

# MOODY'S

## INVESTORS SERVICE

### ISSUER PROFILE

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## De Volksbank N.V.

### Key Facts and Statistics - H1 June 2019

#### Company overview

De Volksbank NV (de Volksbank, formerly SNS Bank NV), a direct and wholly owned subsidiary company of NL Financial Investments (NLF), is the fourth-largest retail bank in the Netherlands in terms of consolidated assets, with €63.9 billion as of 30 June 2019.

De Volksbank provides a range of retail banking and insurance products and services, including mortgages, current accounts, savings accounts and investment products. The bank services mainly individual retail customers and small and medium-size enterprises (SME) in the Netherlands.

De Volksbank was established in 1817 as a savings bank with a public utility function. Following large losses on the bank's commercial real estate lending portfolio, the Dutch government nationalised SNS Bank's previous owner, SNS REAAL (renamed as SRH NV in September 2015) on 1 February 2013 and transferred its shares to Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments, or NLF). Subsequently, SNS REAAL entered into in-depth restructuring.

On 31 December 2016, ASN Bank NV, RegioBank NV and SNS Bank NV were legally merged and the separate banking licences of ASN Bank NV and RegioBank NV subsequently lapsed. The four brands including BLG Wonen, ASN Bank, RegioBank and SNS are covered by the banking licence of SNS Bank NV, renamed as de Volksbank on 1 January 2017 as a result of the merger. In March 2019, de Volksbank and its parent company de Volksholding B.V. was merged. As a result, de Volksbank remains to be the surviving entity and de Volksholding ceased to exist.

#### Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on de Volksbank NV, please see <De Volksbank NV page on moodys.com>.

Exhibit 1

#### Latest full-year results

##### De Volksbank NV

(in € Million)	31-Dec-18	31-Dec-17	31-Dec-16	% Change 18/17	% Change 17/16
Total Assets	60,948	60,892	61,588	0.09	(1.13)
Total Shareholders' Equity	3,571	3,714	3,561	(3.85)	4.30
Total Capital	3,465	3,524	3,709	(1.67)	(4.99)
CET 1 Ratio (%)	35.5	34.1	29.2	140 bps	490 bps
Net Income	268	329	349	(18.54)	(5.73)

Note: Based on consolidated financial data

Source: Company report

Exhibit 2

**Latest first-half results****De Volksbank NV**

(in € million)	30-Jun-19	30-Jun-18	% Change 19/18
Total Assets	63,941	62,534	2.25
Total Shareholders' Equity	3,578	3,456	3.53
Total Capital	3,851	3,402	13.20
CET 1 Ratio (%)	37.1	34.3	280 bps
Net Income	154	149	3.36

Note: Based on consolidated financial data

Source: Company report

**Business description**

De Volksbank essentially provides residential mortgages (around 90% of the total loan book), but also current accounts, savings accounts and investment products. De Volksbank currently has a single operating segment, employing a multi-brand strategy that provides individual retail and SME customers in the Netherlands with various banking products and services, including current and saving accounts, payment facilities, investment facilities and mortgages.

The bank manages its business through four distinctive brands:

- » **ASN Bank:** ASN Bank focuses on more sustainable investments. It offers project and mortgage loans as well as sustainable investment funds and current accounts. ASN had a customer base of 701,000 as of 31 December 2018.
- » **BLG Wonen:** BLG Wonen offers housing-related solutions, including mortgages, saving products, and term and life insurance. As 31 December 2018, BLG Wonen served 244,000 customers and had a nationwide network of more than 2,900 independent advisers.
- » **SNS:** SNS is a retail bank that offers saving products, mortgages, loans, payment facilities, investment and insurance products. It also offers online and mobile banking facilities. As of 31 December 2018, SNS served a total of 1.6 million customers out of which 917,000 are current account customers.
- » **RegioBank:** RegioBank offers savings products, mortgages and payment facilities in smaller municipalities, through more than 500 affiliated independent advisors as of 30 June 2019. RegioBank had a customer base of 665,000 as of 31 December 2018.

Source: Company reports

**Distribution channels**

De Volksbank operates mainly in the Netherlands. As of 30 June 2019, it provided its products and services both through its own distribution channels and through various intermediaries.

The bank also supplies its products and services through alternative delivery channels, including a network of 293 ATMs<sup>1</sup>, internet, mobile and telephone banking, and various independent advisors.

The bank's domestic market shares for retail savings and new mortgages were as follows:

Exhibit 3

**Market shares of de Volksbank NV**

(% Share)	30-Jun-19	31-Dec-18	31-Dec-17
Retail savings	10.4	10.6	10.7
New mortgages	6.6	7.2	6.8

Source: Company report

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

## Ownership structure

De Volksbank is wholly owned by the Dutch State through the NL Financial Investments (NLFi).

### Nationalisation of SNS REAAL

In April 2011, under the direction of the European Banking Authority (EBA), SNS Bank performed a stress test. It reported a Core Tier 1 ratio of 8.6% as of 30 September 2011, based on Basel II, or 8.2% according to EBA methodology, which required that the bank maintain a capital buffer against sovereign risks. To achieve the EBA minimum requirement of 9% Core Tier 1 ratio, SNS Bank was required to rectify a capital shortfall of €159 million.

In the fourth quarter of 2011, SNS Bank's EBA Core Tier 1 ratio increased to 8.8% from 8.2% in the previous quarter, driven by both an increase in its available Core Tier 1 capital and a reduction in its risk-weighted assets. However, the bank's commercial real estate (CRE) operations, reported as part of its Property Finance segment, remained problematic, owing to substantial impairments. As of 31 December 2012, the Core Tier 1 ratio fell to 6.1%. In response, DNB proposed that the Ministry of Finance suspend SNS Bank's banking activities.

In February 2013, the Ministry of Finance nationalised SNS REAAL. All the ordinary shares, B-shares and the Core Tier 1 capital securities, as well as the subordinated debt at both SNS REAAL and SNS Bank, were expropriated. As part of the bank's nationalisation process, the Dutch government provided capital of €2.2 billion for SNS REAAL, of which €1.9 billion was supplied to SNS Bank. In addition, the legacy CRE exposures were also transferred to a separate legal entity, Propertize. As a result, SNS Bank reported a Core Tier 1 ratio of 16.6% at the end of 2013, well above its pre-nationalisation levels.

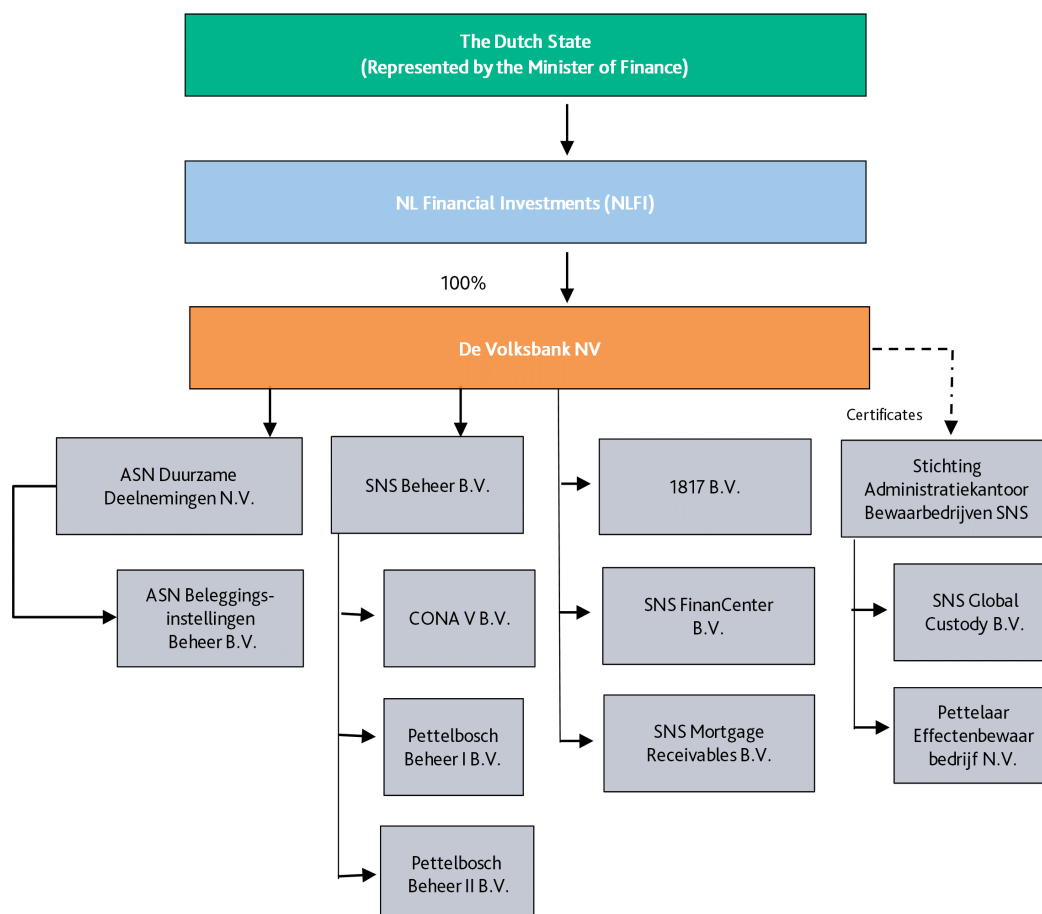
On 19 December 2013, the EC approved a restructuring plan that had been submitted by the Ministry of Finance on 19 August 2013. Following the approval, the Property Finance segment was separated from SNS REAAL. Since 31 December 2013, the Property Finance segment has been wholly owned by NLFi, and has traded independently of SNS Bank as Propertize. The EC approval also included the separation of the group's banking and insurance operations, and the divestment of its insurance operations.

In February 2015, SNS REAAL signed an agreement to sell its insurance business VIVAT to the Chinese insurance company Anbang. The sale was completed on 26 July 2015, with approvals from the Minister of Finance, the DNB, the CIRC and NLFi. On 30 September 2015, all the shares of SNS Bank were transferred to the Dutch government from SNS REAAL for an aggregate amount of €2.7 billion.

In July 2016, the Minister of Finance sent a letter to the House of Representatives concerning the future of the bank. The Minister of Finance subscribed to NLFi's conclusions that it is too early to make a decision on de Volksbank's future and that the execution of de Volksbank's strategic plan does not exclude any future options. On 14 September 2017, the Minister sent another letter (together with NLFi's annual progress report, also dated 14 September 2017) to the House of Representatives, in which he (again) adopted NLFi's conclusions as worded in the progress report. This was followed by a second report in October 2018, which concluded that de Volksbank would at least need the full three-year period starting mid-2016 before taking any decision. NLFi's conclusions were endorsed by the Ministry of Finance, which also noted the fact that de Volksbank would need this period to work on the shared value ambition and further strengthen its social identity.

Exhibit 4

## Organisational structure as of 1 April 2019



Note: In March 2019, de Volksbank and its parent company de Volksholding B.V. was merged. As a result, de Volksbank remains to be the surviving entity and de Volksholding ceased to exist and NLFI become sole share holder of de Volksbank.

Source: Company report

## Company management

Exhibit 5

## De Volksbank NV

Managing Board	Current Title	Age*
Maurice Oostendorp	Chief Executive Officer and Chairman of the Board of Directors	62
Jeroen Dijst	Chief Risk Officer and Member of the Board of Directors	47
Mirjam Verhoeven	Chief Operations Officer and Member of the Board of Directors	51
Marinka van der Meer	Chief Customer Officer and Member of the Board of Directors	49

\*As of 31 Dec 2018

As of 2 Oct 2019

Source: Company data

Exhibit 6

**De Volksbank NV**

Supervisory Board	Current Title	Age*
Jan van Rutte	Chairman of the Supervisory Board	68
Monika Milz	Vice-chair of the Supervisory Board	61
Sonja Barendregt-Rooijers	Member of the Supervisory Board	61
Aloys Kregting	Member of the Supervisory Board	51
Jos van Lange	Member of the Supervisory Board	62

\*As of 31 Dec 2018

As of 2 Oct 2019

Source: Company data

## Company history

De Volksbank's history dates back to 1817, when the first banks with a public-utility function were founded. In 1987, two regional savings banks (Stichting Spaarbank Limburg and Stichting Gelders-Utrechtse Spaarbank) merged to form SNS Bank, with Sanes Holding as the parent company. In 1990, Sanes Holding was renamed SNS Group.

The bank was a wholly owned subsidiary of the Dutch banking and insurance company SNS REAAL, which was created in 1997, following the acquisition by SNS Groep NV of a 51% interest in the insurance company REAAL Groep NV. By the end of 1998, and as a result of several subsequent transactions, all group companies were wholly owned by Stichting Beheer SNS REAAL, a trust legally required to maintain the group's ownership integrity and corporate objectives.

Subsequently, several smaller institutions joined the group, including the mortgage banks BLG Hypotheken and CVB Bank. Over 2003–04, SNS REAAL Invest (a group operating company that provided consumer finance, leasing, real estate and venture capital) was wound down through its sale or integration into one of the group's two operating companies. Other acquisitions by SNS REAAL included those of Zurich Nederland (2003), the life insurance portfolio of Univé (2004) and Nieuwe Hollandse Lloyd (2005).

The company was listed on the stock exchange in 2006 and a number of acquisitions were completed in the years following SNS REAAL's initial public offering. In November 2006, SNS Bank acquired Bouwfonds Property Finance BV (later renamed SNS Property Finance BV), which specialised in commercial property finance in the Netherlands.

In 2007, SNS Bank acquired Regio Bank, which it then merged with CVB Bank, a subsidiary of SNS Bank (later renamed SNS Regio Bank NV). In the same year, SNS REAAL acquired AXA Nederland BV, Winterthur Verzekeringen Holding BV and DBV Holding NV. In 2008, these companies merged with SNS REAAL's wholly owned insurance subsidiary REAAL Verzekeringen NV.

In April 2008, SNS REAAL acquired both the leading Dutch pension company Zwitserleven (including Zwitserleven Asset Management) and the insurance company Swiss Life Belgium for a combined price of €1.53 billion. In June 2008, however, SNS REAAL sold all its shares in Swiss Life Belgium to Delta Lloyd Group. In 2011, SNS Regio Bank NV was renamed RegioBank.

In February 2013, the Dutch government nationalised SNS REAAL, after the DNB had concluded that the capital position of SNS Bank was insufficient to cover the company's current and possible future risks. On 19 December 2013, the EC approved the restructuring plan that had been submitted by the Ministry of Finance on 19 August 2013. Following its approval, the Property Finance segment was separated from SNS Bank and transferred to NLF. Since 31 December 2013, the Property Finance segment has operated independently under its new name, Propertize.

In January 2015, SNS REAAL's banking and insurance activities were split up. SNS Bank now manages the banking brands, while REAAL is responsible for managing the insurance brands.

In February 2015, SNS REAAL signed an agreement to sell REAAL (renamed VIVAT) to the Chinese insurance company Anbang. The sale was completed on 26 July 2015, with the approvals from the Minister of Finance, the DNB, the CIRC and NLF. On 30 September 2015, SNS REAAL transferred all the shares of SNS Bank to the Dutch government for an aggregate price of €2.7 billion. Subsequently, SNS REAAL was renamed as SRH NV.

In December 2015, SNS Bank agreed to sell its SNS Securities division to NIBC Bank NV, a provider of corporate banking facilities, including financial, advisory and co-investment services. The transaction was finalised at end-June 2016, after the Dutch Central Bank granted the required approval for the transaction.

On 31 December 2016, ASN Bank NV, RegioBank NV and SNS Bank NV were merged and the separate banking licences of ASN Bank NV and RegioBank NV have lapsed. The four brands including BLG Wonen, ASN Bank, RegioBank and SNS are covered by banking licence of SNS Bank NV, as from 31 December 2016. As a result of the merger, on 1 January 2017, SNS Bank NV was renamed as de Volksbank.

In December 2017, de Volksbank's subsidiary Woningfonds BV was merged into it, to have a simpler legal structure. In June 2018, de Volksbank's subsidiary Holland Woningfinanciering N.V. was legally merged merged with de Volksbank N.V.

In August 2018, ASN Vermogensbeheer B.V., subsidiary of de Volksbank was sold to the management and investor Quadia. The company will continue independently under the name of Fair Capital Partners.

In March 2019, de Volksbank and its parent company de Volksholding B.V. was merged. As a result, de Volksbank remains to be the surviving entity and de Volksholding ceased to exist.

Sources: Company reports

## Peer group

- » [ABN AMRO Bank N.V.](#)
- » [ING Bank N.V.](#)
- » [Rabobank](#)
- » [Banque et Caisse d'Epargne de l'Etat](#)

## Related websites and information sources

For additional information, please see:

### The company's website

- » [www.devolsbank.nl](http://www.devolsbank.nl)

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## Moody's related publications

### Issuer page on Moodys.com

- » [De Volksbank](#)

### Credit opinion

- » [De Volksbank N.V.: Update following rating upgrade, September 2019](#)

### Banking system outlook

- » [The Netherlands: Profitability is under pressure, but high loan quality supports our stable outlook, July 2019 \(1181466\)](#)

### Sector in-depth

- » [Banks – Netherlands: Macro profile – Strong +, July 2019 \(1178363\)](#)

## Sector comment

- » [Banking - Netherlands: Banks' profits fall slightly on higher provisioning, despite resilient interest income and cost cuts, March 2019 \(1163965\)](#)

## Rating methodology

- » [Banks, August 2018 \(1128883\)](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.*

## Endnotes

- 1 As of 31 December 2018

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