MOODY'S INVESTORS SERVICE

Credit Opinion: ABN AMRO Bank N.V.

Global Credit Research - 23 Dec 2011

Amsterdam, Netherlands

Ratings

Category	Moody's Rating
Outlook	Stable(m)
Bank Deposits	Aa3/P-1
Bank Financial Strength	C-
Baseline Credit Assessment	(Baa1)
Adjusted Baseline Credit Assessment	(Baa1)
Issuer Rating	Aa3
Senior Unsecured	Aa3
Subordinate	*A1
Jr Subordinate	Ba2 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term	(P)P-1
ABN AMRO Funding USA LLC	
Outlook	Stable
Bkd Commercial Paper	P-1

* Placed under review for possible downgrade on November 29, 2011

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Key Indicators

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

	[2]**6-11**	[2]**12-10**	[3]**12-09**	**Avg.**
Total Assets (EUR million)	**396,768.0**	**379,599.0**	**386,524.0**	[4]**1.3**
Total Assets (USD million)	**575,251.2**	**509,248.6**	**554,561.8**	[4]**1.8**
Tangible Common Equity (EUR million)	**14,022.6**	**13,196.8**	**9,886.0**	[4]**19.1**
Tangible Common Equity (USD million)	**20,330.6**	**17,704.1**	**14,183.9**	[4]**19.7**
Net Interest Margin (%)	**1.4**	**--**	**1.1**	[5]**1.2**
PPI / Avg RWA (%)	**2.4**	**1.3**	**--**	[6]**1.8**

Net Income / Avg RWA (%)	**1.6**	**-0.3**	**--**	[6]**0.6**
(Market Funds - Liquid Assets) / Total Assets (%)	**12.7**	**13.8**	**15.6**	[5]**14.1**
Core Deposits / Average Gross Loans (%)	**76.8**	**--**	**74.0**	[5]**75.4**
Tier 1 Ratio (%)	**13.9**	**12.8**	**--**	[6]**13.4**
Tangible Common Equity / RWA (%)	**12.9**	**11.3**	**--**	[6]**12.1**
Cost / Income Ratio (%)	**67.3**	**80.1**	**77.0**	[5]**74.8**
Problem Loans / Gross Loans (%)	**--**	**3.1**	**2.9**	[5]**3.0**
Problem Loans / (Equity + Loan Loss Reserves) (%)	**--**	**50.7**	**60.7**	[5]**55.7**

Source: Moody's

[1] All ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Basel I; IFRS [4] Compound Annual Growth Rate based on IFRS reporting periods [5] IFRS reporting periods have been used for average calculation [6] Basel II & IFRS reporting periods have been used for average calculation

Opinion

RECENT CREDIT DEVELOPMENTS

On 28 November 2011, Moody's placed under review for possible downgrade the A1 subordinated debt ratings for ABN AMRO, as part of a wider action on subordinated debt issued by a number of European financial institutions. This review will contemplate the potential complete removal of systemic support from our ratings on subordinated debt, where these ratings currently incorporate such support. This reflects Moody's belief that the probability of subordinated bank debt in Europe benefiting from systemic support will be lower than assumed in the past, further to possible legislative changes, including the European Commission's proposed framework on resolution regimes, which would allow the imposition of losses on subordinated debt holders outside a bankruptcy. In countries where this is already the case, such as the UK and Germany, our approach is to notch down subordinated debt securities from the institution's Adjusted Baseline Credit Assessment.

For more details on the wider rating action, please refer to Moody's Press Release "Moody's Reviews Bank Hybrids, Subordinated Debt for Downgrade" and Special Comment "Reassessment of Government Support Assumptions in European Bank Subordinated Debt", both dated 28 November 2011.

SUMMARY RATING RATIONALE

Moody's assigns a Bank Financial Strength Rating (BFSR) of C- (mapping to Baa1 on the long-term scale) to ABN AMRO Bank N.V. (ABN AMRO).

The outlook on the BFSR is positive, reflecting Moody's view that the bank, resulting from the merger between ABN AMRO Bank N.V. and Fortis Bank Nederland N.V. in July 2010, will exhibit stronger underlying fundamentals over the medium term.

The rating reflects ABN AMRO's strong position within the Dutch banking sector, a balanced business mix between retail and commercial banking, its moderate risk profile and strong capital position.

We acknowledge that substantial progress has been made towards reaching full operational integration of the two former banks and that the underlying business is performing well. However, we believe that the bank will remain weaker than its peers in the Dutch market until i) the high restructuring costs cease to impact its profitability, and ii) its commercial banking business has been rebuilt, following the sale of some of its assets to Deutsche Bank. In addition, ABN AMRO remains exposed to short-term refinancing risk, despite some recent improvement.

We believe that the probability of systemic support for ABN AMRO remains very high, as the Dutch government holds 100% of the bank's ordinary shares and due to its size and importance within the Dutch banking sector. This results in a substantial four-notch uplift in the senior debt and deposit ratings to Aa3 from the BCA of Baa1, which includes one extra notch reflecting the state intervention in the 2009 buy-out. However, we caution that our reassessment of parental support could result in ABN AMRO benefiting from the same parental uplift currently considered for many of its peers.

Credit Strengths

- Strong franchise across Dutch commercial and retail banking, where ABN AMRO holds the third largest market share

- Market leader in private banking in the Netherlands with a strong presence across the rest of Europe, especially in euro-area countries

- Good level of loan book granularity, dominated by retail and corporate lending, with little exposure to asset-backed securities

- Strong capital base, which was strengthened by financial support from the Dutch state to the two merged banks

Credit Challenges

- Uncertain global economic outlook, which will impact the bank's asset quality and earnings, undermining efficiency and growth targets

- Ability to continue absorbing the costs associated with the merger process, which is expected to continue until 2012, although the bank claims that the majority of these costs have already been accounted for

- Maintaining and possibly growing its international commercial banking customer base without unduly increasing its risk profile

- Continue to maintaining an adequate liquidity position in the current difficult funding environment

Rating Outlook

The outlook on the long-term ratings is stable, reflecting Moody's expectations that the support from the Dutch state will remain extremely high in the medium term and indeed until the bank has further developed its stand-alone strength. The outlook on the BFSR is positive, reflecting Moody's view that the ongoing separation and integration process, together with substantial cost reduction programs, will strengthen the bank's financial position over the short to medium term.

Going forward, Moody's will consider the bank's ability to regain some of the ground in commercial lending that was lost due to the sale of part of its business to Deutsche Bank, following the EC Remedy conclusion. Furthermore, we expect to see improved efficiency levels, as a result of the operational integration process and cost reduction initiatives.

What Could Change the Rating - Up

Given the high level of systemic support incorporated into the Aa3 senior debt ratings, there is no likelihood of upward pressure in these ratings, in the short-term.

However, the BFSR rating could be positively affected if ABN AMRO achieves a material improvement in its earnings strength and operational efficiencies. A significant decrease of the currently high impairment charges would also be a positive ratings driver.

What Could Change the Rating - Down

The BFSR could be downgraded if the bank (i) fails to reach the expected operational efficiencies resulting from the integration process, (ii) fails to rebuild the market share it lost in commercial lending following the EC Remedy conclusion, (iii) materially increases its risk profile for example as a result of expansion into risky activities; (iv) cannot restore a satisfactory levels of underlying profitability, or (v) weakens its capital position below the stated targets.

A downgrade of the deposit and debt ratings would be triggered by a downgrade of the BFSR or indeed by a change in the probability of systemic support.

Recent Results and Company Events

In the first three quarters of 2011, ABN AMRO reported a profit of EUR810 million versus a loss of EUR627 million for the same period in 2010, net of restructuring costs for EUR177 million pre-tax and separation and integration costs for EUR231 million. However, we note that in Q3-11 the bank reported a net loss of EUR54 million, compared to a profit of EUR341 million a year earlier, mainly as a result of a EUR500 million one-off provision charge on a legacy portfolio of EUR1.4 billion of corporate loans guaranteed by the Greek government. In the third quarter of 2011, net banking income was down 12% on the year to EUR1.8 billion, showing that the bank has not been immune to the challenging macroeconomic environment in Europe. Despite third quarter challenges, ABN AMRO's 2011 results to-date demonstrate continued progress in the merger and integration of the two former banks. In particular, we note that steady progress has been made in reducing the underlying cost base of the group, which has long been a key challenge for many Dutch banks. For the first nine months of 2011, the bank reported an underlying cost-to-income ratio of 63%, down from 70% for the same period last year.

In FY 2010, ABN AMRO reported a net loss of EUR414 million, from a profit of EUR274 million in the previous year. The result was impacted by a EUR812 million one-off charge resulting from forced asset sales under the EC Remedy as well as separation and integration costs of EUR679 million. The underlying business performed strongly with a net profit for the period of EUR1.1 billion compared to a profit of EUR142 million in 2009. Loan impairments were also significantly down 47% on the year, to EUR837 million. ABN AMRO had a core Tier 1 capital of 10.4% at the end of 2010.

We note that the bank's balance sheet increased by EUR42 billion to EUR419 billion in the first three quarters of 2011. The main driver was a EUR20.4 billion increase in customer loans, of which EUR15.7 billion related to securities financing. The loan book increase reflects the bank's management intention to re-build certain parts of the commercial banking business, following the forced asset sale to Deutsche Bank in 2010. ABN AMRO's core Tier 1 ratio nonetheless improved to 10.9%, from 10.4% in Q4-2010.

On 8 December 2011, the bank announced the completion of the acquisition of LGT Bank Deutschland a German private banking operation, from LGT Group. The deal is expected to further enhance ABN AMRO's position in private banking in Germany as well as across Europe. In November 2011, ABN AMRO also announced the completion of the sale of its Swiss private banking activities to Union Bancaire Privée, which had total asset under management of approximately EUR10 billion at the end of Q3 2011. The relevant gain on the sale will be booked in Q4 2011.

In July 2011, the bank announced the resumption of dividend payments with its H1 2011 results. We note that the dividend payment of EUR200 million made in September 2011 is in line with the bank's dividend policy targeting a 40% dividend payout ratio, announced in March 2011.

On 20 May 2011, ABN AMRO reported that the European Commission had approved its support package and restricting plan with the following conditions: (i) continuation of the price leadership restrictions similar to the measures implemented in 2010, (ii) a ban on acquisitions, unless the total gross cumulative purchase price paid for all such acquisitions during a period of three years is less than EUR600 million - not applicable to certain activities such as private equity, (iii) a ban on advertising state ownership, (iv) measures to stimulate the competition in private banking in the Netherlands through the offer of free transfers of investment portfolios to other banks for a period of two months. On 14 June 2011, ABN AMRO announced its decision to appeal the ban on acquisitions and we understand that this process is ongoing.

DETAILED RATING CONSIDERATIONS

Detailed considerations for ABN AMRO's ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a C- BFSR to ABN AMRO, which is the same score as that resulting from the scorecard. The assigned rating reflects the bank's enhanced position within the Dutch banking sector, a balanced business mix between retail and commercial banking, its moderate risk profile and strong capital position.

These strengths are counterbalanced by the ongoing separation and integration process. We acknowledge that substantial progress has been made in reaching operational integration since the merger was completed in 2009. However, we believe that ABN AMRO remains more vulnerable to external market forces than its peers in the Dutch market until (i) the high separation and restructuring costs will cease to impact its profitability - although the bank claims that the majority has already been accounted for - and (ii) its commercial banking operations has been rebuilt, following the forced asset sale to Deutsche Bank. In addition, ABN AMRO remains exposed to short-term refinancing risk, despite some recent improvement.

Qualitative Factors (50%)

Franchise Value

Trend: Neutral

ABN AMRO is the third largest bank in the Netherlands, which is a highly concentrated market where the top three banks dominate both lending and deposit taking. It had total assets of EUR419 billion at end-September 2011. The integration of the two former banks has consolidated the retail, private and commercial banking franchise of the previous ABN AMRO Bank with the strong merchant and commercial banking franchise of FBN. ABN AMRO currently serves 6.8 million retail clients, it employs around 24,947 staff, and has a domestic network of 482 branches as well as an international network outside the Netherlands in 22 countries, at September-end 2011.

ABN AMRO also enjoys a strong position in the corporate banking market, with high market shares in both the business banking and the corporate clients segments, despite the sale of certain part of this business to Deutsche Bank in 2010, as a result of the EC Remedy. ABN AMRO is an important player in some global specialist markets such as Energy, Commodities and Transportation (ECT) as well as clearing. The commercial and merchant banking business operates in 16 offices globally and focuses on supporting the foreign activities of predominantly Dutch clients. A key challenge for ABN AMRO is to maintain its position in this area in the current uncertain trading environment.

In retail banking the new bank is ranked third in the Netherlands serving a total of 6.8 million mass affluent and mass retail clients. ABN had a total of EUR190 billion customer deposits at end-June 2011 and market shares have held up well since a decline at the beginning of 2008. However, lower market shares in the mortgage market segment was the result of the bank's strategy to limit risk weighted assets growth over the period.

In the private clients segment, ABN AMRO is ranked 1st in its home market with significant activities in the rest of Europe. Assets under management were EUR153 billion at end-September 2011, down from

EUR164 billion at end-June 2011 reflecting weak market conditions as well as changes to the Dutch Securities Giro Act. A key challenge for ABN AMRO is to expand its footprint in Asia through its various banking networks that existed under the historical ABN AMRO brand.

ABN AMRO's retail business is expected to continue delivering earnings stability. However, downwards pressures due to increased funding costs, lower transaction volumes and uncertain economic conditions have started to materialize.

The bank's overall score for franchise value is C+

Factor: Risk Positioning

Trend: Neutral

Management has thus far demonstrated a prudent approach to risk management and recent examples include a EUR500 million impairment provision taken on currently performing Greek government-guaranteed corporate loans in Q3 2011 and a reduction in Italian government bond holdings in the same quarter. However, we remain cautious about the challenges of embedding risk culture across an organization resulting from the merger of two different banks.

ABN AMRO has set up a markets division to offer a range of financial market products to its clients. These products are relatively simple and are in small volumes. We understand that the positions are aggregated and hedged together, to ensure effective trading limit monitoring. We understand that the residual risk is negligible and that no proprietary trading activity takes place. ABN AMRO has indicated its intention to begin offering more complex products through outsourcing to third parties, including RBS N.V. and that relevant back-to-back transactions will be put in place to limit market risk.

In addition to calculating VaR, a number of stress tests and scenario analyses are performed to assess the P&L impact on a daily basis. These tests are designed to focus specifically on tail events outside the VaR confidence interval.

Owing to the recent merger between ABN AMRO and FBN, there is very little historical financial data available publicly for this issuer. However, Moody's views positively the ongoing improvement in the disclosure of financial information, particularly on a semi-annual basis.

ABN AMRO has an adequate liquidity management framework and enjoys a diversified funding mix, which included a retail and corporate deposit book (excluding repos and securities financing) of EUR190 billion corresponding to a loan-to-deposit ratio of 135% and representing 64% of total funding (per Moody's calculation) at end-June 2011. The amount of outstanding medium long term debt was EUR82.5 billion, or 27% of total funding and the remaining EUR30.2 billion (or 10%) was short term funding comprising CPs and CDs for EUR15.7 billion and inter-bank borrowings for EUR14.5 billion, at the same date. We note that ABN AMRO has reduced its dependence on short-term wholesale funding since December 2009 largely through the redemption of all ECB facilities and all government guaranteed commercial paper. In addition, the bank's medium long term funding maturity profile has improved over time.

In the first three quarters of 2011, ABN raised a total of EUR13 billion of medium-long term funding and it was able to extend the maturity of EUR2 billion. We note that at end-September 2011, ABN had approximately EUR32 billion of debt maturing over the course of 2012-13.

Moody's overall score for risk positioning is D+. However, we have adjusted the score downwards to reflect the current funding challenges and the fact that the bank has received significant capital injections from the Dutch government.

Regulatory Environment

All Dutch banks are subject to the same score on the regulatory environment. This factor does not reflect bank-specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Please refer to Moody's Banking System Outlook on the Netherlands, published in July 2010, to obtain a detailed discussion of the regulatory environment.

Factor: Operating Environment

Trend: Neutral

This factor is common to all Dutch financial institutions and the overall score is A. Please refer to Moody's Banking System Outlook on the Netherlands, published in July 2010, for a detailed discussion about the operating environment.

Quantitative Factors (50%)

Factor: Profitability

Trend: Neutral

Historically, the profitability of Dutch banks has been modest relative to their peers across most of Western Europe and to a large degree this reflects the high-cost base inherent in the system. The Dutch market is mature, with lending concentrated amongst very few large players. Despite this, margins are low, particularly in retail banking. Despite these inherent challenges, ABN AMRO continues to make good progress in improving its underlying profitability against a backdrop of challenging market conditions.

Excluding exceptional items (separation and integration costs), profitability has been on an improving trend since 2010, with pre-provision income for the first nine-month 2011 of EUR2.2 billion, up 28% from EUR1.7 billion for the same period last year. ABN AMRO reported improvements in both net interest income and non-interest income for first nine months of 2011. However, results have more recently been impacted by the ongoing macro-economic challenges in Europe, resulting in lower quarter-on-quarter revenues and significantly higher loan impairment charges due to the EUR500 million impairment provision recorded in Q3 2011 on a EUR1.4 billion legacy corporate portfolio guaranteed by the Greek government. This resulted in a reported net loss of EUR54 million for Q3 2011.

Going forward, the key challenge for ABN AMRO will be to increase profitability in an environment of weak demand for credit and uncertain economic conditions.

Positively, ABN AMRO has no exposure to illiquid structured assets other than some AAA RMBS on prime Dutch mortgages included in its liquidity buffer and as such, the credit risk going forward is largely limited to the bank's loan book of consumer and commercial loans. Furthermore, the operational integration process is expected to generate both cost synergies and earnings benefits in the long term.

The score for profitability is E+. While the most recent year-to-date score is considerably higher than the three year average outcome, we expect profitability to remain challenged over the medium term.

Factor: Liquidity

Trend: Neutral

ABN AMRO had EUR30.2 billion of short-term funding at end-June 2011, representing 10% of the adjusted total funding (per Moody's calculation). However, the banks' short-term funding requirements increases by c. EUR16 billion to c. EUR46.2 billion or c15% of the adjusted total funding, when the portion of medium-long term funding maturing in 2012 is included, as this effectively has a short-term maturity. Due to this reliance on short-term funding, we believe that the bank is expected to be vulnerable to market disruption and that, similarly to many of its European peers, it is facing challenging wholesale funding market conditions, which have deteriorated since June 2011.

Set against this risk, ABN AMRO has a liquidity buffer of EUR43.3 billion at Q3 2011, consisting of cash deposits (27%), RMBS retained (34%), government bonds (21%), covered bonds (5%) and other securities (11%). We see this as adequate in relation to the bank's funding profile and we also understand that the size of the bank's liquidity asset pool was increased by EUR10 billion during Q4 2011.

The bank has also disclosed its pro-forma Basel 3 liquidity ratios at the end of 2010. We note that its LCR was around 60% and its NSFR was around 100%, which means that ABN AMRO is well placed in meeting these target ratios ahead of the implementation date. ABN AMRO also stated that it is well placed to fully comply with these ratios by 2013, ahead of the implementation date.

The score for liquidity is C-, reflecting the bank's significant use of short-term financing in the context of a diversified funding base.

Factor: Capital Adequacy

Trend: Neutral

ABN AMRO is well capitalized, with a reported core Tier 1 ratio of 10.9% and a total Tier 1 ratio of 13.2% at end-September 2011. Risk-weighted assets remained broadly flat compared to the end of 2010, despite balance sheet growth of EUR42 billion (+11%). The bank's leverage ratio, calculated using Basel II Tier 1, was 3.2% at end-September 2011, in line with end-2010.

ABN AMRO is relatively well positioned to manage the transition to Basel III, given the relative high quality of its capital base and limited exposure to securitized trading assets. The full phase in impact in January 2013 is expected to result in a core Tier 1 ratio of 8.9% and a total Tier 1 ratio of 10.8%, which are above the 2019 full phase-in requirements of 7.0% and 8.5%, respectively, with the exception of the additional 2.5% capital conservation buffer that is expected to be required for systemically important financial institutions. ABN AMRO was included in the provisional list published in November 2011, which will be finalized in 2014.

ABN AMRO continues to benefit from a substantial injection of capital made by the Dutch government following the onset of the financial crisis in 2008. The Dutch authorities have indicated that they will not begin considering selling the state's stake in the bank until 2014, at the earliest.

The scorecard outcome of A for capital adequacy reflects the currently solid solvency ratio, as well as Moody's expectation that ABN AMRO Bank N.V. will maintain capital at or above these levels going forward.

Factor: Efficiency

Trend: Improving

Management has an ambitious target to reduce costs to structurally below 60% of revenues by the end of 2014, under normal economic and business conditions.

In the medium term, costs will continue to be impacted by ongoing restructuring and integration charges. However, these costs are beginning to decline. In 2010 total separation and integration costs amounted to EUR1.5 billion (including EC Remedy), resulting in a cost-to-income ratio for 2010 of 98%, or 70% on an underlying basis. For the first nine months of 2011, total separation and integration costs were EUR231 million (gross), with a further EUR177 million pre-tax restructuring charge taken in connection with the additional customer excellence program announced in Q2 2011. These charges resulted in a reported cost-to-income ratio of 67%. However, we note that on an underlying basis, costs declined to 63% of total revenues, suggesting management is making good progress towards achieving its stated target despite difficult trading conditions.

The scorecard outcome is E, reflecting the ongoing costs associated with the integration and restructuring.

Factor: Asset Quality

Trend: Neutral

ABN AMRO's customer loan book is balanced between lower risk mortgage lending and somewhat higher risk commercial lending, representing 47% and 33% of the total loan book at end-June 2011, respectively. The overall book's asset quality has deteriorated similarly to peers in the Dutch market, with total NPLs at year-end 2010 representing 3.1% of loans, up from 2.9% at end-December 2009 (Moody's calculations). The overall NPL ratio also masks a more challenging asset quality picture within the group's commercial lending business. Although ABN AMRO benefits from a well diversified commercial lending portfolio, these assets have nonetheless not been immune to the ongoing macro-economic challenges. At year-end 2010, NPLs within commercial lending represented 6.8% of total lending to these sectors, up from 6.2% at end-December 2009. Positively, these impaired loans were 55% covered by impairment allowances and collateral.

While ABN AMRO does not provide updated asset quality trends across portfolios in quarterly and semi - annual updates, provisioning trends in 2011 had indicated a slight improvement in the trajectory of impaired assets. Impairments at the end of Q2 2011 were EUR4.3 billion, in line with what was reported at year-end 2010. Loan impairment charges for the first six month 2011 were EUR310 million, compared to EUR348 million for H1 2010. However, third quarter results were significantly impacted by a EUR500 million impairment charge against a legacy portfolio of corporate loans guaranteed by the Greek government, increasing the overall impairment charges for the first nine months 2011 to EUR989 million, from EUR580 million for the same period last year. Excluding the impairment of the Greek government guaranteed corporate loans, provisions for bad debts did reduce to EUR489 million as ABN AMRO reported declining charges in Commercial & Merchant Banking and stable developments in mortgage lending.

Given the current macro-economic backdrop, we expect ABN AMRO to continue to report elevated levels of impairment charges as well as impaired assets, going forward. Positively, sovereign exposure to peripheral European countries is manageable, with total exposure to Greece, Portugal and Ireland at around EUR100 million (exposure to Greece is actually through corporate loans that are guaranteed by the Greek Government and are therefore not impacted by the `voluntary' agreement to exchange Greek Government bonds at less than par value). Exposure to Italy was also reduced during the third quarter to EUR300 million, down from EUR1.3 billion at end-December 2010.

Global Local Currency Deposit Rating (Joint Default Analysis)

ABN AMRO's GLC deposit rating is supported by the bank's BCA of Baa1, and the Netherlands' Aaa local currency deposit ceiling. In accordance with Moody's joint default analysis (JDA) methodology, ABN AMRO receives a four-notch uplift from its BCA, reflecting the very high likelihood of support from the Netherlands in case of need, bringing the GLC rating to Aa3.

Notching Considerations

In line with Moody's current guidelines for rating bank hybrid securities and subordinated debt published in November 2009, ABN AMRO's dated subordinated debt is rated A1, i.e. one notch below the bank's senior debt rating. For banks in the Netherlands Moody's incorporates systemic support in its dated subordinated debt ratings to the same extent that it incorporates such support in senior debt ratings. This reflects the absence of a resolution framework in the Netherlands that would allow for the imposition of losses on dated subordinated creditors outside of a liquidation.

ABN AMRO Bank N.V.'s two outstanding hybrid securities - the remaining GBP150 million perpetual subordinated upper tier 2 notes (ISIN : XS0244754254) and EUR1,000 million perpetual Tier 1 capital securities (ISIN : XS0246487457)- are rated Ba2 (hyb), reflecting Moody's view that the securities faced a high probability of coupon deferral in light of the bank's receipt of substantial state aid. However, Moody's notes that the dividend payment made in September 2011 activates the dividend pusher on both these instruments (a mandatory coupon payment is required if a dividend payment has been made in the previous 12 months). The coupon payment on these instruments is therefore expected to be made in March 2012, subject to ABN meeting its regulatory capital requirements. Should ABN decide not to pay any dividends in 2012, the bank might be subject to the EC's scrutiny on coupons of hybrid securities issued by state-supported banks.

For further details on these securities, please refer to our Press Release "Moody's concludes its review on hybrid securities ratings for Fortis Bank Nederland N.V. and its subsidiaries", published on 3 March 2010.

Foreign Currency Deposit Rating

ABN AMRO Bank N.V.'s Aa3/Prime-1 foreign currency deposit ratings are unconstrained given that the Netherlands, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

ABN AMRO Bank N.V.'s Aa3/Prime-1 foreign currency debt ratings are unconstrained given that the Netherlands, in common with other EU members, has a country ceiling of Aaa.

Rating Factors

ABN AMRO Bank N.V.

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						C+	
Factor: Franchise Value						C+	Neutral
Market Share and Sustainability		x					
Geographical Diversification			x				
Earnings Stability			x				
Earnings Diversification [2]							
Factor: Risk Positioning						D+	Neutral
Corporate Governance [2]				x			
- Ownership and Organizational Complexity				x			
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management			x				
- Risk Management			x				
- Controls			x				
Financial Reporting Transparency			x				
- Global Comparability	x						
- Frequency and Timeliness			x				
- Quality of Financial Information			x				

Credit Risk Concentration					**x**		
- Borrower Concentration					x		
- Industry Concentration			x				
Liquidity Management			**x**				
Market Risk Appetite		**x**					
Factor: Operating Environment						**A-**	**Neutral**
Economic Stability		**x**					
Integrity and Corruption	**x**						
Legal System	**x**						
Financial Factors (50%)						**D+**	
Factor: Profitability						**E+**	**Neutral**
PPI / Average RWA - Basel II				1.28%			
Net Income / Average RWA - Basel II					-0.32%		
Factor: Liquidity						**C-**	**Neutral**
(Mkt funds-Liquid Assets) / Total Assets				14.73%			
Liquidity Management			x				
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 Ratio - Basel II	12.80%						
Tangible Common Equity / RWA - Basel II	11.34%						
Factor: Efficiency						**D**	**Improving**
Cost / Income Ratio				78.58%			
Factor: Asset Quality						**D**	**Neutral**
Problem Loans / Gross Loans			2.99%				
Problem Loans / (Equity + LLR)					55.68%		
Lowest Combined Score (15%)						**D-**	
Economic Insolvency Override						**Neutral**	
Aggregate Score						**C-**	
Assigned BFSR						**C-**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information [2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral