

FITCH REVISES OUTLOOK ON ACHMEA BANK TO STABLE; AFFIRMS AT 'A'

Fitch Ratings-London-24 October 2016: Fitch Ratings has today revised the Outlook on Netherlands-based Achmea Bank N.V.'s rating to Stable from Negative. The Long-Term Issuer Default Rating (IDR) is affirmed at 'A'. A full list of rating actions is available at the end of this rating action commentary.

The Outlook revision is driven by Fitch's view that the credit profile of Achmea Bank's parent - Achmea BV - has stabilised. Achmea Bank's ratings are driven by support from Achmea.

KEY RATING DRIVERS

Achmea Bank's IDRs, Support Rating and senior unsecured debt rating are based on Fitch's view of the extremely high probability of support that it would receive from its parent Achmea in case of need, and on Fitch's assessment of Achmea's creditworthiness.

Fitch considers Achmea Bank as a core subsidiary and an integral part of Achmea, a leading Dutch insurance group operating predominantly in the Netherlands. Fitch also believes that DNB, the Dutch central bank, which is the common regulator for banks and insurance companies in the Netherlands, will encourage Achmea to support the bank in case of need.

Achmea Bank consolidates the group's retail banking operations, offering primarily bank savings and mortgage loans. It is an important cross-selling tool with Achmea Bank's products linked to the selling of the group's insurance and retirement services products. Our view of support further takes into account the bank's deep integration with the parent, common branding and reputational risks for Achmea in case of default by the bank. Achmea also has a track record of providing Achmea Bank with capital and liquidity when required. This included a EUR171m equity injection and a guarantee against a portfolio of loans transferred from another part of the group in July 2015.

Fitch does not assign a Viability Rating to Achmea Bank given its close integration with the group and Fitch's opinion that the bank's franchise cannot be assessed on a standalone basis.

RATING SENSITIVITIES

A weakening of Achmea's creditworthiness as assessed by Fitch could result in a downgrade of Achmea Bank's IDRs, Support Rating and senior unsecured debt ratings. The ratings are also sensitive to perceived changes in the bank's strategic importance to its parent, or to a significant change in Achmea's regulatory capital position or indications that capital fungibility within the group has diminished.

The rating actions are as follows:

Long-Term IDR affirmed at 'A'; Outlook revised to Stable from Negative

Short-Term IDR affirmed at 'F1'

Support Rating affirmed at '1'

Senior unsecured notes long-term rating affirmed at 'A'

Senior unsecured notes short-term rating affirmed at 'F1'

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Applicable Criteria
Global Bank Rating Criteria (pub. 15 Jul 2016)
<https://www.fitchratings.com/site/re/884135>

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