

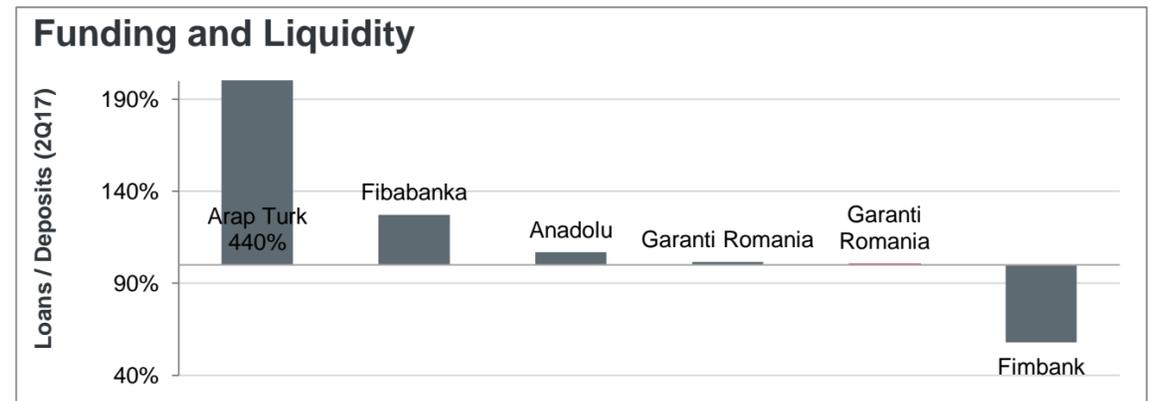
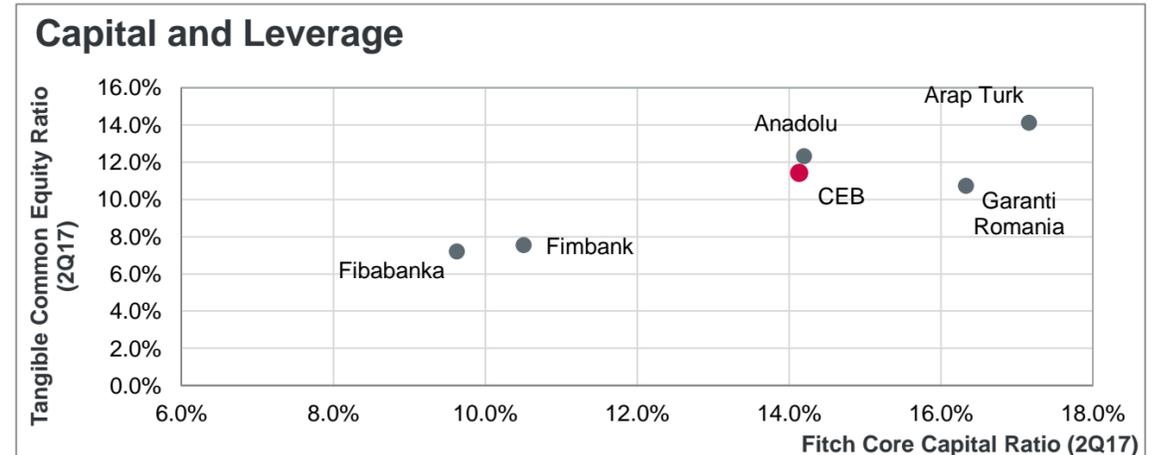
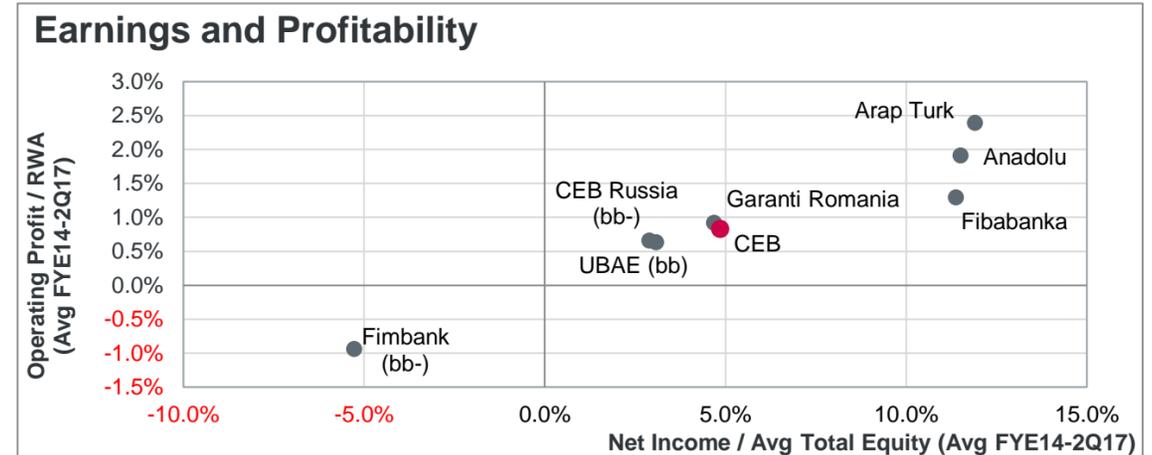
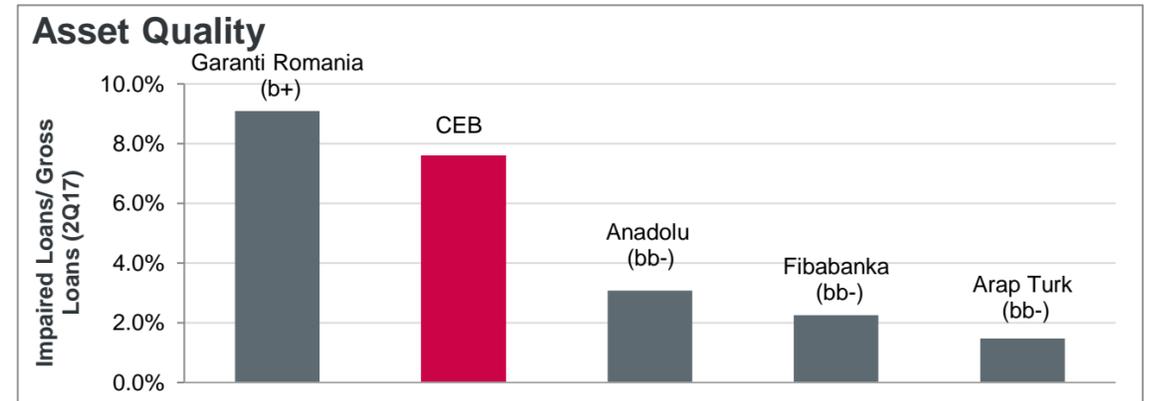
Banks Ratings Navigator		
Navigator date:	16 Nov 2017	
Last rating action:	31 Oct 2017	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Netherlands	
Country IDR:	AAA Stable	
Last action:	27 Oct 17 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
31 Oct 17	bb- RWP	RW On
05 Dec 16	bb-	Affirmed
14 Dec 15	bb-	Affirmed
Issuer Default Rating (IDR)		
31 Oct 17	BB- RWP	RW On
05 Dec 16	BB- Stable	Affirmed
14 Dec 15	BB- Stable	Affirmed
Support Rating Floor (SRF)		
31 Oct 17	NF	Affirmed
05 Dec 16	NF	Affirmed
14 Dec 15	NF	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	□ Stable
Peer Ratings bars = Count of banks		
70	DM Europe Universal Commercial	
5	Netherlands Universal Commercial	
Relevant Criteria & References		
Global Bank Rating Criteria (Nov 2016)		
Macro-Prudential Risk Monitor (Aug 2017)		
Analysts		
Konstantin Yakimovich (+44 203 530 1789)		
Lorenzo Gren (+44 203 530 1768)		

	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA-
a+										a+	A+	A+
a										a	A	A
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc										ccc	CCC	CCC
cc										cc	CC	CC
c										c	C	C
f										f	NF	D or RD

Support Rating Floor	Value		
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)	A+ to A-		
Actual country D-SIB SRF	NF		
Support Rating Floor:	NF		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy			✓
Size of potential problem	✓		
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support			✓
Sovereign propensity to support bank			
Systemic importance			✓
Liability structure of bank		✓	
Ownership			✓
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
Positive Watch on Russia Spin-Off	The Rating Watch Positive on Credit Europe Bank N.V.'s (CEB) Long-Term IDR and VR reflects our view that the announced spin-off of its Russian subsidiary will be positive for CEB's credit profile through reduced earnings and asset-quality volatility, and a lower risk asset mix.
Niche Franchise in Volatile Economies	CEB's ratings reflect the bank's high exposure to volatile operating environments and cyclical industries inherent to its business model. They also reflect a niche but established trade finance franchise, adequate funding and liquidity, and strengthened capitalisation.
Higher Share of Lower-Risk Assets in the Mix	CEB is exposed mainly to emerging markets, including Russia (29% of end-June 2017 loans), Turkey (22%) and Romania (16%). After the spin-off, the share of developed markets will increase to about 40% of the loan book (from 30%) and to about 50% of total credit exposure.
Asset Quality Is a Rating Weakness	Non-performing loans (NPLs) are elevated. The ratio has been pushed up by CEB's shrinking loan book and the deterioration of its legacy mortgage loan book in Romania. The better-performing Turkish loan book and exposures to developed markets partly offset these pressures.
Strengthened Capitalisation	CEB's capitalisation has improved in recent years and provides a buffer against weakened asset quality. We do not expect capital ratios to weaken following the spin-off due to a USD75 million Tier 1 injection by the shareholder and a reduction of risk-weighted assets.
Modest Profitability	Profitability has recently been weak and revenue generation will be further affected by the Russia spin-off. This should be partly offset by the reduction of CEB's expensive Tier 2 debt. We expect profitability to be driven by CEB's wholesale banking business in western Europe.
Granular Funding, Acceptable Liquidity	CEB's is mainly funded by granular deposits in the Netherlands and Germany. The majority of these are covered by the Dutch deposit guarantee, contributing to funding stability. Liquidity is acceptable, with high-quality liquid assets at 9% of total assets at end-June 2017.
Completion of the Spin-Off	We expect to upgrade CEB's Long-Term IDR and VR by one notch once the bank receives necessary regulatory approvals for the spin-off. If the spin-off does not go through, we are likely to affirm CEB's Long-Term IDR with a Stable Outlook.

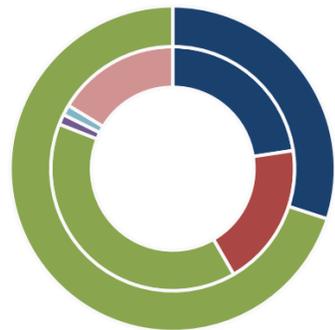
Key Financial Ratios (16 Nov 2017)	CEB				Direct Peers Median				Region Sector Median			
	2Q17	FYE16	FYE15	FYE14	2Q17	FYE16	FYE15	FYE14	2Q17	FYE16	FYE15	FYE14
Size (EURbn)												
Total assets	7.50	8.11	8.36	8.71	2.95	2.43	2.45	2.46	294.60	232.43	212.30	229.75
Risk weighted assets (RWA)	6.04	6.38	6.96	6.68	2.33	1.88	1.83	1.80	90.71	70.47	68.29	81.21
Total equity	0.87	0.86	0.87	0.79	0.30	0.28	0.24	0.22	16.52	13.35	13.53	13.34
Fitch core capital (FCC)	0.85	0.85	0.85	0.74	0.27	0.26	0.23	0.21	16.47	12.11	11.42	11.15
Asset Quality												
Impaired loans/gross loans	7.6%	7.0%	6.2%	5.8%	3.1%	7.0%	7.1%	6.3%	3.2%	3.8%	4.3%	5.4%
Growth of gross loans	-4.1%	-5.7%	-6.0%	-12.2%	10.8%	5.8%	-2.4%	11.1%	0.7%	0.1%	1.1%	0.3%
Reserves for impaired loans/impaired loans	47.8%	49.3%	55.7%	59.2%	58.8%	60.4%	65.5%	72.2%	60.1%	58.6%	56.1%	55.2%
Loan impairment charges/avg gross loans	2.0%	2.2%	2.9%	3.6%	0.7%	1.2%	1.1%	2.3%	0.1%	0.2%	0.4%	0.5%
Earnings and Profitability												
Operating profit/risk weighted assets	0.6%	0.7%	1.0%	0.9%	1.6%	0.7%	0.9%	1.1%	2.0%	1.7%	1.7%	1.5%
Net interest income/average earning assets	4.4%	3.4%	3.5%	4.1%	4.2%	4.4%	4.0%	4.3%	1.4%	1.5%	1.5%	1.6%
Non-interest expense/gross revenues	60.9%	54.0%	45.3%	44.6%	57.6%	55.2%	54.4%	51.0%	63.3%	65.5%	64.9%	63.6%
Loans & secs imp charges/pre-imp op. profit	73.2%	73.3%	72.8%	80.0%	28.4%	49.4%	40.1%	59.4%	6.3%	14.0%	23.5%	24.8%
Operating profit/average total assets	0.5%	0.6%	0.8%	0.7%	1.4%	0.6%	0.6%	0.9%	0.8%	0.6%	0.6%	0.5%
Net income/average total equity	2.7%	3.9%	4.6%	8.3%	10.8%	3.4%	4.4%	7.0%	9.3%	6.5%	7.6%	6.2%
Capital and Leverage												
FCC/FCC-adjusted risk weighted assets	14.1%	13.3%	12.2%	11.1%	14.2%	13.2%	13.2%	13.7%	14.2%	14.9%	13.7%	12.8%
Basel leverage ratio	n.a.	n.a.	n.a.	n.a.	9.4%	7.7%	8.0%	9.0%	5.4%	5.4%	5.1%	4.6%
Tangible common equity/tangible assets	11.4%	10.5%	10.2%	8.5%	11.1%	10.2%	10.9%	10.7%	5.1%	5.6%	5.9%	4.8%
CET1 capital ratio	14.0%	12.7%	11.7%	11.1%	14.2%	12.7%	11.7%	13.2%	14.4%	14.0%	14.1%	13.5%
Internal capital generation	2.7%	3.9%	4.5%	7.4%	10.3%	3.5%	4.3%	6.7%	8.5%	3.8%	3.3%	2.7%
Imp loans less reserves for imp Loans/FCC	24.0%	22.7%	18.4%	19.5%	13.2%	9.9%	9.8%	10.2%	12.6%	13.3%	15.2%	22.6%
Funding and Liquidity												
Loans/customer deposits	100.6%	97.2%	104.2%	104.8%	104.2%	116.8%	121.0%	132.2%	104.8%	104.1%	109.8%	109.2%
Liquidity coverage ratio	n.a.	n.a.	n.a.	n.a.	99.8%	91.9%	68.0%	102.8%	140.0%	138.5%	128.0%	122.5%
Customer deposits/total funding excl derivs	82.3%	81.7%	78.8%	77.4%	73.3%	65.7%	50.9%	50.5%	64.4%	66.2%	66.9%	64.5%



Business Mix

(by revenue to nearest 10%)

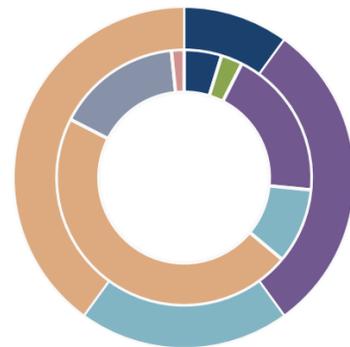
- Retail banking (30%)
- SME banking (n.a.)
- Corporate banking (70%)
- Investment banking (n.a.)
- Transaction banking (n.a.)
- Asset management (n.a.)
- Insurance (n.a.)
- Other (n.a.)



Lending Type

(by loans to nearest 10%)

- Resi mortgages (10%)
- Comm mortgages (n.a.)
- Asset finance (n.a.)
- Other secured (30%)
- Personal unsecured (20%)
- Comm unsecured (40%)
- FIs & Sovs (n.a.)
- High yield (n.a.)
- Other unsecured (n.a.)



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