

## **FITCH AFFIRMS ING, ABN AND BNG'S IDR; REVISES OUTLOOKS TO NEGATIVE**

Fitch Ratings-London/Paris-06 February 2013: Fitch Ratings has affirmed ING Group ('A'/F1'), ING Bank NV (ING Bank, 'A+/'F1+'), ABN AMRO Bank NV (ABN AMRO, 'A+/'F1+') and Bank Nederlandse Gemeenten's (BNG, 'AAA/'F1+') Long-term and Short-term Issuer Default Ratings (IDRs) and revised the Outlook on all the Long-term IDRs to Negative from Stable. The institutions' Support Ratings, Support Rating Floors and senior debt ratings have also been affirmed. Their Viability Ratings (VRs), subordinated and hybrid debt ratings are unaffected by this action. A full list of ratings actions is at the end of this comment. Ratings of other Dutch banks are unaffected. Also affected by this rating action is ING Belgium and Poland's ING Bank Slaski's (ING BSK) Outlook on their respective Long-term IDR, which has been revised to Negative from Stable.

### **RATING ACTION RATIONALE**

The rating actions follow the revision of the Netherlands' Outlook to Negative from Stable (see "Fitch Revises Netherlands' Outlook to Negative; Affirms at 'AAA'" dated 5 February 2013 at [www.fitchratings.com](http://www.fitchratings.com)). ING Group, ING Bank, ABN AMRO and BNG'S Long-term IDRs are all based on expected state support, and the revision of their respective Outlooks to Negative from Stable mirrors the rating action taken on the Netherlands' sovereign rating.

### **RATING DRIVERS AND SENSITIVITIES - IDRs, SENIOR DEBT, SUPPORT RATING and SUPPORT RATING FLOOR**

BNG's ratings reflect the very strong relationship between the Dutch state and the bank through ownership, governance, and through its function of focusing almost entirely on Dutch public sector lending. ING Bank and ABN AMRO's IDRs are at their Support Rating Floors (SRFs) of 'A+'. The SRFs reflect Fitch's expectation that there is an extremely high probability that the Dutch state will support these institutions, given their respective systemic importance to the domestic financial system.

For European banks, Fitch considers it appropriate to only have SRFs of 'A+' on banks in 'AAA' countries that have shown a strong willingness to support senior creditors. A sovereign downgrade by one notch would no longer be commensurate with an 'A+' SRF, and Fitch would downgrade ING Bank and ABN AMRO's Long-term and Short-term IDRs most likely by one notch. ING Bank's VR of 'a' indicates that its IDR would not fall below 'A' unless the VR was downgraded, as well as the SRF.

ING Group is the holding group for ING Bank and ING's insurance operations. Its SRF and Long-term IDR is currently notched down once from ING Bank's, indicating Fitch's view that, while still extremely high, the probability that the holding company will receive support is slightly weaker, given that support could flow to the bank directly.

All these entities' IDRs, Support Rating Floor and senior debt ratings are sensitive to any change in the Dutch state's ability and willingness to support them. The Dutch state's ability to provide such support is largely dependent upon its creditworthiness, which is reflected in its ratings.

Fitch believes the Dutch state's willingness to support systemically important domestic banks and not impose losses on senior creditors will remain strong for now, given a still unsettled eurozone crisis and related turbulences in the financial markets. In order to preserve domestic financial stability, the Dutch state recently nationalised the ailing SNS REAAL group; Fitch notes that senior creditors have not suffered losses in the group's nationalisation process. 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 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 medium term. Meanwhile, banks are strengthening their balance sheets and improving their intrinsic financial strength, so that withdrawal of support will not necessarily translate into lower ratings.

#### RATING DRIVERS AND SENSITIVITIES - GOVERNMENT GUARANTEED DEBT

ING Bank's and ABN AMRO's state guaranteed debt securities are rated 'AAA', reflecting the Netherlands' guarantee and so are sensitive to any change in the Netherlands' rating.

#### SUBSIDIARY AND AFFILIATED COMPANY RATING DRIVERS AND SENSITIVITIES

ING Belgium is considered by Fitch as a 'core' subsidiary to ING Bank and its Long-term IDR is equalised with ING Bank's, in line with the agency's criteria 'Rating FI Subsidiaries and Holding Companies'. The revision of ING Belgium's Outlook reflects ING Bank's and ING Belgium's IDR is sensitive to any change in ING Bank's IDR.

In Fitch's opinion, ING BSK is a strategically important subsidiary of ING Bank. Its support-driven Long-term IDR is notched once from that of its parent. The revision of the Outlook on ING BSK's Long-term IDR to Negative from Stable reflects that on ING Bank. ING BSK's IDRs are sensitive to any change in ING Bank's IDR or to any change in Fitch's view on the Dutch's state propensity to allow support to flow through to the Polish subsidiary.

ABN AMRO Funding USA LLC is ABN AMRO's wholly-owned funding subsidiary issuing US commercial papers whose rating is aligned with ABN AMRO's Short-term IDR and sensitive to any change in this rating.

#### OTHER RATINGS UNAFFECTED

This rating action only affects those ratings that would be likely to change if the Netherlands' sovereigns rating changed. Fitch has not specifically reviewed the banks' VRs, and their subordinated and hybrid debt ratings are notched from their VRs, so do not factor in any possibility of extraordinary support.

The rating actions are as follows:

#### ABN AMRO

Long-term IDR: affirmed at 'A+'; Outlook Revised to Negative from Stable

Short-term IDR: affirmed at 'F1+'

Viability Rating: 'bbb+', unaffected

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: 'BBB', unaffected

Non-innovative Tier 1 subordinated debt (XS0246487457): 'BB', unaffected

Upper Tier 2 subordinated debt (XS0244754254): 'BB+', unaffected

Dutch government guaranteed securities: affirmed at 'AAA'/F1+'

#### ABN AMRO Funding USA LLC

Short-term senior unsecured notes: affirmed at 'F1+';

#### BNG

Long-term IDR: affirmed at 'AAA'; Outlook Revised to Negative from Stable

Short-term IDR: affirmed at 'F1+'

Support Rating: affirmed at '1'

Support Rating Floor: affirmed at 'AAA'

Long-term and short-term senior unsecured debt: affirmed at 'AAA' and 'F1+'

European Commercial Paper: affirmed at 'F1+'

Long-term market linked senior unsecured debt: affirmed at 'AAA(emr)'

#### ING Group

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

#### ING Bank

Long-term IDR: affirmed at 'A+'; Outlook Revised to Negative from Stable  
Short-term IDR: affirmed at 'F1+'  
Viability Rating: 'a', unaffected  
Support rating: affirmed at '1'  
Support Rating Floor: affirmed at 'A+';  
Subordinated debt: 'A-', unaffected  
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 Revised to Negative from 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+'

#### ING BSK

Long-term foreign currency IDR: affirmed at 'A'; Outlook Revised to Negative from Stable  
Short-term foreign currency IDR: affirmed at 'F1'  
Viability Rating: 'bbb+', unaffected  
Support Rating: affirmed at '1'

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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 15 August 2012' and 'Rating FI Subsidiaries and Holding Companies' dated 10 August 2012' are available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=686181](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686181)

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