%	9.25%	0.99%	NA
Earnings (%)					
Net Interest Margin	1.40%	1.58%	1.77%	1.79%	1.70%
Non-Interest Income / Total Revenue	28.96%	23.52%	23.05%	26.42%	26.01%
Cost / Income ratio	75.59%	66.97%	61.19%	56.45%	56.77%
LLP / IBPT	-2.56%	90.46%	20.04%	16.69%	-1.66%
Return on Avg Assets (ROAA)	0.30%	-0.01%	0.53%	0.60%	0.69%
Return on Avg Equity (ROAE)	5.72%	-0.21%	9.58%	10.84%	13.81%
IBPT over Avg RWAs	1.61%	2.28%	3.06%	3.71%	3.63%
Internal Capital Generation	2.75%	-0.21%	3.42%	4.45%	8.70%
Risk Profile (%)					
Cost of Risk	-0.02%	0.91%	0.24%	0.24%	-0.03%
Gross NPLs over Gross Loans	2.59%	3.37%	2.53%	2.18%	2.53%
NPL Coverage Ratio	36.04%	40.90%	35.99%	38.39%	35.19%
Net NPLs over Net Loans	1.88%	2.30%	1.45%	1.30%	1.36%
NPLs to Equity and Loan Loss Reserves Ratio	27.45%	34.65%	28.20%	24.93%	29.41%
Funding & Liquidity (%)					
Net Loan to Deposit Ratio	102.02%	104.09%	112.46%	113.37%	115.54%
Liquidity Coverage Ratio	168%	149%	134%	132%	143%
Net Stable Funding Ratio	138%	NA	NA	NA	NA
Capitalization (%)					
CET1 Ratio	16.30%	17.70%	18.10%	18.40%	17.70%
Tier1 Ratio	18.00%	19.50%	19.90%	20.20%	18.50%
Total Capital Ratio	22.40%	23.70%	26.50%	27.30%	21.30%
Leverage Ratio	5.90%	5.80%	4.50%	4.20%	4.00%
Dividend Payout Ratio	51.9%	NA	64.3%	59.0%	37.0%

Source: Morningstar Inc., Company Documents

*Includes Loans to Banks

Rating Methodology

The applicable methodology is the *Global Methodology for Rating Banks and Banking Organisations (19 July 2021)* and the *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (17 May 2022)*, which can be found on our website under Methodologies.

Ratings

Issuer	Debt Rated	Rating Action	Rating	Trend
ABN AMRO Bank N.V.	Long-Term Issuer Rating	Confirmed	A (high)	Stable
ABN AMRO Bank N.V.	Long-Term Deposits	Confirmed	A (high)	Stable
ABN AMRO Bank N.V.	Long-Term Senior Debt	Confirmed	A (high)	Stable
ABN AMRO Bank N.V.	Dated Subordinated Debt	Confirmed	A (low)	Stable
ABN AMRO Bank N.V.	Short-Term Issuer Rating	Confirmed	R-1 (middle)	Stable
ABN AMRO Bank N.V.	Short-Term Deposits	Confirmed	R-1 (middle)	Stable
ABN AMRO Bank N.V.	Short-Term Debt	Confirmed	R-1 (middle)	Stable
ABN AMRO Bank N.V.	7.75% Sub Notes Due 2023	Confirmed	A (low)	Stable
ABN AMRO Bank N.V.	6.250% Sub Notes Due 2022	Discontinued - Repaid	Discontinued	N/A
ABN AMRO Bank N.V.	7.125% Sub Notes Due 2022	Confirmed	A (low)	Stable
ABN AMRO Bank N.V.	Long Term Critical Obligations Rating	Confirmed	AA	Stable
ABN AMRO Bank N.V.	Short Term Critical Obligations Rating	Confirmed	R-1 (high)	Stable

Ratings History

Issuer	Debt Rated	Current	2021	2020	2019	2018
ABN AMRO Bank N.V.	Long-Term Issuer Rating	A (high)	A (high)	A (high)	A (high)	A (high)
ABN AMRO Bank N.V.	Long-Term Deposits	A (high)	A (high)	A (high)	A (high)	A (high)
ABN AMRO Bank N.V.	Long-Term Senior Debt	A (high)	A (high)	A (high)	A (high)	A (high)
ABN AMRO Bank N.V.	Dated Subordinated Debt	A (low)	A (low)	A (low)	A (low)	A (low)
ABN AMRO Bank N.V.	Short-Term Issuer Rating	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)
ABN AMRO Bank N.V.	Short-Term Deposits	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)
ABN AMRO Bank N.V.	Short-Term Debt	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)
ABN AMRO Bank N.V.	7.75% Sub Notes Due 2023	A (low)	A (low)	A (low)	A (low)	A (low)
ABN AMRO Bank N.V.	6.250% Sub Notes Due 2022	Discontinued	A (low)	A (low)	A (low)	A (low)
ABN AMRO Bank N.V.	7.125% Sub Notes Due 2022	A (low)	A (low)	A (low)	A (low)	A (low)
ABN AMRO Bank N.V.	Long Term Critical Obligations Rating	AA	AA	AA	AA	AA
ABN AMRO Bank N.V.	Short Term Critical Obligations Rating	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)

Previous Action

- DBRS Morningstar Confirms ABN AMRO Bank's Long-Term Issuer Rating at A (high), Trend Remains Stable, June 10, 2022
- DBRS Morningstar Confirms ABN AMRO's Long-Term Issuer Rating at A (high), Stable Trend, June 16, 2021
- DBRS Morningstar Confirms ABN AMRO's Long-Term Issuer Rating at A (high), Stable Trend, June 25, 2020

Related Research

- European Banks' Q1 2022 Cost of Risk Remains Low; Lower Loan Loss Reversals, June 7, 2022
- ESG Factors for Banks, Part Three: Social Factors, April 11, 2022
- European Banks: Lower Cost of Risk in FY21; However, Likely to Worsen After Ukraine War, March 22, 2022
- Dutch Banks: FY21 Profits Rebound As Credit Costs Decrease, February 17, 2022
- ESG Risk Factors for Banking Organisations: 2021 Review, February 3, 2022
- European Banks: Rating Outlook Stable for 2022, January 27, 2022

Previous Report

- ABN AMRO Bank N.V.: Rating Report, July 14, 2021
- ABN AMRO Bank N.V.: Rating Report, July 9, 2020
- ABN AMRO Bank N.V.: Rating Report, August 1, 2019

European Bank Ratios & Definitions

- Bank Ratio Definitions, March 14, 2022

About DBRS Morningstar

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