STANDARD & POOR'S RATINGS SERVICES

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ABN AMRO Bank N.V.

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Related Criteria And Research

ABN AMRO Bank N.V.

SACP	bbb+

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

\+

Support	+2
GRE Support	0
Group Support	0
Sovereign Support	+2

\+

Additional Factors	0

Issuer Credit Rating
A/Stable/A-1

Major Rating Factors

Strengths:	Weaknesses:
• Good domestic market position. • Moderate credit and market risk profile, given the focus on domestic retail and commercial banking. • High systemic importance in the Dutch banking industry.	• Less business and geographic diversification than larger universal banks. • Moderate profitability.

Outlook: Stable

The stable outlook reflects Standard & Poor's Ratings Services' expectation that the Netherlands-based ABN AMRO Bank N.V. should be able to maintain its adequate capital position and its satisfactory asset quality in the coming 18-24 months despite an unfavorable Dutch economic environment. We expect the bank's capital ratios to increase moderately, in spite of broadly stagnant profits, thanks to limited lending growth and a restrained pay-out ratio.

In our view, ABN AMRO's efforts to enhance certain segments in its corporate banking and private banking activities and enlarge its international diversification will remain limited and cautiously implemented. They should not markedly affect our opinion of the bank's business and risk positions in the short term. With all other factors remaining the same, the ratings on ABN AMRO would not be affected if we lowered our long-term rating on The Netherlands to 'AA+' from 'AAA'. This is because we would maintain the two notches of government support that we currently factor into the long-term rating on the bank.

We could lower the ratings on ABN AMRO in the event of a sharp deterioration in economic conditions in The Netherlands. Such a weakening could jeopardize the bank's ability to maintain its risk-adjusted capital (RAC) ratio, a Standard & Poor's measure of capital, above 7% in the coming years. We will also monitor any possible changes in strategy that the bank could implement when the Dutch government sells it back to the private sector, which we understand could happen no earlier than 2015.

We could raise the ratings if ABN AMRO's business diversification greatly improved. However, we see this scenario as unlikely over the next two years.

Rationale

The ratings on ABN AMRO reflect its 'bbb+' anchor and our view of ABN AMRO's "adequate" business position, "adequate" capital and earnings, "adequate" risk position, "average" funding, and "adequate" liquidity, as our criteria define these terms. The ratings also factor in ABN AMRO's "high" systemic importance in The Netherlands. In accordance with our criteria, we assess ABN AMRO's stand-alone credit profile (SACP) at 'bbb+'.

Anchor: 'bbb+'

The 'bbb+' anchor (our starting point for assigning a long-term rating to a bank) for ABN AMRO draws on our Banking Industry Country Risk Assessment (BICRA) methodology. It reflects our assessment of the industry risk of the Netherlands and our view of the weighted average economic risk in the countries in which ABN AMRO operates, based on the geographic distribution of its exposure at default, which is split between the Netherlands (80%), Europe (10%), and the rest of the world (10%). The economic risk score for The Netherlands is '3' on a scale of 1-10 (1 is the lowest risk and 10 is the highest). ABN AMRO's weighted score is close to that level. Our industry risk score on the Netherlands is '3' on the same scale. The Dutch banking industry is dominated by three large players. ABN AMRO, along with ING Bank N.V., is one of the two that have been subject to substantial restructuring as a result of state aid they have received. The system's relatively large reliance on wholesale funding is partly attributable to households' propensity to save into life insurance and pension products.

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Business position: Adequate, a leading local player with moderate business and geographic diversification

Our assessment of ABN AMRO's business position as "adequate" reflects the dominance of relatively stable activities in its business mix of domestic retail and commercial banking activities, and private banking, supported by sound market positions. ABN AMRO is the third-largest bank in the Netherlands, with a balance sheet mostly generated by its Dutch activities. It ranks third in the Dutch retail market, with key competitive advantages in the affluent individual banking segment. It is second in lending to small and midsize enterprises and first in domestic private banking. It is also a leading player in Dutch corporate banking.

We consider that the successful completion of the merger with Fortis Bank Netherlands in 2012 was supportive of the bank's franchise. We view ABN AMRO's business stability as in line with the average of its domestic peers and peers with similar industry risk, in particular in the Benelux (the region comprising Belgium, the Netherlands, and Luxembourg) or in the Nordic region. ABN AMRO has seen an erosion of its market shares in past years, due to constraints imposed by the European Commission, particularly the April 2010 disposal of corporate activities and the restrictions imposed on deposit pricing up to 2013. However, in our view, the market share erosion in recent quarters primarily reflects the bank's will to preserve its margins and to avoid increasing its concentration in the Dutch market. The bank has continued its efforts to improve its systems and its customer relationship management, notably under its ABN AMRO brand, and has reported improvements in its client satisfaction rate.

We consider that ABN AMRO has less business and geographic diversification than many large universal banks with similar industry risk, especially compared with ING Bank and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). However, ABN AMRO benefits from the size and the good franchise of its private banking activities, with €165 billion of assets under management at June 2013 and a presence in 16 countries. It is also involved in some niche corporate banking, operated internationally. The bank is strong in financing the energy, commodities, and transportation sectors, and in clearing activity. ABN AMRO Clearing covers 85 of the world's leading exchanges. It also covers non-exchange-listed investment instruments and alternative products such as over-the-counter derivatives or warrants.

We view ABN AMRO's management team as professional and competent and the bank's strategy as sound and conservative. It focuses on preserving its moderate risk profile, reducing operating costs while strengthening its franchise in the Dutch banking sector. The bank has reviewed its medium-term strategy--targeting a 56%-60% cost to income; a 9%-12% return on equity; and a 11.5%-12.5% Core Equity Tier 1 ratio under Basel III by 2017. We see these targets as supportive of the bank's creditworthiness and achievable under our assumption of a progressive recovery in the Dutch economy. We still consider that ABN AMRO's long-term strategy remains constrained by the uncertainty regarding the exact timing and details of the state shareholder's exit. The Dutch government confirmed in 2013 its intention to proceed to an IPO, possible in the first half of 2015. In our view, the IPO process is likely to be progressive, through several tranches. We believe it will not be easy to find a new stable ownership base in a financial and regulatory environment that is not favorable to bank shareholders.

Table 1

ABN AMRO Bank N.V. Key Figures

	--Year-ended Dec. 31--				
(Mil. €)	**2013***	**2012**	**2011**	**2010**	**2009**
Adjusted assets	400,024	392,011	402,346	377,094	386,052
Customer loans (gross) §	265,394	267,300	261,079	265,702	270,031
Adjusted common equity	14,354	13,664	12,356	11,896	8,742
Operating revenues	3,601	7,338	7,794	7,659	6,986
Noninterest expenses	2,311	4,430	4,838	5,145	5,126
Core earnings	817	1,352	1,104	1,267	255

*Data as of June 30. §Excluding reverse repurchase agreements and securities borrowing transactions.

Table 2

ABN AMRO Bank N.V. Business Position

	--Year-ended Dec. 31--				
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Total revenues from business lines (mil. €)	3,601	7,338	7,794	7,440	6,986
Commercial banking/total revenues from business line	22.9	21.6	21.5	22.4	34.8
Retail banking/total revenues from business line	47.4	42.3	41.2	47.6	62.1
Merchant banking/total revenues from business line	15.4	19.9	17.1	13.6	N/A
Private banking/total revenues from business line	16.1	15.2	16.7	16.5	N/A
Other revenues/total revenues from business line	(1.8)	1.0	3.5	N/A	3.1
Return on equity (%)	12.0	7.5	5.7	(4.1)	N/A

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

Table 3

ABN AMRO Bank N.V. Breakdown Of Revenues And After Tax Profit By Business Lines

(Mil.€)	**H1 2013**	**H1 2012**	**2012**	**2011**	**2010**	**H1 2013/H1 2012 (%)**	**2012/2011 (% change)**
Revenues							
Retail banking	1,708.0	1,530.0	3,105.0	3,212.0	3,539.0	11.6	(3.3)
Private banking	581.0	567.0	1,114.0	1,302.0	1,226.0	2.5	(14.4)
Commercial banking	824.0	784.0	1,585.0	1,677.0	1,665.0	5.1	(5.5)
Merchant banking	553.0	795.0	1,461.0	1,330.0	1,010.0	(30.4)	9.8
Group functions	(65.0)	137.0	73.0	273.0	219.0	(147.4)	(73.3)
Separation and integration items	0.0		0.0	0.0	(862.0)	N.M.	N.M.
Total reported revenues	3,601.0	3,813.0	7,338.0	7,794.0	6,797.0	(5.6)	(5.9)
(Mil.€)	**H1 2013**	**H1 2012**	**2012**	**2011**	**2010**	**H1 2013/H1 2012 (%)**	**2012/2011 (% change)**
After tax profit							
Retail banking	439.0	418.0	774.0	888.0	1,127.0	5.0	(12.8)
Private banking	85.0	64.0	46.0	255.0	64.0	32.8	(82.0)
Commercial banking	(11.0)	51.0	7.0	(64.0)	57.0	(121.6)	(110.9)
Merchant banking	22.0	215.0	244.0	421.0	115.0	(89.8)	(42.0)

Table 3

ABN AMRO Bank N.V. Breakdown Of Revenues And After Tax Profit By Business Lines (cont.)							
Group functions*	282.0	92.0	214.0	(540.0)	(286.0)	206.5	(139.6)
Separation and integration items	--	--	(337.0)	(271.0)	(1,491.0)	N.M.	N.M.
Total reported after tax profit	817.0	840.0	948.0	689.0	(414.0)	(2.7)	37.6

Note: For full year 2010 to 2012, revenues and after tax profit by business lines are underlying data, excluding separation and integration items that are reported in a dedicated line. ABN AMRO stopped reporting separation costs in 2013, and the half year 2012 column is pro forma this change. *Including exceptional reversals of impairment in the first half of 2013, and an exceptionnal mil impairment in 2011. N.M.--Not meaningful. Source: Standard & Poors.

Capital and earnings: Adequate with moderate earnings generation but a sound capital base

We view ABN AMRO's capital and earnings as "adequate" based on our expectation that the bank's RAC ratio before diversification should remain in the 7.0%-7.5% range in the coming two years.

Since 2010, ABN AMRO regulatory ratios have improved strongly, under retained earnings, contained assets growth, and gains in risk-weighted assets under the extension of internal models. The bank is well positioned under Basel III, with a pro forma fully loaded core equity ratio of 11.5% at June 2013. Over the same period, our RAC ratio has declined to 7.1% at year-end 2012 (see table 4 and 5), due essentially to our changing economic risk score on the Netherlands.

Table 4

ABN AMRO Bank N.V. Changes In Reported And Pro Forma Risk-Adjusted Capital Ratio

	Pro forma BICRA*	--Reported calculations based on BICRA scores§--		
(Mil.€)	Oct. 14, 2013	December 2012	December 2011	December 2010
Reported date for EAD and capital	Dec. 31, 2012 and June 2013†	Dec. 31, 2012*	Dec. 31, 2011	Dec. 31, 2010
Economic risk score BICRA Netherlands	3	3	2	1
RAC ratio before diversification (%)	7.1	7.1	7.6	8.8
Adjusted common equity	14,354	13,664	12,356	11,896
Admissible hybrid capital instruments	0	210	1,960	3,133
Total adjusted capital	14,354	13,874	14,316	15,029
S&P total RWA before diversification	195,643	195,426	189,399	171,476

*Pro forma, with criteria and parameters, such as BICRA economic risk scores, in force as of Oct. 14, 2013. §With criteria and parameters, such as BICRA economic risk scores in force on the reporting date. †Total adjusted capital as of June 30, 2013. The revisions in our hybrid capital methodology lead to, since Sept. 30, 2011, our deduction from total adjusted capital of €1.2 billion of hybrid capital instruments with step-ups that we see as having minimal equity content. EAD--Exposure at default. RWA--Risk-weighted assets. RAC--Risk-adjusted capital. BICRA--Banking Country Industry Risk Assessment. Source: Standard & Poor's.

Table 5

ABN AMRO Bank N.V. Standard & Poor's Risk-Adjusted Capital Framework Data

Reported as of Dec. 31, 2012

(Mil. €)	EAD	Basel 2.5 RWA	Average Basel 2.5 RW (%)	Standard & Poor's RWA	Average Standard & Poor's RW (%)
Government and central banks	45,966	688	1	1,448	3
Institutions	16,162	5,488	34	3,858	24

Table 5

ABN AMRO Bank N.V. Standard & Poor's Risk-Adjusted Capital Framework Data (cont.)					
Corporate	117,680	61,088	52	84,489	72
Retail	139,414	24,513	18	49,526	36
Of which mortgage	118,554	14,600	12	31,835	27
Securitization*	35,493	3,288	9	6,334	18
Other assets	6,967	3,563	51	8,264	119
Total credit risk	361,682	98,625	27	153,919	43
Equity in the banking book§	993	1,788	212	8,600	866
Trading book market risk	--	5,632	--	8,449	--
Total market risk	--	7,420	--	17,049	--
Total insurance risk	--	--	--	6,225	--
Total operational risk	--	15,463	--	18,234	--
RWA before diversification	--	121,507	--	195,426	100
Total Diversification/Concentration Adjustments	--	--	--	(17,260)	(9)
RWA after diversification	--	121,507	--	178,166	91
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**Standard & Poor's RAC ratio (%)**
Capital ratio before adjustments	--	15,697.0	12.9	13,874.2	7.1
Capital ratio after adjustments	--	15,697.0	12.9	13,874.2	7.8

*Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. §Equity exposure includes the minority equity holdings in financial. EAD and all parameters as of Dec. 31, 2012. EAD--Exposure at default. RWA--Risk-weighted assets

Our expectation that ABN AMRO will moderately improve its RAC ratio by end-2014 takes into consideration our projection of broadly resilient net profits in 2013-2014 and limited growth in assets. We also factor in that in 2013 the bank has lowered to 30% its targeted 40% pay-out ratio on its profit, to increase its capital buffer. We assess ABN AMRO's capital sustainability, as defined under our criteria, at about 62 basis points of Standard & Poor's risk-weighted assets in 2012.

We view ABN AMRO's quality of capital and earnings as in line with peers', with a good quality of capital and a lower-than-peers' quality of earnings. ABN AMRO has greatly improved its operational efficiency since 2010 thanks to moderate business expansion and the progressive results of cost savings linked to the merger. However, ABN AMRO still compares unfavorably with top performers like its Nordic peers (see chart 1). As a result of the modest current capital buffer in excess of our 7% RAC threshold, a material deviation to our projections could lead us to revise down our assessment of the bank's capital position. However, we consider that the bank has some flexibility, for instance, with its pay-out ratio or pace of growth of risk-weighted assets to absorb some unexpected losses. We currently assess the risk of a material deviation that would lead our projected RAC below 7% as remote.

Cost to income deteriorated somewhat in the first half of 2013 compared with the equivalent period of 2012, due to a slight increase in expenses, notably pension costs, and flat revenues. However, revenue trends, especially for net interest income, remain more favorable than in 2012, driven by a stabilization in deposit margins and an improvement in lending margins. We expect the latter trends will continue in the coming quarters and the net operating income before cost of risk will decline less markedly in the full year 2013 than in the first semester of the year. The bank benefited from €550 million of nonrecurring reversals on two large specific files (the Madoff exposure provisioned in 2008 and a Greek corporate exposure guaranteed by the government that generated €880 million impairment in 2011). These files partly offset the higher impairment in commercial and retail loans. We expect impairment (excluding these reversals) will continue increasing in the second part of the year, but at slower pace compared with an already elevated second half of 2012. In our view, ABN AMRO net profit should decline moderately in full year 2013, and should stabilize in 2014, thanks to a rebound in revenues. We expect our core earning to revenues ratio will be about 13% in 2013-2014, versus 16% in 2012 and 14% in 2011.

The existing ABN AMRO Bank N.V. is the result of complex transactions linked to the spin off of the former ABN AMRO group into its consortium shareholders in February 2010. The new ABN AMRO merged in July 2010 with Fortis Bank Nederland N.V., and the combined bank kept the name ABN AMRO Bank N.V. The financial accounts are pro forma as of Jan. 1, 2010 of the merger. From 2010 to 2012, ABN AMRO had to post sizable costs linked to the separation from the former ABN AMRO group and to its restructuring plan imposed by the European Union. The bank communicated both on reported results and on underlying results excluding those items. We also consider these expenses as exceptional and exclude them from our core earnings. The bank stopped reporting exceptional costs in 2013 due to the 2012 achievement of the integration between merged banks.

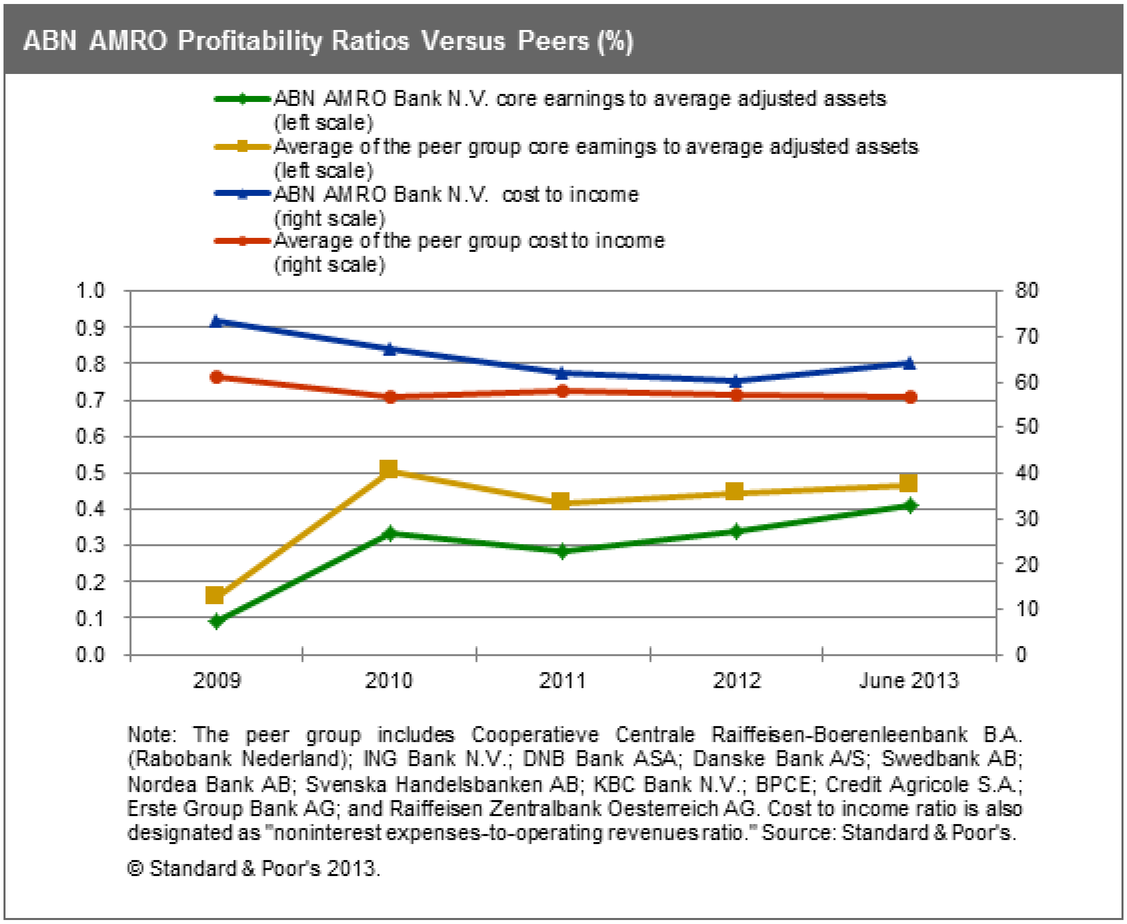
Table 6

ABN AMRO Bank N.V. Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Tier 1 capital ratio	14.2	12.9	13.0	12.8	N/A
S&P RAC ratio before diversification	N.M.	7.1	7.6	8.8	N.M.
S&P RAC ratio after diversification	N.M.	7.8	8.6	10.0	N.M.
Adjusted common equity/total adjusted capital	100.0	98.5	86.3	79.2	73.5
Net interest income/operating revenues	74.0	68.5	64.1	64.0	61.1
Fee income/operating revenues	23.0	21.2	23.2	23.1	27.7
Market-sensitive income/operating revenues	(0.3)	4.0	6.4	8.3	4.9
Noninterest expenses/operating revenues	64.2	60.4	62.1	67.2	73.4
Preprovision operating income/average assets	0.7	0.7	0.8	0.7	N/A
Core earnings/average managed assets	0.4	0.3	0.3	0.3	N/A

*Data as of June 30. RAC--Risk-adjusted capital. N/A--Not applicable. N.M.--Not meaningful.

Chart 1



Risk position: A moderate risk profile with a sharp domestic focus and a reasonable appetite for growth

Our assessment of ABN AMRO's risk position as "adequate" incorporates our view that the bank's risk management and exposure are in line with that of its domestic industry and that risks are well captured by our RAC framework. Our opinion takes into consideration our economic risk on the Netherlands that stands now at '3' from its previous score of '1' three years ago. Despite a deteriorating trend, we consider that ABN AMRO asset quality metrics are in line with the average of peer banks operating in countries with similar economic risks.

The bank's cost of risk rose by 38% in the first half of 2013, excluding the reversals on two specific files. Impairments have risen sharply since 2011 as a result of deterioration in the Dutch economy since 2011 (see table 7). However, at about 0.46% of average customer loans, this is still satisfactory, in our view.

Table 7

ABN AMRO Bank N.V. Cost Of Risk By Division							
(Mil. €)	**1H 2013/1H 2012 change (%)**	**2012/2011 change (%)**	**H1 2013**	**H1 2012**	**FY 2012**	**FY 2011**	**FY 2010**
Total loan impairments	(61.0)	(30.1)	216.0	554.0	1,228.0	1,757.0	837.0
Retail banking	85.6	38.8	284.0	153.0	383.0	276.0	271.0

Table 7

ABN AMRO Bank N.V. Cost Of Risk By Division (cont.)							
Private banking	(29.6)	1,168.8	38.0	54.0	203.0	16.0	71.0
Commercial banking	62.7	(3.1)	392.0	241.0	587.0	606.0	538.0
Merchant banking	(49.1)	848.1	54.0	106.0	256.0	27.0	(20.0)
Group function	0.0	(124.2)	(552.0)	0.0	(201.0)	832.0	(23.0)
of which two specific files	0.0	0.0	(550.0)	0.0	(125.0)	828.0	0.0
Loan impairments excluding the two specific files*	38.3	45.6	766.0	554.0	1,353.0	929.0	837.0

*The two specific files are the Madoff and the Greek government guaranteed corporate exposures. Sources: Standard & Poor's.

The €1.3 billion of impairment posted in 2012 is equivalent to the normalized losses on commercial and retail exposure produced by our RAC framework. We consider that the large impairment posted on the Greek corporate guaranteed exposure was largely the legacy of the former components of the bank. We consider the coverage of nonperforming loans by impairment as adequate taking into consideration the existence of large collateral values in most divisions (see table 8). We also see ABN AMRO's provisioning practice as conservative, as evidenced by the high level of recovery on these two specific files.

Table 8

ABN AMRO Bank N.V. Impairment To Customer Loans And Coverage Of Impairement By Allowance By Business Segments

(%)	1H 2013	2012	2011	2010
Impaired loans in total gross customer loans	3.3	3.9	4.1	2.4
Of which commercial loans	6.2	7.4	7.9	5.6
Excluding Madoff and Greek guaranteed exposure	5.2	5.3	5.3	4.5
Of which consumer mortgage	1.1	0.9	0.9	0.7
Of which other consumer loans	4.9	4.1	3.2	4.1
Coverage of impaired loans by allowance	53.7	52.8	51.4	66.3
Total excluding Madoff and Greek guaranteed exposure	50.9	46.3	44.1	60.9
Of which commercial loans	69.7	73.3	73.8	78.4
Commercial loans excluding Madoff and Greek guaranteed exposure	68.1	69.5	70.5	73.7
Of which consumer mortgage	26.7	24.6	20.1	21.9
Of which other consumer loans	64.3	65.9	67.1	60.6

Sources: Standard & Poor's. Total loans exclude securities transactions.

The loan portfolio is more than 80% focused on the Netherlands and dominated by mortgages that we continue to see as a moderate risk. We see the quality of the ABN AMRO mortgage lending book as in line with the market average. The commercial portfolio is granular, with moderate sector and individual corporate concentrations. Financial investments are essentially high quality government bonds held as part of the bank's liquidity buffer. ABN AMRO's residual exposure to South European countries is now very limited.

ABN AMRO's risk profile is dominated by credit risk, but the focus on retail activities means that the bank bears some exposure to structural interest rates, including modeling risk linked to asset-liability management (ALM) assumptions on deposits. Additionally, the bank's operational risk is not negligible, in our opinion, given the size of private banking activities and the existence of specific niches such as clearing. ABN AMRO also bears also some pension risks that are now fully recognized in the balance sheet but create some volatility in pension expenses. We don't see these risks as materially different from domestic peers.

ABN AMRO has limited market risk, primarily interest rate risk in the banking book. The financial markets desk is small for now, but even as it develops we expect the appetite for proprietary trading to stay minimal with the bulk of activities being client driven. The diversified value at risk averaged €2.2 million in the first half 2013. The bank doesn't view ALM as a profit-center but a support function to hedge commercial activities.

Table 9

ABN AMRO Bank N.V. Risk Position

	--Year-ended Dec. 31--				
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Growth in customer loans§	(1.43)	2.38	(1.74)	(1.60)	N.M.
Total diversification adjustment / S&P RWA before diversification	N.M.	(8.83)	(11.97)	(12.20)	N.M.
Total managed assets/adjusted common equity (x)	28.03	28.86	32.75	31.91	44.21
New loan loss provisions/average customer loans	0.16	0.46	0.67	0.31	N/A
Net charge-offs/average customer loans	0.75	0.46	0.25	0.17	N/A
Gross nonperforming assets/customer loans + other real estate owned	2.98	3.21	3.27	3.26	3.05
Loan loss reserves/gross nonperforming assets	59.78	64.21	64.62	49.44	50.07

*Data as of June 30. §Excluding reverse repurchase agreements and securities borrowing transactions. RWA--Risk-weighted assets. N/A--Not applicable. N.M.--Not meaningful.

Funding and liquidity: In line with levels for major domestic peers

Our view of ABN AMRO's funding as "average" factors in a large customer deposit base and good access to the domestic and international capital markets. This is partly offset by some reliance on wholesale markets, in particular, to residential mortgage-backed securities and covered bonds. With a 99% stable funding ratio at June 2013, ABN AMRO ranks slightly above the average of the 50 largest European banks (see Western Europe's Top 50 Banks Still Have A Long Way To Go To Fill The Funding Void, published on Oct. 21, 2013, on RatingsDirect), and it is in line with the domestic average. The bank has strongly improved its funding over the past four years by issuing longer-term senior unsecured debt and by reducing its loans in comparison to its deposit base.

Our opinion of ABN AMRO's liquidity as "adequate" factors in our new metric of broad liquid asset to short term wholesale funding, that stood at a satisfactory 1.2x level at June 2012 and December 2012. We also take into account our view of the bank's liquidity management as prudent. This includes the monitoring of stable funding over nonliquid assets, a survival period, contingency risk management with regular stress tests, and maintenance of a large liquidity buffer to access European Central Bank funding (€67 billion at June 2013).

The improvement in our funding and liquidity metrics for ABN AMRO have been particularly noteworthy since 2009. We expect the trend to continue, but less markedly in the future, as ABN AMRO has made a large effort to address the new Basel III regulatory constraints. ABN AMRO has communicated that it should be compliant with the Basel III liquidity coverage ratio at year-end 2014, in advance of the 2019 date. Its pro forma ratio stood at 91% at June 2013, while its pro forma net stable funding ratio was already at 101% at the same date.

Table 10

ABN AMRO Bank N.V. Funding And Liquidity

	--Year-ended Dec. 31--				
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Core deposits/funding base	58.5	58.2	52.6	57.2	58.8
Customer loans (net)/customer deposits§	125.8	130.5	136.1	135.9	130.6
Long term funding ratio	78.6	80.4	73.8	78.5	75.9
Stable funding ratio	98.9	98.7	93.6	91.3	85.3
Short-term wholesale funding/funding base	22.2	20.4	27.1	22.4	25.1
Broad liquid assets/short-term wholesale funding (x)	1.2	1.2	1.0	0.9	0.7
Net broad liquid assets/short-term customer deposits	7.0	5.9	(0.7)	(3.7)	(13.3)
Short-term wholesale funding/total wholesale funding	53.5	48.6	56.6	51.4	58.8
Narrow liquid assets/3-month wholesale funding (x)	N/A	1.5	1.4	1.3	1.0

*Data as of June 30. §Excluding reverse repurchase agreements and securities borrowing transactions. N/A--Not applicable. N.M.--Not meaningful.

External support: Two notches of support owing to the bank's systemic importance for the Netherlands

ABN AMRO is fully owned by the Dutch government through its holding company ABN AMRO Group N.V. Dutch banking authorities apply their prudential supervision to ABN AMRO at the same level as ABN AMRO Group N.V., especially with regard to capital ratio requirements.

We do not consider ABN AMRO to be a government-related entity under our criteria because we understand that the period of state ownership will be limited. The two notches of support that we factor into the ratings reflect our view of the bank's systemic importance for the Netherlands.

Additional rating factors:

None

Related Criteria And Research

Related criteria

- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010

Related research

- Western Europe's Top 50 Banks Still Have A Long Way To Go To Fill The Funding Void, Oct. 21, 2013

Anchor Matrix

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

Ratings Detail (As Of November 4, 2013)

ABN AMRO Bank N.V.	
Counterparty Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1
Junior Subordinated	BBB-
Senior Secured	A
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated *ASEAN Regional Scale*	axA
Subordinated	BBB
Counterparty Credit Ratings History	
16-Nov-2012	A/Stable/A-1
23-Jan-2012	A+/Negative/A-1
08-Dec-2011	A+/Watch Neg/A-1
25-Jun-2010	A/Stable/A-1
05-Feb-2010	A+/Negative/A-1
Sovereign Rating	
Netherlands (The) (State of) (Unsolicited Ratings)	AAA/Negative/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:
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