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INVESTORS SERVICE

CREDIT OPINION
21 July 2020

Update

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RATINGS

ABN AMRO Bank N.V.

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

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

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ABN AMRO Bank N.V.

Update to credit analysis

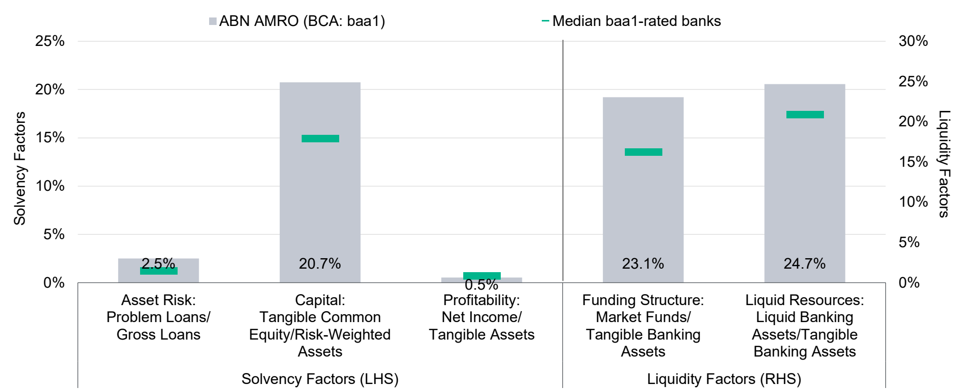
Summary

The baa1 Baseline Credit Assessment (BCA) of ABN AMRO Bank N.V. (ABN AMRO) reflects the bank's overall good financial fundamentals, including sound profitability and asset quality, despite a recent increase in loan-loss charges, solid capitalisation and robust liquidity. The BCA further captures the bank's strong presence in the Dutch market, its balanced business mix between retail and commercial banking and its private banking activity undertaken across Europe.

The A1/Prime-1 deposit and senior unsecured ratings reflect (1) the bank's standalone credit strength; (2) the application of our Advanced Loss Given Failure (LGF) analysis, resulting in a two-notch uplift — for both senior debt and deposits — from the Adjusted BCA of baa1, given the significant volumes of senior debt and junior deposits, resulting in very low loss given failure for these instruments; and (3) a government support uplift of one notch, reflecting a moderate probability of government support in view of the bank's systemic importance.

Exhibit 1

Rating Scorecard - Key Financial ratios



Source: Moody's Financial Metrics

Credit strengths

» Strong positions in the domestic market and some other countries

» Moderate risk profile from the bank's focus on its retail and commercial banking business

» High capitalisation on a risk-weighted basis

» Sound profitability, commensurate with the bank's moderate risk profile

Credit challenges

» Pressure on earnings stemming from the coronavirus crisis and the low interest rate environment

» High single borrower exposures with inherent credit risk in the CIB segment

» Increased costs linked to regulatory compliance and detection of financial crime

» Relatively high nominal leverage

Outlook

The stable outlook reflects the bank's sound fundamentals as well as our expectation that, despite likely significant deterioration due to the current pandemic, solvency metrics should recover to levels consistent with the bank's ratings in the next 2-3 years. 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 the bank's capitalisation were to improve significantly, along with its leverage ratio, and the bank concurrently reported stable earnings while improving the risk profile.

ABN AMRO's deposit and senior unsecured debt ratings could also be upgraded as a result of a decrease in loss given failure, should 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 a significant deterioration in the bank's asset quality and profitability; or a decline in its liquidity or capitalisation, or both. A lower BCA would likely result in a downgrade of all the ratings.

ABN AMRO's deposit and senior unsecured debt ratings could also be downgraded as a result of an increase in loss given failure, should 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.

Key Indicators

Exhibit 2

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

	12-19[2]	12-18[2]	12-17[2]	12-16[2]	12-15[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	375,054.0	381,295.0	393,171.0	394,482.0	407,373.0	(2.0)[4]
Total Assets (USD Million)	420,997.5	435,875.3	472,118.7	416,080.8	442,527.4	(1.2)[4]
Tangible Common Equity (EUR Million)	22,773.0	22,100.0	21,468.8	18,918.0	17,799.3	6.4[4]
Tangible Common Equity (USD Million)	25,562.7	25,263.5	25,779.6	19,953.8	19,335.2	7.2[4]
Problem Loans / Gross Loans (%)	2.5	2.2	2.5	3.3	3.1	2.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	20.7	21.0	20.2	18.2	16.5	19.3[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	26.8	24.2	28.9	39.5	40.8	32.0[5]
Net Interest Margin (%)	1.7	1.7	1.6	1.5	1.5	1.6[5]
PPI / Average RWA (%)	3.0	3.4	3.0	2.3	2.9	2.9[6]
Net Income / Tangible Assets (%)	0.5	0.5	0.6	0.4	0.5	0.5[5]
Cost / Income Ratio (%)	61.8	60.2	64.2	69.6	62.0	63.6[5]
Market Funds / Tangible Banking Assets (%)	23.1	24.3	25.1	27.5	25.8	25.1[5]
Liquid Banking Assets / Tangible Banking Assets (%)	24.7	25.3	24.9	25.5	22.4	24.6[5]
Gross Loans / Due to Customers (%)	114.6	115.3	117.2	118.6	114.9	116.1[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Company filings and Moody's Investors Service

Profile

ABN AMRO Bank N.V. (ABN AMRO) 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.

Recent developments

The global recession is deepening rapidly as the coronavirus outbreak worsens. The full extent of the economic costs will be unclear for some time but it is unlikely that real GDP in 2021 will come back to pre-coronavirus crisis levels across the world. In the Netherlands, we forecast GDP to decline by 6.2% in 2020, after growing by 1.8% in 2019, and to grow by 4% in 2021. In Europe, the coronavirus outbreak adds to late-cycle risks for European banks. Under our baseline scenario, the direct negative credit effect on the European banking sector would be limited. A prolonged outbreak, however, would have a more severe outcome, weighing on the banks' loan quality and profitability. We expect fiscal and regulatory policy measures, as already announced by a variety of euro-area nations and European regulators, to mitigate the economic contraction caused by the outbreak and safeguard banks' role as they cope with the short-term pressures of the coronavirus outbreak.

In the Netherlands, the government unveiled a series of support measures to offset the economic consequences of the business shutdown, including loan guarantees for SMEs and larger companies for up to €150 million and tax payment deferrals. The government will also compensate up to 90% of labour costs for a maximum of three months for firms experiencing a decline in turnover of 20% or more (provided that they do not dismiss staff during this period). In addition, specific industries which are severely hurt because of the partial lock down (that is, hospitality and leisure), are eligible for a one-off compensation (up to €4,000) to cover their standing charges.

The Dutch banking supervisor, De Nederlandsche Bank (DNB) and the Dutch Banking Association also announced measures aimed at supporting the Dutch economy. The DNB has lowered the systemic risk buffers for the three largest banks, and also postponed the introduction of a floor on mortgage loan risk weights. These two measures will free up €8 billion in capital, which could have a potential effect on lending of up to €200 billion under the calculations of the Dutch government. They come on top of the European Central Bank's (ECB) decision to allow banks to temporarily use their the capital conservation buffer (CCB) and Pillar 2 Guidance (P2G). The Dutch Banking Association also announced on 19 March 2020 that the largest Dutch banks had reached an agreement that would allow their corporate clients to postpone their debt repayments on loans of up to €2.5 million for six months.

The greatest negative credit effects will be felt initially by banks in regions most immediately and acutely disrupted or that have concentrated lending to the most affected sectors, as well as more thinly capitalised banks and non-bank lenders. To reflect the growing strain from the coronavirus outbreak, in March 2020, we changed the outlook on six European banking systems to negative, including that of the Netherlands.

Detailed credit considerations

A strong position in the domestic market and in certain countries

ABN AMRO has a strong franchise in the highly concentrated Dutch market, where it is the second-largest bank in retail banking, having a 20%-25% market share in key products, including mortgages, savings and consumer lending. The market share in new production of residential mortgages was 15% in the first quarter of 2020. 83% of the bank's operating income was from domestic operations in 2019.

Outside the Netherlands, the bank's franchise is more modest but benefits from good brand recognition in some countries and for certain activities, such as private banking in France and Germany. As of the end of March 2020, private banking client assets totaled €167 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 is 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. The CIB segment is under strategic review by the management, with announcements planned over the summer.

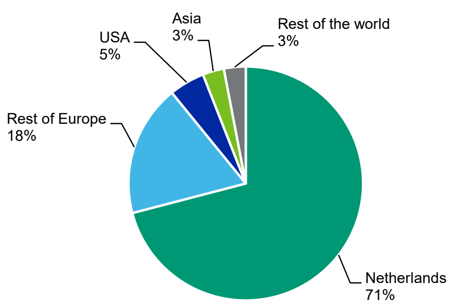
Moderate risk profile because of its focus on the retail and commercial banking business

As reflected in the assigned Asset Risk score of a3, 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. As of the end of March 2020, 57% of the bank's loan portfolio was to households (primarily residential mortgages). As we expect this segment to be relatively resilient in part due to the government support measures in the Netherlands, ABN AMRO will continue to benefit from this 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 December 2019 (in percentage terms)

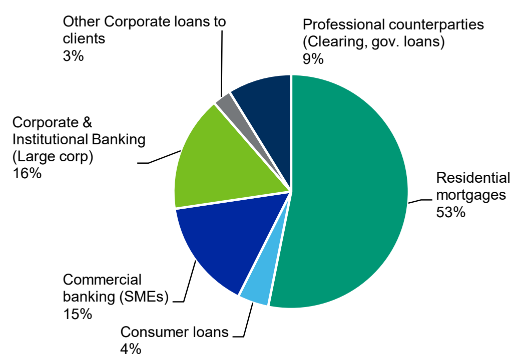


Sources: Company reports and Moody's Investors Service

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 March 2020 (in percentage terms)

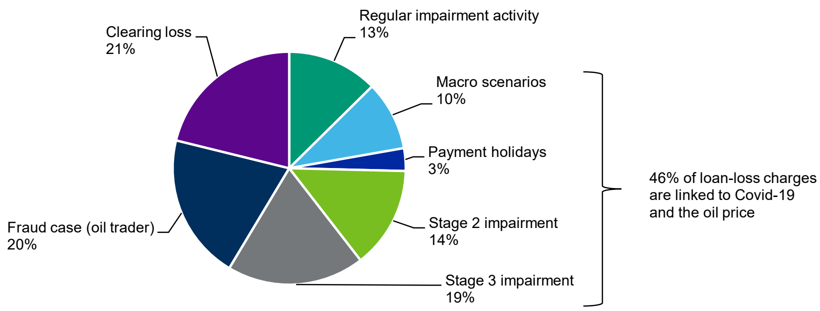


Sources: Company reports and Moody's Investors Service

ABN AMRO's annualised cost of risk for Q1 2020 amounted to 132 bps of customer loans, or €1.1 billion, a level much higher than Dutch peers. This abrupt increase in loan-loss charges was the result of impairments incurred on two large exposures as well as the coronavirus outbreak and the oil price decline. The default of a US asset manager caused a €235 million loss in the bank's clearing business and the alleged fraud from a Singaporean oil trader resulted in another €225 million loss. Together, these two exposures accounted for 41% of the total provisions recorded in Q1 2020. Another 46%, or €511 million, was linked to the coronavirus crisis and oil price decline. These loan-loss charges are derived from the revision of macroeconomic scenarios (€107 million), the loss of compounded interest on payment holidays (€35 million), a decision to transfer all immediately affected exposures into the IFRS9 Stage 2 bucket (€157 million) and defaulted exposures (Stage 3, €212 million). The oil and gas sector was responsible for €205 million of additional loan-loss charges.

Exhibit 5

ABN AMRO recorded loan-loss charges of €1.1 billion (132 bps of cost of risk), largely linked to the coronavirus crisis and crashing oil prices
Mix of loan-loss charges in Q1 2020



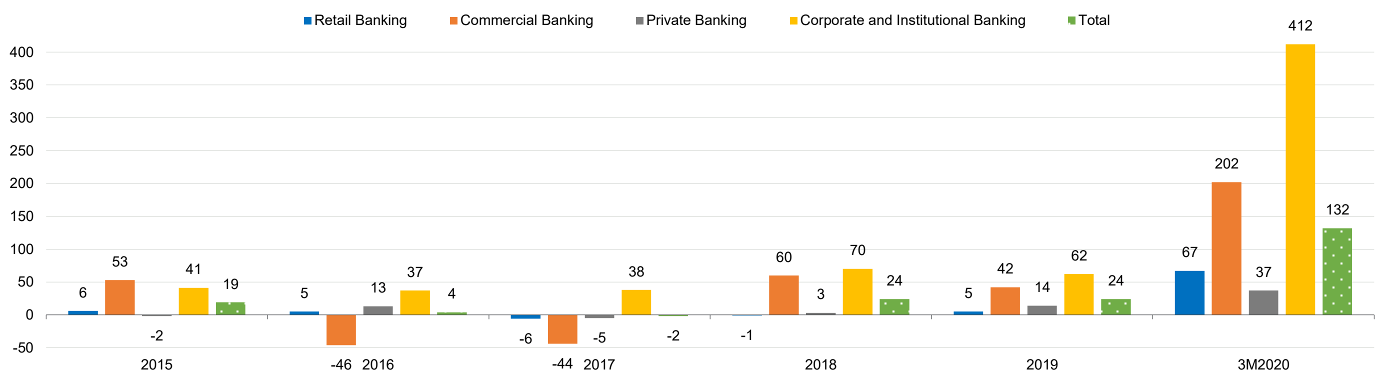
Sources: ABN AMRO's investor presentation and Moody's Investors Service

The bank gave a cost of risk guidance of 90 bps for the full year 2020, equivalent to loan-loss charges worth €2.5 billion. This is abnormally high and points at the inherently risky and concentrated nature of some exposures of the Corporate and Investment Banking (CIB) division (including oil and gas, offshore, vessels). Lastly, it is mentioned in a Bloomberg news report that ABN AMRO has a €200 million credit line on payment specialist Wirecard, which defaulted in June, out of which €180 million was drawn.

The current high loan losses are in line with our expectation that, despite the bank's de-risking strategy, certain exposures remain volatile and of higher risk, notably in the shipping and offshore sectors (oil and gas), as well as the diamond and jewellery sector. Despite the generally short-dated and collateralized nature of the exposures, performance in this business is less predictable and stable than retail or SME banking. As we believe this type of business incurs relatively high single-borrower exposures, we see it as modestly negative for the bank's risk profile. A review of the bank's CIB division, which aims at further de-risking and improving the profitability of this business, is being undertaken and will conclude in August 2020. The strategic review illustrates the management's view that recent losses are not considered in line with the bank's risk appetite.

Exhibit 6

Impairment charges surged in Q1 2020 as a result of the coronavirus outbreak and significant one-offs
Loan-loss impairment charges/gross customer loans (bps)



For first three months of 2020, the cost of risk is based on annualised impairment charges.
Sources: Company reports and Moody's Investors Service

The bank has limited market risk exposure, and related market risk-weighted assets (RWAs) accounted for 1.9% of total RWAs as of the end of March 2020. 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.

ABN AMRO is currently under investigation by the Dutch authorities on possible failures related to detecting money laundering and fighting the financing of terrorism. The investigation, which we would expect to be concluded in 2021, could lead to substantial fines and remediation measures. In order to improve their collective fight against money laundering and the financing of terrorism, large Dutch banks announced on 9 July 2020 that they would create a shared transaction-monitoring company to fulfill their obligations for anti-money laundering and counter-terrorist financing.

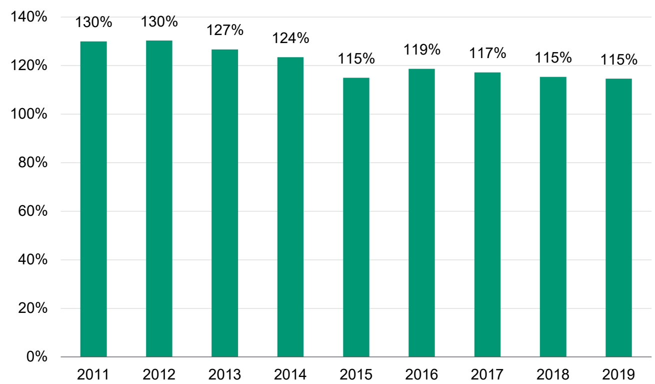
Robust liquidity, partly because of its strong private banking franchise

We view ABN AMRO's liquidity as robust, and we expect it to remain so over the coming quarters. As of the end of December 2019, the bank disclosed a loan-to-deposit ratio of 114% (our own calculations resulted in a ratio of 115% as of year-end 2019), reflective of the structural deficit of customer deposits in the Dutch market. 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 7

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

Gross loans/customer deposits (in percentage terms)

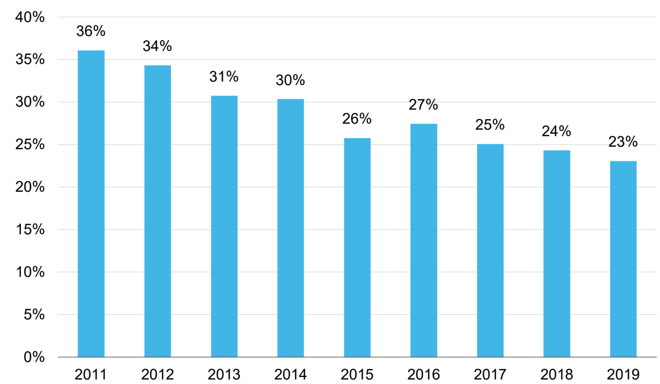


Loan-to-deposit ratio under Moody's calculations.
Sources: Company reports and Moody's Investors Service

Exhibit 8

... and the bank's wholesale funding decreased as a result

Market funds/tangible banking assets (in percentage terms)



Sources: Company reports and Moody's Investors Service

The customer funding gap is funded by wholesale borrowing. Risks stemming from the reliance on confidence-sensitive funding are mitigated by the term structure of the outstanding debt, as well as the adequate liquidity buffer. As of year-end 2019, the liquidity buffer of €80 billion represented more than three times all the wholesale debt securities maturing within one year, which we consider a strong coverage of liquidity risk. As of the end of March 2020, the bank's liquidity coverage ratio and net stable funding ratio were above 100%, as reported by the bank.

All these factors are reflected in our combined Liquidity score of baa2.

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

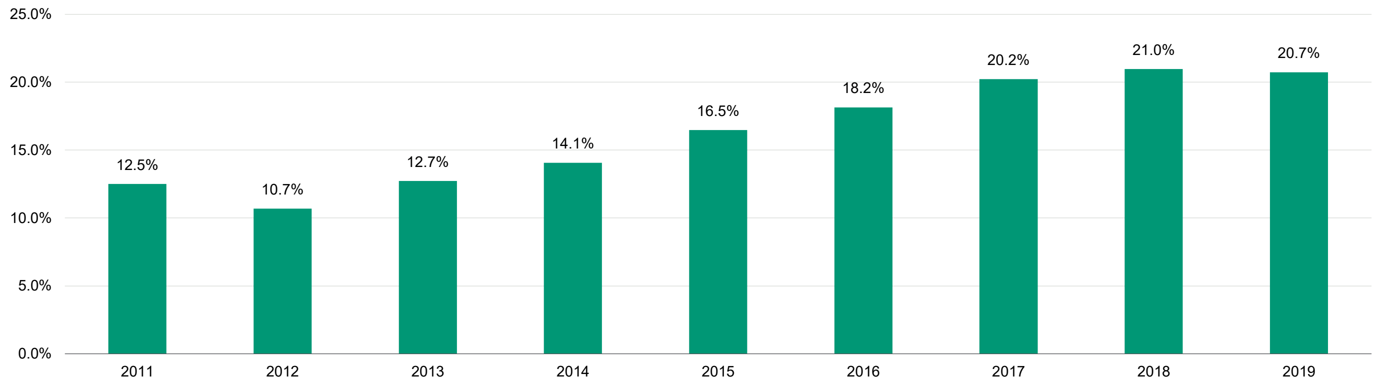
ABN AMRO reported a Common Equity Tier 1 (CET1) ratio of 17.3% as of the end of March 2020, which we view as very strong compared with its main domestic and European peers. However, this is below the bank's current Basel III CET1 ratio target of 17.5%-18.5%, which will be reviewed during the summer.

At the start of Q1 2020, 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 coronavirus 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 2% from 2.5%, the minimum CET1 requirement for ABN AMRO decreased to 9.7%[1]. Thus, ABN AMRO still has a solid 7.5 percentage points buffer[2] above its new requirement. ABN AMRO will not use transitional measures in the adoption of IFRS 9.

Exhibit 9

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

Tangible common equity/RWA (in percentage terms)



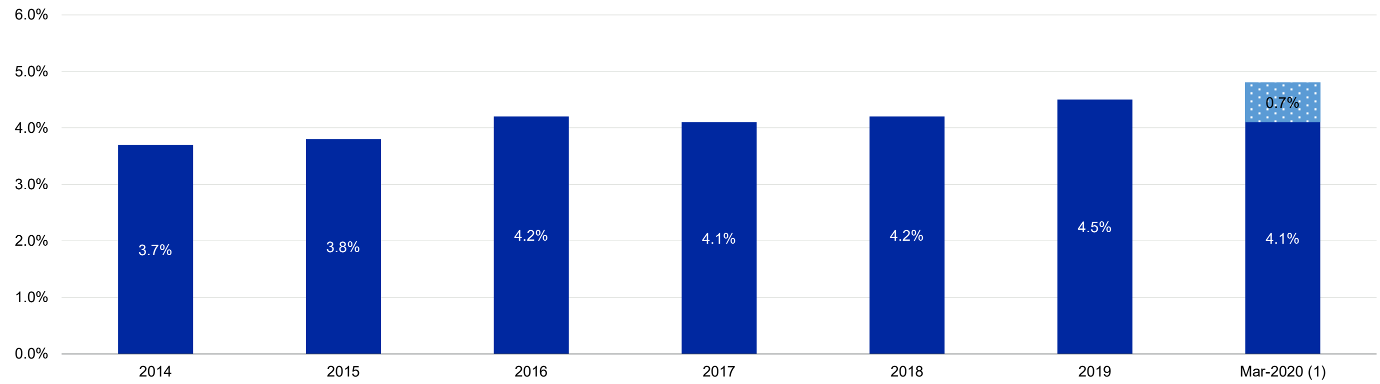
Sources: Company reports and Moody's Investors Service

As of the end of March 2020, the leverage ratio at the level of the bank was 4.1%. The contrast between the strong CET1 ratio and the low leverage ratio reflects the relatively low risk weights of assets, a common feature to all Dutch retail banks, in particular for 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 reduce RWA inflation by around 20%). This estimate assumed a static balance sheet. The bank had already experienced inflation in RWAs, with a €5 billion increase in Q4 2018[3] and a €1.3 billion increase in Q1 2019 linked to the ECB's Targeted Review of Internal Models (TRIM) and model review add-ons. The bank expected further RWA inflation in 2020 from TRIM and model reviews and from the risk-weight floor on mortgages to be implemented from the autumn of 2020 in the Netherlands.[4], The coronavirus crisis caused the ECB's TRIM and model reviews to be postponed to H2 2020, the risk-weight floor on mortgages to be delayed until further notice and the implementation of Basel IV to start only in 2023.

The bank's regulatory Tier 1 leverage ratio was 4.1% as of the end of March 2020 and its ratio of tangible common equity (TCE)/total assets was 6.1% as of year-end 2019. The bank expects its regulatory leverage ratio to improve by around 0.7 percentage points once the change in the calculation of derivative exposures under the Capital Requirements Regulation (CRR2) is implemented[5].

Exhibit 10
The bank's leverage is relatively high and will benefit from the revision of the Capital Requirement Regulation
Regulatory Tier 1 leverage ratio (in percentage terms)



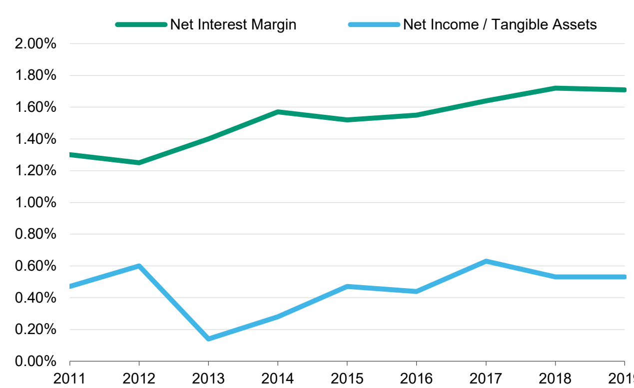
(1) The revision of the CRR will result in a decrease in the exposure measure for ABN AMRO's clearing activities and lead to a 0.7 percentage points increase in the leverage ratio.
Source: Company reports

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

Sound profitability, which is commensurate with the bank's moderate risk profile

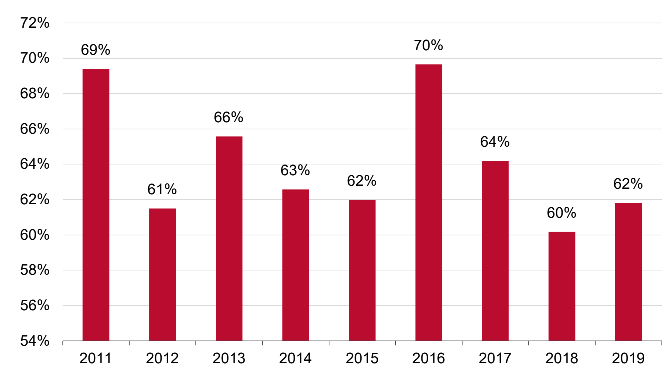
Although low interest rates and an increasing regulatory burden exert pressure on profit, we believe that ABN AMRO’s profitability is sound and commensurate with the bank’s moderate risk profile. However, the bank reported a net loss of €395 million in Q1 2020, compared with a net profit of €478 million in Q1 2019[6]. Although cost discipline helped lower operating expenses by 2%, pre-provision income declined by 17% because of lower net banking revenue. The continuously low interest rates exert pressure on net interest margins (155 bps in Q1 2020 versus 160 bps in Q1 2019) and, following the coronavirus crisis, demand for loans may decrease. The surge in impairments caused the bank's net loss. The management guidance of a 90 bps cost of risk for 2020, representing loan-loss charges of €2.5 billion, suggests that the bank could be close to break even for the full year. However, the recent Wirecard default may cause the bank to revalue its cost of risk forecast.

Exhibit 11
Net interest margins supported net profits until now



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

Exhibit 12
Efficiency efforts bore significant results but significant one-offs and high impairments bring pressure
Cost-to-income ratio (in percentage terms)



Cost-to-income ratios include regulatory levies.
Sources: Company reports and Moody's Investors Service

As expected, net interest margins started to decline in 2019 and we expect them to keep falling because of the low interest rate environment. The bank's cost-savings plan is on track, with €950 million already realised as of the end of March 2020 out of the targeted reduction of operating expenses of €1 billion by the end of the year. However, significant impairment charges and other costs will weigh on profit, including bank levies and external staff recruitment related to regulatory and IT projects. The bank's cost-to-income ratio was 67.6% in Q1 2020, up from 61.2% as of year-end 2018 and significantly above the previous target of 56%-58% by 2020 and less than 55% by 2022. The bank has postponed its cost-to-income target of 56%-58% indefinitely because of the persistently low interest rates and resulting pressure on margins. It also led the bank to charge negative interest rates to large private and corporate banking clients.

The assigned profitability score of baa3 reflects the level of profitability achieved by the bank over the last three years and our opinion that the bank will return to profitability levels consistent with the rating within the next 2-3 years.

ABN AMRO's Financial Profile score is baa1, in line with the assigned BCA of the bank.

Environmental, social and governance considerations

In line with our general view on the banking sector, ABN AMRO has a low exposure to environmental risks (see our Environmental risks heat map for further information).

For social risks, we also score ABN AMRO in line with our general view for the banking sector, which indicates moderate exposure (see our Social risks heat map). Social considerations are relevant for ABN AMRO in the sense that, as for other Dutch banks, it is likely subject to regular investigations by the Dutch supervisor related to good customer care and the possible sale of unsuitable or uneconomical products to clients. Investigations and related fines imposed by supervisors represent significant reputational risk for banks.

Governance is highly relevant for ABN AMRO, as it is to all competitors in the banking industry. This is particularly true for ABN AMRO because the bank is still majority owned (56.3%), directly and indirectly, by the Dutch State via NLFI. Corporate governance weaknesses can lead to a deterioration in a bank's credit quality, while governance strengths can benefit its credit profile. The bank's risk governance infrastructure is adequate and has not shown any shortfall in recent years, although tensions surfaced recently between the supervisory board (SB) and the CEO, which eventually led to the departure of the SB chairwoman in 2018. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

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.

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

Because 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)

CRRs are opinions of the ability of entities to honour the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralized portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

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

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

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 13

ABN AMRO Bank N.V.

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

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.5%	a2	←→	a3	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	20.7%	aa1	←→	aa3	Nominal leverage	Expected trend
Profitability						
Net Income / Tangible Assets	0.5%	baa2	←→	baa3	Expected trend	
Combined Solvency Score		a1		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	23.1%	baa1	←→	baa2	Deposit quality	Extent of market funding reliance
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	24.7%	baa1	←→	baa1	Quality of liquid assets	
Combined Liquidity Score		baa1		baa2		
Financial Profile				baa1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	92,507	24.7%	116,476	31.1%
Deposits	234,991	62.7%	211,022	56.3%
Preferred deposits	173,893	46.4%	165,199	44.1%
Junior deposits	61,098	16.3%	45,823	12.2%
Senior unsecured bank debt	26,595	7.1%	26,595	7.1%
Dated subordinated bank debt	9,537	2.5%	9,537	2.5%
Equity	11,246	3.0%	11,246	3.0%
Total Tangible Banking Assets	374,876	100.0%	374,876	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	24.9%	24.9%	24.9%	24.9%	3	3	3	3	0	a1
Counterparty Risk Assessment	24.9%	24.9%	24.9%	24.9%	3	3	3	3	0	a1 (cr)
Deposits	24.9%	5.5%	24.9%	12.6%	2	3	2	2	0	a2
Senior unsecured bank debt	24.9%	5.5%	12.6%	5.5%	2	1	2	2	0	a2
Junior senior unsecured bank debt	5.5%	5.5%	5.5%	5.5%	-1	-1	-1	-1	0	baa2
Dated subordinated bank debt	5.5%	3.0%	5.5%	3.0%	-1	-1	-1	-1	0	baa2

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	-1	0	baa2	0	Baa2	(P)Baa2
Dated subordinated bank debt	-1	0	baa2	0	Baa2	Baa2

[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 14

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

Source: Moody's Investors Service

Endnotes

1 The 9.7% CET1 requirement includes 4.50% (Pillar 1), 1.2% of Pillar 2 requirement, 2.5% of capital conservation buffer and 1.5% of systematic risk buffer.

2 Buffer above the trigger level for maximum distributable amount (MDA).

3 On total RWAs of €104 billion as of the end of September 2018.

4 For more information on the subject, please refer to our sector comment.

5 The proposed change will result in a decrease in the exposure measure for ABN AMRO's clearing activities.

6 Please see our issuer comment on Q1 2020 results for further details.

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