FITCH AFFIRMS ING, ABN AMRO AND SNS REAAL

Fitch Ratings-London/Paris-26 June 2012: Fitch Ratings has affirmed the Long- and Short-term Issuer Default Ratings (IDRs) of ING Group ('A'/'F1'), ING Bank NV (ING Bank, 'A+'/'F1+'), ABN AMRO Bank NV (ABN AMRO, 'A+'/'F1+'), SNS REAAL NV ('BBB+'/'F2') and SNS Bank NV ('BBB+'/'F2'). The Outlook on all these entities' Long-term IDRs is Stable.

At the same time, the agency has affirmed the Viability Ratings (VRs) of ING Bank, ABN AMRO and SNS Bank at 'a', 'bbb+' and 'bbb-' respectively. The Insurer Financial Strength (IFS) ratings of SNS REAAL's operating insurance subsidiaries, SRLEV and Reaal Schadeverzekeringen, have also been affirmed at 'A-' with a Stable Outlook. A full list of rating actions is at the end of this comment.

The affirmation of the IDRs, which are all based on expected state support, follows the affirmation of The Netherlands' Long-term IDR at 'AAA/Stable' (see 'Fitch Affirms The Netherlands at 'AAA'; Stable Outlook' dated 26 June 2012 available at www.fitchratings.com). In Fitch's view, given the financial institutions' respective systemic importance, the probability that the Dutch state will provide them with support, if required, is still extremely high for ING Group, ING Bank and ABN AMRO, and high for SNS REAAL and SNS Bank.

The IDRs of all these entities are sensitive to any change of the Dutch state's ability and willingness to support its systemically important banks and are at their Support Rating Floors (SRF). The Dutch state's ability to provide such support is in part dependent upon its creditworthiness, reflected in its ratings which were affirmed at 'AAA'/Stable.

Fitch believes the Dutch state's willingness to support systemically important Dutch banks will remain strong for now given the continuing eurozone crisis and related turbulences in the financial markets. However, there is clear political intention within the EU to ultimately reduce the implicit state support for systemically important banks, as demonstrated by a series of ongoing policy and regulatory initiatives aimed at curbing systemic risk posed by the banking industry. This will result in Fitch factoring less support into banks' IDRs in the coming years.

The mild recession in the Dutch economy since H211, resulting in increased corporate bankruptcies and rising unemployment, as well as the decline in house and commercial real estate prices have negatively affected revenues and resulted in higher loan impairment charges at Dutch banks. Full-year 2012 profitability is likely to remain under pressure. However, in the context of Fitch's current key economic and market assumptions for the country, the associated downside risks ought to be manageable and commensurate with the banks' respective VRs.

ABN AMRO's VR of 'bbb+' reflects the progress achieved in the extensive integration process from the merger between ABN AMRO and Fortis Bank (Nederland), its solid track record in executing its funding strategy and its sound - if moderately deteriorating - asset quality. Like all Dutch banks, ABN AMRO has a relatively high reliance on confidence-sensitive wholesale funding, but the bank's liquidity position is currently sound albeit with quite a high reliance on retained securitisations.

A longer and deeper recession in the Netherlands than currently expected, materially affecting the group's earnings, capital and potentially its access to wholesale funding would be the most likely negative rating driver for the bank's VR. Its strong domestic franchise and moderate overall risk appetite indicate the potential for a higher VR over the medium-term provided the bank's capitalisation and liquidity remain resilient to the current economic and market headwinds.

ING Bank's VR of 'a' reflects its strong banking franchise, especially in the Benelux, providing the bank with solid earnings streams and sizeable deposit gathering capacities. Wholesale funding reliance is quite high, but access has been resilient, and the bank's overall liquidity position is healthy although liquidity is not fully fungible within the group. Asset quality is sound but likely to experience moderate pressure in light of weaker European economic conditions. Capitalisation continues to benefit from the on-going deleveraging and de-risking initiatives but also solid retained earnings as it aims to repay EUR3bn residual securities injected in ING Group by the Dutch state in 2008. Fitch's view of ING Bank's capitalisation being solid takes into account this repayment.

ING Bank's VR is potentially sensitive to a material increase in losses or loss expectations arising from exposures to the 'peripheral' eurozone countries where it operates, namely Spain and Italy (EUR39bn and EUR20bn exposures respectively at end-2011, i.e. 111% and 57% of equity) or to a sharper-than-anticipated weakening of the Dutch economy and/or housing market. Given the bank's relatively high reliance on wholesale sources of funding, it is likely that such events would be detrimental to the bank's wholesale funding franchise.

SNS Bank's 'bbb-' VR remains driven by the bank's solid franchise in domestic retail banking, which has enabled it to maintain a sound net inflow of customer deposits in Q112, strengthening its solid liquidity position and improving its funding mix while the bank is reducing its loan book. The VR also incorporates continuing significant strains on earnings and capital from SNS Bank's large and weak Property Finance exposures that are in run-off (EUR4.6bn at end-March 2012 - i.e. around 2.5x equity - one-third of which is non-performing).

The VR reflects the expectation that the bank can mitigate further strain on its capital position through deleveraging, but would be vulnerable to a further downgrade if not. It would also be vulnerable to any weakening of its core retail franchise, deterioration in asset quality beyond current expectations or to any set-back in the bank's liquidity profile or its ambitions to rebalance its funding mix. Given these challenges, there is little prospect of the bank's VR being upgraded at this time.

The ratings of all rated senior non state-guaranteed debt are in line with each bank's IDR and SRF. As such it is sensitive to any changes in Fitch's assumptions around the ability and/or willingness of the Dutch authorities to provide support to the banks, if needed. All state guaranteed debt reflects the guarantee of the Netherlands and so would be sensitive to any change in the rating of the Netherlands.

With the exception of ING Group's preference shares, all rated hybrid securities are notched off each bank's VR in line with Fitch's rating criteria for such securities. As such, their ratings are sensitive to any changes in the banks' VRs. ING Group's preference shares are rated one notch lower than they would be had they been issued by ING Bank. This reflects the relatively high double leverage of ING Group. The ratings of these securities could benefit from a reduction in double leverage at the ING Group level, but could also be sensitive to any weakening of ING Bank's VR.

ING Belgium is a core subsidiary of ING Bank and highly integrated with it. Its ratings reflect this and would thus be sensitive to any change in ING Bank's IDRs.

The IFS ratings of SNS REAAL's operating insurance subsidiaries, SRLEV and Reaal Schadeverzekeringen, reflect the insurance subsidiaries' strong business position in the Dutch insurance market, solid capital adequacy and stable profitability. These strengths are offset by moderate financial flexibility, including repayment of the capital securities issued by the group to the Dutch state and some capital upstream to SNS REAAL to fund capital injections into SNS Bank. Key ratings drivers for a downgrade of the IFS ratings would be a sustained decline in group regulatory solvency ratio to below 150% or a structural decline in the insurance activities' profitability (for example, if reported net income was below EUR200m and expected to remain below that level). In addition, the IFS ratings could be downgraded if there was a significant downgrade of SNS Bank's VR. An upgrade of the ratings is unlikely in the medium term.

Fitch will shortly publish an Outlook report on the major Dutch banks that will be available at www.fitchratings.com.

The rating actions are as follows:

ABN AMRO
Long-term IDR: affirmed at 'A+'; Outlook Stable
Short-term IDR: affirmed at 'F1+'
Viability Rating: affirmed at 'bbb+'
Support Rating: affirmed at '1'
Support Rating Floor: affirmed at 'A+'
Commercial paper: affirmed at 'F1+'
Long-term senior unsecured notes: affirmed at 'A+'
Short-term senior unsecured notes: affirmed at 'F1+'
Subordinated debt: affirmed at 'BBB'
Non-innovative Tier 1 subordinated debt (XS0246487457): affirmed at 'BB'
Upper Tier 2 subordinated debt (XS0244754254): affirmed at 'BB+'
Dutch government guaranteed securities: affirmed at 'AAA'/'F1+'

ABN AMRO Funding USA LLC
Short-term senior unsecured notes: affirmed at 'F1+';

ING Group
Long-term IDR: affirmed at 'A'; Outlook Stable
Short-term IDR: affirmed at 'F1'
Support Rating: affirmed at '1'
Support Rating Floor: affirmed at 'A'
Senior unsecured debt rating at 'A'/'F1'
Subordinated Perpetual Preference Shares (US456837AC74): affirmed at 'BB+'

ING Bank
Long-term IDR: affirmed at 'A+'; Outlook Stable
Short-term IDR: affirmed at 'F1+'
Viability Rating: affirmed at 'a'
Support rating: affirmed at '1'
Support Rating Floor: affirmed at 'A+';
Subordinated debt affirmed at 'A-'
Senior unsecured Notes: affirmed at 'A+/F1+'
Short-term senior unsecured notes: affirmed at 'F1+'
Market-Linked Notes: affirmed at 'A+(emr)'
Commercial paper affirmed at 'A+/F1+'
Dutch government guaranteed securities: affirmed at 'AAA'/'F1+'

ING Belgium
Long-term IDR: affirmed at 'A+'; Outlook Stable
Short-term IDR: affirmed at 'F1+'
Support rating: affirmed at '1'
Senior unsecured Notes: affirmed at 'A+'
Market-Linked Notes: affirmed at 'A+(emr)'
Senior guaranteed notes: affirmed at 'A+'

SNS REAAL N.V.:
Long-term IDR: affirmed at 'BBB+'; Outlook Stable
Short-term IDR: affirmed at 'F2'
Support Rating: affirmed at '2'
Support Rating Floor: affirmed at 'BBB+'

SNS Bank N.V.:
Long-term IDR: affirmed at 'BBB+'; Outlook Stable
Short-term IDR: affirmed at 'F2'
Viability Rating: affirmed at 'bbb-'
Senior debt: affirmed at 'BBB+/F2'

Market linked notes: affirmed at 'BBB+(emr)'
Hybrid Tier 1 securities: affirmed at 'B+'
Commercial paper: affirmed at 'F2'
Support Rating: affirmed at '2'
Support Rating Floor: affirmed at 'BBB+'
Dutch government guaranteed securities: affirmed at 'AAA'

SRLEV:
IFS rating: affirmed at 'A-'; Outlook Stable
REAAL Schadeverzekeringen:
IFS rating: affirmed at 'A-'; Outlook Stable
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Additional information is available at www.fitchratings.com.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria, 'Global Financial Institutions Rating Criteria', dated 16 August 2011, 'Insurance Rating Methodology' dated 22 September 2011, 'Rating Bank Regulatory Capital and Similar Securities', dated 15 December 2011;,'Bank Holding Companies', dated 16 August 2011 and 'Evaluating Corporate Governance', dated 13 December 2011, are available at www.fitchratings.com.

Applicable Criteria and Related Research:
Global Financial Institutions Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649171
Insurance Rating Methodology
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=651018
Rating Bank Regulatory Capital and Similar Securities
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=656371
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