

Rating Action: Moody's downgrades SNS REAAL insurance operations' IFSRs to Baa1; SNS REAAL N.V. downgraded to Baa3 senior

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Downgrades follow rating action on SNS Bank

Paris, June 15, 2012 – Moody's Investors Service has today downgraded the insurance financial strength ratings (IFSRs) of SNS REAAL Group's main insurance operations, REAAL Schadeverzekeringen N.V. and SRLEV N.V., to Baa1 from A3, and the senior debt rating of SNS REAAL N.V., the holding company of the Group, to Baa3 from Baa2. Moody's assigned a stable outlook to these ratings.

A full list of ratings affected by this rating action is included at the end of this press release.

The rating action concludes the review for downgrade initiated on the 16th of February 2012 and follows the downgrade of SNS Bank ratings (http://www.moody.com/viewresearchdoc.aspx?docid=PBC_143130). For additional information on bank ratings, please refer to the webpage containing Moody's related announcements <http://www.moody.com/bankratings2012>

RATINGS RATIONALE

INSURANCE FINANCIAL STRENGTH RATINGS

Moody's says that the downgrades of the IFSRs of REAAL Schadeverzekeringen and SRLEV to Baa1 from A3 primarily reflect the weakening credit profile of SNS Bank (downgraded to Baa2 deposits; D+ BFSR/BCA ba1, from Baa1 deposits; D+ BFSR/BCA baa3) and the significant contagion risks between the insurance and the banking operations of the SNS REAAL Group, notably as a result of capital and franchise inter-linkages.

Moody's says that in the last three years, some capital has been up-streamed from the insurance operations to the holding company, and subsequently down-streamed to the banking operations. Although these capital transfers have had a limited negative impact on the financial strength of the insurance operations so far, Moody's believes that this demonstrates the constraint that the banking operations represent on the insurance operations' capitalisation. Furthermore, in Moody's opinion, more capital transfers could occur in stress scenarios.

The rating agency notes that although the insurance operations are increasingly financed autonomously through direct issuances from SRLEV N.V., the financial flexibility of SNS REAAL's insurance operations remains intrinsically linked to the Group and the banking operations' financial flexibility. In stress scenarios, Moody's also believes that any potential weakening of SNS REAAL's banking operations would further constrain the financial flexibility of the Group and its insurance operations.

Commenting further on contagion risks, Moody's also notes the franchise linkages between SNS REAAL Group's insurance and banking operations. As a result, and despite the relative stability of the stand-alone profile of SNS REAAL's insurance operations, Moody's considers the ratings of these entities cannot deviate significantly from the rating of the Group's banking operations.

The stable outlook on REAAL Schadeverzekeringen and SRLEV's IFSRs reflects both the expected resilience of their stand-alone financial profile and the stable outlook on SNS Bank ratings.

According to Moody's, further deterioration of SNS Bank's credit profile could pose further negative rating implications for REAAL Schadeverzekeringen and SRLEV. A depletion of capital resources, as evidenced for example by a significant upstream of capital to the Group holding company, either to support the capitalisation of the bank or the repayment of the hybrids issued to the Foundation and the Dutch government, without replacing it to a significant degree by high-quality capital (e.g. retained earnings or new equity), or deterioration in underlying earnings would also place negative pressure on the standalone rating profiles of the insurance entities.

SENIOR DEBT RATING OF SNS REAAL HOLDING COMPANY

Moody's downgraded the senior debt rating of SNS REAAL N.V. to Baa3 from Baa2, and assigned a stable outlook to this rating. The downgrade of the rating reflects the deterioration of the credit strength of the banking and insurance operating companies. The stable outlook on SNS REAAL N.V.'s ratings reflects the outlooks on both insurance and banking operations.

The Baa3 senior debt rating of SNS REAAL continues to reflect the combination of (i) the credit strengths of the banking and insurance operations of SNS REAAL; (ii) the specific benefit derived from the diversification afforded by its banking and insurance activities; (iii) the systemic support that would be available to the banking units and the resulting benefits attributable to the holding operations; and (iv) the structural subordination of the revenues that the Group receives in the form of dividends from operating companies.

Moody's says that a further downgrade of the insurance ratings and/or of the bank ratings would likely result in a downgrade of the holding company ratings.

The short-term MTN rating of SNS REAAL N.V. was also downgraded to (P)P-3 from (P)P-2, reflecting the downgrade of the long term senior debt rating.

SNS REAAL HOLDING COMPANY SUBORDINATED DEBT RATING

Moody's downgraded the subordinated debt rating of SNS REAAL N.V. to Ba2 from Baa3, and assigned a stable outlook to this rating.

The two-notch downgrade reflects both the downgrade of SNS REAAL's senior debt rating and the removal of systemic support from subordinated debts issued by Dutch banks and banking holding companies.

SRLEV and SNS REAAL's HYBRID SECURITIES

Moody's downgraded to Baa3(hyb) from Baa2(hyb) the debt rating of the EUR400 million Tier 2 Notes due 2041 and of the CHF105 million perpetual Tier 2 notes issued by SRLEV N.V., reflecting the one notch downgrade of SRLEV's IFSR. Moody's also downgraded to Ba3(hyb) from Ba2(hyb) the rating of the EUR250 million 6.258% capital securities issued by SNS REAAL N.V., reflecting the one notch downgrade of SNS REAAL's senior debt rating. These ratings were assigned a negative outlook to reflect the low to moderate risk of a coupon skip requested by the European Commission (EC), as the securities allows SRLEV and SNS REAAL to defer interest payments at any time.

Although Moody's notes that the EC has not requested that SNS REAAL defers any coupon on its hybrid securities, including those allowing for optional deferral, when it approved the capital support provided by the Dutch State to the Group in 2008, Moody's believes that this political risk will persist as long as the Group has not fully repaid the State Aid.

LIST OF AFFECTED RATINGS

The following ratings have been downgraded and assigned a stable outlook:

- REAAL Schadeverzekeringen N.V. -- insurance financial strength rating to Baa1 from A3;
- SRLEV N.V. -- insurance financial strength rating to Baa1 from A3;
- SNS REAAL N.V. -- senior unsecured debt rating to Baa3 from Baa2;
- SNS REAAL N.V. -- subordinated debt rating to Ba2 from Baa3.

The following rating has been downgraded:

- SNS REAAL N.V. -- senior unsecured MTN rating to (P)Baa3 from (P)Baa2;
- SNS REAAL N.V. -- subordinated MTN rating to (P)Ba2 from (P)Baa3;
- SNS REAAL N.V. -- short-term MTN rating to (P)Prime-3 from (P)Prime-2.

The following ratings have been downgraded and assigned a negative outlook:

- SNS REAAL N.V. EUR250 million 6.258% capital securities (XS0310904155) -- preferred stock rating to Ba3(hyb) from Ba2(hyb);

- SRLEV N.V. EUR400 million Tier 2 Notes (XS0616936372) -- subordinated debt rating to Baa3(hyb) from Baa2(hyb);

- SRLEV N.V. CHF105 million (CH0130249581) -- perpetual junior subordinated debt rating to Baa3(hyb) from Baa2(hyb).

METHODOLOGIES

The methodologies used in these ratings were Moody's Global Rating Methodology for Property and Casualty Insurers published in May 2010, Moody's Global Rating Methodology for Life Insurers published in May 2010 and Moody's Guidelines for Rating Insurance Hybrid Securities and Subordinated Debt published in January 2010. Please see the Credit Policy page on www.moody.com for a copy of these methodologies.

SNS REAAL is a bancassurance group headquartered in Utrecht, the Netherlands. Focusing on the Dutch market, it reported total income of EUR6.1 billion in 2011 and had shareholders' equity of EUR5.4 billion as of 31 December 2011.

REAAL Verzekeringen, headquartered in Utrecht, the Netherlands, had total assets of EUR54.3 billion and reported shareholders' equity (including minority interest) of EUR4.4 billion as of 31 December 2011.

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For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody.com.

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