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Research Update:

VIVAT N.V. And Operating Subsidiaries CreditWatch Status Revised To Negative

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Overview

- Following our discussions with Dutch insurer VIVAT's management team and representatives of Chinese insurer Anbang, we expect to rate VIVAT N.V. and its operating subsidiaries as subsidiaries of Anbang Insurance Group Co.
- Our preliminary estimate suggests that the consolidated Anbang group's creditworthiness is likely to be weaker than that of the current VIVAT group, which removes the upside potential that we initially factored into our rating analysis.
- We are therefore revising the CreditWatch status for VIVAT N.V. and its operating subsidiaries to negative from developing.
- The negative implications reflect our opinion that there is more than a one-in-two chance that we will lower our rating on VIVAT N.V. and its operating subsidiaries, depending on the outcome of our assessment of Anbang's creditworthiness.

Rating Action

On Oct. 19, 2015, Standard & Poor's Ratings Services revised to negative from developing the implications of its CreditWatch placement of the 'BBB+' long-term counterparty credit and financial strength ratings on VIVAT N.V.'s operating subsidiaries, SRLEV N.V. and REAAL Schadeverzekeringen N.V.

At the same time, we revised the CreditWatch placement on the 'BBB-' counterparty credit rating on the group's insurance holding company, VIVAT N.V. (formerly part of the SNS REAAL group), to negative from developing.

We also affirmed the 'D' ratings on SRLEV's two subordinated debt issues.

Rationale

We have held discussions with VIVAT's management team and representatives of Anbang. We also received further information about how the Anbang group will manage its newly acquired subsidiary. As a result, we anticipate that Anbang will be involved in both setting strategy and running VIVAT's operations. We will therefore likely rate VIVAT and its operating subsidiaries (together, the VIVAT group) as subsidiaries of the Anbang group. Given the information we have received, we do not expect to insulate our ratings on VIVAT N.V. and its operating subsidiaries from the creditworthiness of Anbang. As such, based on our criteria, we are likely to consider our assessment of Anbang's

creditworthiness as a constraint to our rating on VIVAT.

Our initial analysis suggests that the Anbang group's overall level of creditworthiness may be weaker than that of the VIVAT group. Anbang, a financial services group, was founded in 2004. It has expanded rapidly in recent years through a series of acquisitions around the globe. Our preliminary view of Anbang's creditworthiness largely stems from our perception of a weaker financial profile.

We therefore consider that there is at least a one-in-two likelihood of lowering our ratings on VIVAT.

However, our current views are based on limited available information about the Anbang Group. If our initial views are confirmed, the downside potential could be more than one notch. Furthermore, if the level of information remains insufficient to resolve the CreditWatch placement, we could suspend or withdraw our ratings on VIVAT over the coming weeks.

SRLEV has two outstanding subordinated debt issues. Interest on these notes has not been paid since the group was nationalized in January 2013. The European Commission has lifted its ban on coupon payments, but VIVAT has optionally deferred the payment of coupons. We understand a decision on the repayment of coupons will be made following the injection of capital. Under our imputed promises criteria, we rate the notes 'D'. This will remain the case until the coupons are paid.

CreditWatch

We expect to resolve the CreditWatch placement within the next 90 days. The resolution will depend on our ability to assess Anbang Group's creditworthiness.

Related Criteria And Research

Related Criteria

- Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- Group Rating Methodology, Nov. 19, 2013
- Insurers: Rating Methodology, May 7, 2013
- Enterprise Risk Management, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Related Research

- SNS REAAL Insurance Operations Ratings And CreditWatch Status Unaffected By Completion Of Sale To Anbang Insurance Group, Aug. 4, 2015

Ratings List

CreditWatch Action

	To	From
VIVAT N.V. Counterparty Credit Rating	BBB-/Watch Neg/--	BBB-/Watch Dev/--
REAAL Schadeverzekeringen N.V. SRLEV N.V. Counterparty Credit Rating	BBB+/Watch Neg/--	BBB+/Watch Dev/--
Financial Strength Rating	BBB+/Watch Neg/--	BBB+/Watch Dev/--

Ratings Affirmed

SRLEV N.V. Subordinated	D
Junior Subordinated	D

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