

FITCH PLACES SNS REAAL INSURANCE ENTITIES ON RWE ON POTENTIAL ACQUISITION BY ANBANG GROUP

Fitch Ratings-London-19 February 2015: Fitch Ratings has placed SNS REAAL N.V. (SNS REAAL) insurance entities, SRLEV N.V. and REAAL Schadeverzekeringen N.V.'s (together, REAAL Insurance) Insurer Financial Strength (IFS) ratings of 'BBB' on Rating Watch Evolving (RWE).

The rating actions follow the announcement that China-based Anbang Group Holdings Co Ltd (Anbang), a subsidiary of Anbang Insurance Group Co Ltd, has agreed to acquire REAAL Insurance from SNS REAAL for a consideration of EUR150m, inject capital of between EUR770m and EUR1bn and pay down EUR552m intercompany loans.

The transaction is expected to complete in 3Q15 and remains subject to regulatory approvals. In addition, if there is a meaningful decline in REAAL Insurance's accounting equity between 31 December 2014 and 30 June 2015, Anbang has the right to dissolve the agreement. Resolution of the RWE will be dependent on completion of the deal.

KEY RATING DRIVERS

If the acquisition goes ahead, the ratings of REAAL Insurance will depend, in part, on the credit quality of Anbang, which Fitch plans to assess. In addition, Fitch will assess the importance of REAAL Insurance to the Anbang investment portfolio.

The deal would remove uncertainty over the future ownership of REAAL Insurance. This uncertainty was one of the factors - along with weak profitability and capital - underpinning the Negative Outlook on REAAL Insurance's ratings. SNS REAAL's ownership of REAAL Insurance is neutral for the ratings.

If Anbang injects capital and pays down intercompany loans as planned, REAAL Insurance's financial leverage and capital position will improve. Financial leverage would fall to below 30% from over 40%, based on pro-forma calculations using 3Q14 financials. REAAL Insurance's solvency margin calculated in accordance with Solvency 2 - in part already implemented in the Netherlands - would be expected to reach 140%-150% after the capital injection.

If the deal is not concluded, there is a possibility that REAAL Insurance's capital, profitability and/or market position will deteriorate.

There is no impact on the ratings of SNS Bank (BBB+/Negative/bbb-) and SNS REAAL (BBB+/Negative) at this stage, primarily because the standalone strength of SNS Bank would not be directly affected by this transaction, in Fitch's view. Fitch expects to review these ratings as part of the normal review cycle for the issuers. Both Long-term Issuer Default Ratings (IDRs) are driven by Fitch's expectation of support from the Dutch state (AAA/Stable), and the Negative Outlooks are driven by diminishing support expectations for EU banks.

RATING SENSITIVITIES

REAAL Insurance's ratings could be downgraded if Fitch considers Anbang has a weaker credit profile than REAAL Insurance.

REAAL Insurance's ratings could also be downgraded if the transaction does not go ahead as planned, as a consequence of its weak profitability, declining capital position and strategic uncertainties.

Conversely, REAAL Insurance's ratings are likely to be upgraded if the transaction is completed as planned and Fitch assesses Anbang as having a stronger credit profile than REAAL Insurance.

Contacts:

Primary Analyst
Federico Faccio
Senior Director
+44 20 3530 1394
Fitch Ratings Limited
30 North Colonnade
London E14 5GN

Secondary Analyst
Marc-Philippe Juilliard
Senior Director
+33 1 4429 91 37

Committee Chairperson
David Prowse
Senior Director
+44 20 3530 1250

Media Relations: Elaine Bailey, London, Tel: +44 203 530 1153, Email: elaine.bailey@fitchratings.com.

Additional information is available at www.fitchratings.com.

Applicable criteria 'Insurance Rating Methodology' dated September 2014 are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Insurance Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=756650

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.