FITCH EXPECTS TO AFFIRM ABN AMRO'S LONG-TERM IDR ON MERGER; TO DOWNGRADE INDIVIDUAL RATING TO 'D'

Fitch Ratings-London/Paris-23 June 2010: Fitch Ratings says that it anticipates affirming ABN AMRO Bank N.V.'s (ABN AMRO) Long-term and Short-term Issuer Default Ratings, its Support and Support Rating Floor on completion of its merger with Fortis Bank (Nederland) (FBN), which is due to occur on 1 July 2010. However, the Individual Rating of ABN AMRO is expected to be downgraded to 'D' from 'C/D'. Fitch expects to withdraw all of FBN's ratings as this legal entity will cease to exist following the completion of the merger.

The ratings post merger will continue to be at their Support Rating Floor, reflecting the agency's opinion that in case of need, the bank will continue to receive required support from the Dutch State ('AAA'/Stable/'F1+'). The Dutch state will continue to own 100% of the ordinary share capital of the merged entity.

The rating action on ABN AMRO's Individual Rating reflects the restructuring which is taking place at the bank and which will continue to impinge on management in their effort to combine the various departments and risk management tools of the two entities. The merger costs are large and will negatively affect overall results, mostly in 2010, but also partly in 2011 and 2012. However, Fitch understands that the expected benefits from the merger in terms of cost reductions (EUR 1.1bn pre tax per year as of end-2012), should translate into greater operating profitability.

Asset quality is expected to remain good at the merged bank, despite the challenging economic environment. It is too early to estimate the impact of the merger of the two portfolios on industrial concentrations but these are not expected to be unduly high. There is some exposure to the higher-risk shipping and leveraged loans sectors, but these are being carefully managed and so far have not resulted in higher-than-expected impairment charges. Over half of the loan portfolio will consist of well performing domestic retail mortgages.

Operational risk, on the other hand, will remain a key risk facing the bank for the short-to medium-term, as technical completion of various projects required by the merger is not planned until end-2012. Furthermore, ABN AMRO will remain exposed to some risk relating to businesses it has de-merged from and handed over to The Royal Bank of Scotland as well as those sold to Deutsche Bank under its European Community remedy plan.

ABN AMRO has received capital from the Dutch State in various forms, including the latest round in December 2009, to deal with the restructuring and integration as well as the associated costs and risks. Capitalisation is currently deemed adequate for the bank's risk profile.

The merged bank will be the third-largest bank in the Netherlands by total assets after Rabobank and ING Bank, with a franchise in the Netherlands ranging between the largest, in terms of corporates and private banking, and the third-largest, in terms of mass retail banking, depending on product and client type.

If the merger is completed as expected, Fitch would take the following rating actions

ABN AMRO
Long-term IDR: to be affirmed at 'A+'; Outlook Stable
Short-term IDR: to be affirmed at 'F1+'
Support Rating: to be affirmed at'1'
Support Rating Floor: to be affirmed at 'A+'
Individual Rating: to be downgraded to 'D'; from 'C/D'
Long-term Senior unsecured notes: to be affirmed at 'A+'
Short-term Senior unsecured notes: to be affirmed at 'F1+'

Subordinated debt: to be affirmed at 'A'
Commercial paper: to be affirmed at 'F1+'
Non-innovative hybrid debt (XS0246487457): 'B', to remain on Rating Watch Negative (RWN)
Upper tier 2 debt (XS0244754254): 'B+', to remain on RWN
'AAA' government-guaranteed debt and covered bonds would not be affected by this rating action.

FBN
Long-term IDR: to be affirmed at 'A+'; Outlook Stable
Short-term IDR: to be affirmed at 'F1+'
Individual rating: to be affirmed at 'D'
Support Rating: to be affirmed at '1'
Support Rating Floor: to be affirmed at 'A+'
Long-term Senior unsecured notes: to be affirmed at 'A+'
Short-term Senior unsecured notes: to be affirmed at 'F1+'
Subordinated debt: to be affirmed at 'A'
Commercial paper: to be affirmed at 'F1+'
Hybrid Tier 1 issued through Fortis Capital Company Ltd.: 'B', to remain on Rating Watch Negative
'AAA' government-guaranteed debt would not be affected by this rating action.

Fitch expects to subsequently withdraw all of FBN's ratings as this legal entity will cease to exist following the completion of the merger. All rated debt will become rated debt of ABN AMRO.

A full credit report, entitled "ABN AMRO Bank N.V.", will be available shortly at www.fitchratings.com.

Applicable criteria, 'Global Financial Institutions Rating Criteria', dated 29 December 2009, are available on www.fitchratings.com.

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