SNS Bank N.V.

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb−
Support Rating	2
Support Rating Floor	BBB+
Sovereign Risk	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

SNS Bank N.V.

	31 Dec 11	31 Dec 10
Total assets (USDm)	105,152	105,449
Total assets (EURm)	81,272	78,918
Total equity (EURm)	1,723	1,580
Operating profit (EURm)	-49	-464
Net income (EURm)	38	-431
Comprehensive income (EURm)	-11	-598
Operating ROAA (%)	-0.06	-0.58
Operating ROAE (%)	-2.97	-23.14
Core Tier 1 ratio (%)	9.20	8.10
Core Tier 1 ratio (%)[a]	9.85	8.42
Fitch core capital/ weighted risks (%)	7.65	6.39
Fitch core capital/ weighted risks (%)[a]	8.16	6.64

[a] Excluding Basel II transitional floor

Related Research

SNS REAAL N.V. (March 2012)

2012 Outlook: Major Dutch Banks (December 2011)

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Key Rating Drivers

Support-Driven Ratings: The IDRs, Support Rating and Support Rating Floor (SRF) of SNS Bank N.V. (SNS Bank) are driven by Fitch Ratings' view that there is a high probability that it would be supported by the Dutch state ('AAA/Stable'), if required. This opinion derives from SNS Bank's systemic importance as the fourth-largest retail bank in the Netherlands and the injection of capital securities made by the state to SNS REAAL N.V. ('BBB+/Stable'), the group's holding company, and partially downstreamed to the bank in 2008.

Property Finance Burden: SNS Bank's Viability Rating (VR) reflects the sizeable burden of the Property Finance (PF) loan book in run-off (EUR5.4bn gross loans at end-2011, 32% impaired), particularly considering the negative impact it is likely to have on the bank's earnings in the short to medium term. Fitch expects this portfolio to continue to suffer from the weak economy and continued asset price falls (average loan/value (LTV) ratio at end-2011: 103%). SNS Bank's VR continues to incorporate its solid retail franchise and sound liquidity position.

Healthy Rest of Portfolio: Excluding PF, the rest of SNS Bank's customer loans (EUR54.3bn of retail loans at end-2011, virtually all mortgages, and EUR5.7bn of SME loans, all domestic) is solid despite some weakening in H211 as the Dutch economy entered recession. As the economy is set to weaken in 2012, further deterioration could occur, but to manageable levels.

Improving Funding Structure: The bank's loans/deposits ratio has improved but, at 162% at end-2011, it continues to show some reliance on the wholesale markets. To achieve its target ratio of 125%-150%, SNS Bank's funding focus is on customer deposits (+11% in 2011); it did not issue any debt in 2011, in tough market conditions. The bank maintains a solid liquidity buffer (EUR11.1bn at end-2011), which should enable it to repay capital market liabilities maturing up to end-2013, assuming stable customer deposits.

Modest Profitability: Despite adequate performance from the core Retail and SME divisions, a recovery in earnings is likely to remain constrained by high losses in PF. Fitch has reclassified as a non-operating item a EUR112m pre-tax gain on a subordinated debt exchange, which supported the net profit reported by SNS Bank in 2011; according to this reclassification, the bank was not profitable at the operating level in 2011.

Weak Capitalisation: Fitch considers SNS Bank's Fitch Core Capital (FCC) weak, albeit improved, in view of the scale and weakness of its PF portfolio. Given expected low earnings in the short to medium term, capital build-up is reliant on deleveraging. The FCC ratio is lower than the regulatory core Tier 1 ratio as it incorporates negative revaluation reserves and strips out EUR156m of capital securities injected by the state. However, management has indicated that it will not repay these before the PF burden eases and its core Tier 1 ratio reaches 10%.

What Could Trigger a Rating Action

'BBB+' Support Rating Floor: As SNS Bank's Long-Term IDR is at the SRF, it is sensitive to any weakening of the Dutch state's ability or propensity to provide support.

Strain on Capital: The VR reflects the expectation that the bank could mitigate further strain on its capital position through deleveraging, but would be vulnerable to a downgrade if this did not occur. The VR would also be vulnerable to any weakening of the bank's core retail franchise or to any setback in its liquidity profile or its ambitions to rebalance its funding mix.

- Banking arm of SNS REAAL, a Dutch banking and insurance group.
- Solid domestic franchise in core retail business.
- Property-finance exposures drastically hit by economic crisis and lagging effect on asset prices.
- Continuing phasing-out of international and domestic property development lending.

Profile

SNS Bank is the fully owned banking subsidiary of SNS REAAL, a Dutch financial services group also active in insurance through REAAL Verzekeringen (RV; see separate report, *SNS REAAL Insurance Activities,* available at www.fitchratings.com). The group benefits from centralised operations and a single IT platform. SNS Bank operates through a number of brands (SNS Bank, ASN Bank, RegioBank, and BLG Hypotheken), targeting retail clients and SMEs. It also manages a portfolio of PF loans, which is being phased out under a risk reduction exercise. It is active predominantly (in the future solely) in the Netherlands.

SNS REAAL, its parent, is majority-owned by a self-owned foundation, Stichting Beheer SNS REAAL (the foundation). The foundation's stake has been diluted over the years to just over 50%, following successive equity offerings; it has indicated that it would be willing to become a minority shareholder to support its subsidiary's growth or access to fresh capital. The rest of the capital is widely owned and freely traded. The group issued EUR1.25bn of Core Tier 1 capital securities in Q408, subscribed for by the Dutch state (EUR750m) and by the foundation (EUR500m). This capital was intended to strengthen SNS REAAL's solvency in turbulent financial market conditions (see *Funding, Liquidity and Capital*). Of the total, EUR250m was repaid in October 2009.

At end-2011, the state retained EUR564m of capital securities, and the foundation EUR415m. SNS REAAL has committed to repay the remaining state capital securities at 1.5x par value by end-2013, subject to regulatory approval. Management has also indicated that it will not upstream any capital from SNS Bank before the strains in PF significantly ease and/or it reaches an internally targeted 10% regulatory Core Tier 1 ratio.

Corporate Governance

As a company listed in the Netherlands, SNS REAAL is required to follow the Dutch corporate governance code ("Tabaksblat Code"), banking code and insurance code and to explain any deviation from the principles set up in these codes in its annual report. SNS REAAL has a single executive board, with separate executive boards for the banking and insurance activities.

Following the capital injection from the state, two representatives of the Dutch government sit on SNS REAAL's nine-member supervisory board. While the capital securities do not give them voting rights, the state representatives can veto a defined set of issues, such as those related to mergers and acquisitions and the remuneration policy.

The foundation aims to preserve the interests of the group; statutorily, it cannot distribute profit except for charity and social purposes. No member of the board of the foundation sat on SNS REAAL's supervisory board at end-2011.

At end-2011, related-party transactions, disclosed in the group's annual report, were not excessive and appeared to be undertaken at market terms.

Core Activities: Domestic Retail and SME Banking

With a market share of c.6% of new mortgages in 2011 and 10% of total savings at end-2011, SNS Bank is the fourth-largest retail bank in the Netherlands after Rabobank, ING Bank and ABN AMRO. Its multi-brand strategy enables it to target various market sectors, such as "ethical" banking with ASN Bank.

SNS Retail Bank has strived to streamline its distribution process, focusing on direct channels (online or dedicated branches) to improve cost efficiency as part of a group cost reduction initiative. Given the current sluggish mortgage market (annual production has almost halved on pre-crisis levels) and the bank's goal to increase the share of customer funding in its funding mix, the strategic focus is on deposit gathering.

Related Criteria

Global Financial Institutions Rating Criteria (August 2011)

Rating Bank Regulatory Capital and Similar Securities (December 2011)

Evaluating Corporate Governance (December 2011)

Of the EUR2.9bn of deposits attracted in 2011 (+11%), EUR0.7bn related to "bank savings", a rather new type of savings offered by Dutch banks and structured to fit individuals' long-term savings needs as they have been gradually favouring such bank products over life insurance. Overall, SNS Bank pays a small premium over the largest Dutch banks on savings products.

Although the SME business unit (SNS SME) is a core business to the bank, management is currently aiming to reduce the size of the loan book in order to free up capital. SNS SME is essentially a legacy business of the former PF division, which the bank split between a core domestic portfolio (EUR4.1bn of "investment finance", or long-term cash-flow-based loans) and a non-core loan book, which is currently being phased out (see below).

Property Finance in Run-Off

SNS Bank's non-core PF loan book (essentially "project finance", or short-term loans to development projects) amounted to EUR4.8bn of outstanding loans and EUR0.5bn of foreclosed assets at end-2011. It essentially incorporates exposures in the Netherlands but also in other Western European countries and North America (see breakdown in *Risk Management*). Commercial real estate (CRE) has been severely hit by weak economic conditions and the subsequent drop in asset prices, particularly in Spain and the US, but also to some degree in the Netherlands. The weak economic outlook for 2012 should maintain the strain on asset prices. In addition, given the pressure on banks' capital and liquidity in tougher regulatory and operating environments, competitors' appetite for refinancing maturing loans has reduced.

Management has been actively addressing the acute issues in this loan book, with a specific team dedicated to its workout. This has resulted in a significant reduction in exposures (commitments reduced by 19% in 2011) but led to substantial legal and advisory costs.

Performance

- Adequate performance of core divisions offset by large losses in PF.
- Competition for customer deposits put pressure on net interest margin.
- Cost-reduction initiatives offset by large workout costs in property finance.
- Modest profitability expected for 2012 given expected prolonged strain in CRE.

Despite its core divisions' adequate earnings, the bank reported a third consecutive operating loss in 2011, again owing to substantial, albeit reduced, total impairment charges (EUR251m) on its PF exposures. A net profit was reported because of EUR112m in pre-tax capital gains realised on the exchange of lower Tier 2 securities (which Fitch has reclassified as *Non-recurring Income*; see line 25 of the attached income statement).

Performance should remain modest in 2012. Impairment charges on the PF loan book are likely to continue to be a substantial weight on profitability, given the weak economic conditions and unsettled property markets. As a consequence of the Dutch economy having entered recession in H211 (which should continue in 2012, according to economists' latest forecasts) and the subsequent rise in unemployment (to 6% in January 2012 from 5% in April 2011), impairment charges at the Retail Bank and SNS SME divisions will remain higher than historically. This will be exacerbated by a further decline in housing prices in 2012 (−5% anticipated by the largest Dutch mortgage provider, −10% at end-2011 compared with the peak of 2008) and the consequent negative impact on the value of collateral for mortgages.

Figure 1

Performance by Division

(EURm)	Retail Bank	SNS SME	PF
op. income	775	145	10
Op. expenses	-443	-48	-82
Pre imp. profit	**332**	**97**	**-72**
LIC	-86	-46	-160
Other Imp.	-27	-	-91
Op. profit	**219**	**51**	**-323**
Non-op. items	112	-	-
Pre-tax profit	**331**	**51**	**-323**
Cost/income (%)	57.16	33.10	n.m
LIC/average loans (%)	0.15	0.71	3.87
Loans	54,351	5,656	4,784

Source: SNS Bank, Fitch

Peer Comparison

Figure 8 in the *Annex* compares SNS Bank's main financials with those of two other European banks with domestic retail operations, significant CRE exposures, and similar size and Viability Rating levels. Despite an acceptable net interest margin and good cost efficiency, SNS Bank's performance has been hit hard by large impairment charges, which have wiped out pre-impairment operating profit. The bank's capitalisation is somewhat higher when compared with peers but needs to be considered together with a much higher ratio of net impaired loans/equity, while collateral values have been under pressure.

Revenue

Given its business profile, SNS Bank relies largely on net interest income, which has come under pressure from the higher cost of deposits and lower lending volumes. The net interest margin fell to 109bp in 2011, just below the 110bp-120bp historical average range. It was constrained by higher funding costs and the need to maintain attractive interest rates paid on customer savings, especially during H211 when competition started to intensify. While a healthy strategy from a risk perspective, the cost of running a substantial liquidity buffer invested in low-yield placements (typically overnight deposits with commercial or central banks) continued to negatively affect the bank's earnings. This significant liquidity position was supported in 2011 by inflows in savings, while growth in the mortgage loan book remained muted. The costs resulting from competition for retail funds should be partially eased by the benefits from the cheap funding accessed through the ECB special via the 3-year refinancing operations (LTRO) but net interest margin is expected to remain under pressure in 2012.

Around 10% of operating revenues are generated in the form of net commissions, virtually all stemming from the retail business and mainly earned as asset management and banking transaction fees, although the cross-selling of RV insurance products is not negligible (around EUR20m annually).

Other operating revenue essentially comprises capital gains realised on the bank's securities investment book but also a EUR37m loss reported in relation to losses realised on disposals of PF loans.

Non-Interest Expenses

As part of a EUR200m cost reduction programme launched at the group level, SNS Bank planned to cut non-interest expenses by EUR50m compared with 2008. Excluding legal and advisory costs entailed by the restructuring of the PF loan book (EUR56m in 2011), the target was exceeded in 2011, when the cost/income ratio would have been 55%. The bank's cost/income ratio has traditionally hovered around 60%, which is in line with relatively efficient European retail banks. The benefits of the cost reduction initiatives and a strict cost control culture should enable SNS Bank to maintain good cost efficiency.

Impairment Charges

Figure 2

Loan Impairment Charges by Division

	Retail Bank				SNS SME				Property finance			
	2011	H211	H111	2010	2011	H211	H111	2010	2011	H211	H111	2010
Impairment charges (EURm)	82	55	26	59	46	35	11	26	251	113	138	852
Impairment charges as % of average loans	0.15	0.20	0.10	0.11	0.71	1.15	0.32	0.36	3.87	3.69	4.11	11.10

Source: SNS Bank

Overall, impairment charges reduced significantly in 2011 compared with the large hit taken in the previous year, but they remained substantial and again wiped out the bank's pre-impairment operating profit. Impairment charges in PF (EUR251m or 3.87% of average loans, EUR852m or 11.10% in 2010, as reported by the bank) continued to reflect the strains in the CRE markets; these included EUR91m of impairments on foreclosed assets in 2011 (EUR117m in 2010 - these are reported in line 22 of the attached income statement, *Securities and Other Credit Impairment Charges*). In 2010, the EUR852m also included EUR68m goodwill impairment, reported in line 26 *Non-recurring Expense*.

Conversely, provisions reported in the Retail Bank and SME divisions rose because of the deterioration observed in economic conditions in the second half of the year and the protracted decrease in collateral value as housing prices dropped further. Actual credit losses remained low in both divisions, at EUR49m in the Retail Bank (EUR32m in 2010) and EUR17m at SNS SME (EUR9m), corresponding to loss rates of 9bp and 26bp respectively.

Given the weak economic conditions expected in 2012, Fitch expects impairment charges to remain higher than historically. These are likely to be supplemented by the sale of the more CRE distressed portfolios.

Securities and Other Credit Impairment Charges also include EUR27m of impairment charges on Greek sovereign holdings.

- Further deterioration expected in the PF loan book.
- Risk remains low in the large residential mortgages book.
- Limited market risk.

Risk Management

Risk management policy is decided by the SNS REAAL executive committee. SNS Bank's risk policy committee is responsible for managing risk in the bank within limits set by the group.

Given the severe troubles experienced in the PF business and the bank's decision to release capital through a reduction in weighted risks, SNS Bank has implemented a de-risking strategy based on phasing out a large part of its CRE loan book and focusing its activities on its home market.

Credit Risk

Credit risk is by far the most important risk faced by SNS Bank, making up 90% of regulatory required capital at end-2011. Credit risk essentially relates to the customer loan book (EUR64.8bn at end-2011), split between corporate exposures (the CRE loans of SNS SME and PF) and the retail book (virtually all domestic residential mortgages). Credit risk is also present in the bank's investment portfolio and interbank exposures.

Retail loans (EUR54.3bn)

At end-2011, 95% of the Retail Bank's loan book consisted of residential mortgages, essentially loans against prime owner-occupied homes. The average LTV ratio of residential mortgages was 81% at end-2011 (77% at end-2010). Of the portfolio, 18% was covered by the Nationaal Hypotheken Garantie (NHG) fund, a government institution – a slight increase on 2010, as 55% of mortgages originated in 2011 were NHG mortgages.

While the Dutch mortgage market is highly scrutinised given its substantial size (110% of GDP) and elevated LTV ratios (encouraged by the tax deduction of mortgage interest payments and fostered by the 10% decline in housing prices since 2008), Fitch estimates that it does not represent, in isolation, an undue threat given a number of mitigating factors.

First, there was no housing bubble in the Netherlands in the pre-crisis years. Second, the net financial wealth of Dutch households is high, with one of the highest ratios in Europe, at 200% of GDP. Last but not least, unemployment, the biggest driver of non-performance in mortgage loans, remains fairly low, with only limited rises seen as a result of the economic contraction. Historically, loan impairment charges (LICs) on residential mortgages peaked in the Netherlands in the early 1980s at 30bp of the mortgage book when the unemployment rate was 10% and housing prices declined by 40% over five years. As can be seen in Figure 2, LICs were 15bp in 2011 at SNS Bank.

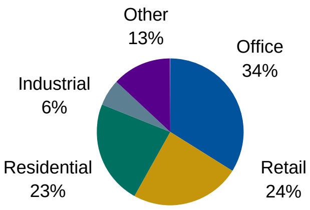
SME loans (EUR5.7bn)

SME exposures consist of a EUR4.1bn portfolio of healthy domestic CRE loans transferred from the former PF division and EUR1.6bn of SME loans. The overall level of impaired loans in the SME loan book is low (3% at end-2011) thanks to the healthy performance of the transferred CRE portfolio, although non-CRE SME loans show a relatively high level of impaired loans (12.3%), as can be expected in the current economic environment. The CRE loans are made up of numerous small loans to local investors, funding long-term cash-flow-based investments; it displayed an average LTV ratio of 74.4% at end-2011.

Figure 3

Property Finance by Sector

Outstanding loans, end-2011



Source: SNS Bank

Property Finance (EUR4.8bn)

SNS Bank has been active in PF for a number of years. The acquisition of part of Bouwfonds from ABN AMRO in 2006 considerably increased the scale of its operations in the sector. The bank has stated its intention to phase out this exposure, but so have a number of other banks, ahead of regulatory changes induced by Basel III. This has reduced the available refinancing and intensified the competition for selling property loans, putting additional pressure on prices. Maturing loans will have to be worked out, not only slowing the phasing-out (and thus capital release process) but potentially resulting in haircuts given reduced asset values. Therefore, Fitch expects LICs to remain substantial in the PF loan book.

Figure 4

Breakdown of Net Outstanding Property Finance Loans

	2011		2010		
	(EURm)	(%)	(EURm)	(%)	Evolution (%)
Netherlands	2,925	61	3,324	58	-12
Germany	593	12	756	13	-22
North America	406	8	688	12	-41
France	184	4	232	4	-21
Spain	167	4	191	3	-13
Other Europe	506	11	591	10	-14
Total	**4,783**	**100**	**5,782**	**100**	**-17**

Source: SNS Bank

Figure 5

Property Finance Portfolio Overview

	Dutch portfolio		International portfolio		Total	
(EURm)	2011	2010	2011	2010	2011	2010
Commitments	3,323	3,763	2,157	3,077	5,480	6,840
Undrawn commitments	75	216	27	112	102	328
Gross outstanding loans	**3,248**	**3,547**	**2,130**	**2,965**	**5,378**	**6,512**
Impairment	324	222	271	506	595	728
Net outstanding loans	**2,924**	**3,325**	**1,859**	**2,459**	**4,783**	**5,784**
Property projects	29	-	476	456	505	456
Held for sale assets	-	-	-	94	-	94
Total net exposure	**2,953**	**3,325**	**2,335**	**3,009**	**5,288**	**6,334**
Gross impaired loans	1,130	788	598	608	1,728	1,761
Impaired loans as % of outstanding loans	34.8	22.2	28.1	32.8	32.1	27.0
Coverage ratio (%)	28.7	28.2	45.3	52.0	34.4	41.3
Average LTV (%)	110.0	95.8	94.4	97.6	103.3	96.4
Impaired loans LTV (%)	-	-	-	-	140.9	135.7
Performing loans LTV (%)	-	-	-	-	92.0	87.3

Source: SNS Bank

Figure 6

Net Sovereign Bond Exposures at End-2011

	(EURm)	FCC (%)
Ireland	165	9.5
Greece	26	1.5
Portugal	-	-
Italy	266	15.4
Spain	29	1.7
Total GIIPS	**486**	**28.2**
Germany	1,548	89.9
Netherlands	733	42.5
France	195	11.3
Austria	309	17.9
Belgium	164	9.5
Other	48	2.8
Total	**3,483**	**202.2**

FCC = Fitch Core Capital
Source: SNS Bank, Fitch

The PF portfolio has deteriorated gradually since end-2008 and continued to show strains through to end-2011. The coverage of impaired loans by impairment reserves decreased as highly provisioned impaired loans were sold. At end-2011, this ratio was 34.4%, which appears just adequate given the average LTV ratio for impaired loans (141%, meaning a theoretical collateral value of EUR71m for a EUR100m loan). However, given the uncertainties and price volatility in a rather illiquid property market, the additional costs required to realise collateral and the bank's current capital position, Fitch would view higher coverage favourably.

Foreclosed properties, virtually all international assets, are reported in line C3 of the attached balance sheet (*Foreclosed Real Estate*). Their book value at end-2011 showed a 48% discount to their gross value.

Other Earning Assets

Other earning assets mainly comprise low-risk financial instruments, held for liquidity management purposes, and hedging derivatives. Interbank lending (line B1 of the attached balance sheet) represented a low 2% of total assets at end-2011. Interbank placements (line

C1) amounted to EUR5.1bn. SNS Bank places and lends funds to highly rated ('A' or higher) international counterparties.

The bank also invests in fixed-income securities (EUR4.1bn, line B5 of the attached balance sheet), made up of government bonds (88% at end-2011, see detail in Figure 6), mortgage-backed securities (7%) and bank debt (4%). 67% of this securities portfolio was rated in the 'AAA' and 'AA' categories at end-2011, and all of it was investment-grade except for exposure to Greek sovereign (EUR53m nominal value, scheduled maturity March 2012).

Market Risk

SNS Bank's structural interest-rate position is monitored by the asset/liability management committee using gapping and duration analysis as well as earnings and value at risk (VaR). The bank hedges its interest rate risk using derivatives or by adapting the features of its savings products. At end-2011, it calculated that a 100bp upward/downward movement in the interest-rate curve would have had a positive/negative impact of EUR36m/EUR15m on net income, which remains limited owing to hedging.

The bank has minimal trading risk, with a total VaR limit of EUR2.4m (with a 99% confidence interval and a one-day holding period).

Operational Risk

SNS Bank's operational risk definitions and framework are based on those of Basel II and the Dutch corporate governance code. The bank has adopted the standardised approach under Basel II, but is using loss databases to make risk assessments and exploring the possibility of using the advanced measurement approach. At end-2011, 9% of regulatory required capital related to operational risk.

Funding, Liquidity and Capital

- Improving funding profile with continued healthy increase in customer deposit base.
- Cautious liquidity management.
- Capital position seen as weak when taken into account substantial remaining PF exposure.

Lower Reliance on Capital Markets as Customer Deposits Rise

SNS Bank has been striving to improve its funding mix by reducing the use of capital market funding sources, both secured and unsecured, to the benefit of customer deposits. This aims to reduce reliance on volatile funding sources that can close in a very short time, as experienced in past years.

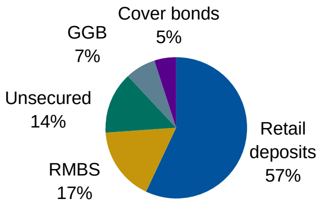
The bank was successful in attracting new deposits in 2011, with EUR2.9bn of net new inflows (EUR3bn in 2010). Their longevity will need to be tested over time, but customer savings have so far proven sticky at SNS Bank, with an average retention rate of around 80%. Some outflows were experienced in late 2011 as competition intensified in the Netherlands, which resulted in an upward repricing of SNS Bank's savings products. Virtually all customer deposits at the bank are protected by the domestic deposit guarantee scheme, which contributes to stability.

Given the ongoing run-off of PF exposures, the reduction of the SNS SME loan book and limited demand for new mortgages, the loans/deposits ratio improved but remained high (162% at end-2011, 174% at end-2010). As a consequence of the high level of mortgage borrowing and large savings held in non-bank institutions (insurance, pension funds), Dutch banks structurally display higher loans/customer deposits ratios than their European peers. The bank targets a loans/customer deposits ratio of 125%-150%.

During 2011, SNS Bank did not tap capital markets as the inflow of new savings was sufficient to meet its funding needs. In December, the bank used EUR1.5bn from the three-year LTRO, an opportunity to get cheap funding more than the need to access additional funding sources. At end-2011, the bank still had EUR5.4bn of government-guaranteed bonds (GGB in Figure 7), issued under the credit guarantee scheme implemented by the Dutch government during the financial crisis. EUR2bn was repaid in January 2012. The balance is due in 2014.

Figure 7

Funding Mix at End-2011



Source: SNS Bank

Cautious Liquidity Management and Significant Liquidity Buffer

SNS Bank's liquidity management is cautious and alleviates the pressure from the bank's reliance on capital market funding. In addition to EUR4.2bn of cash, the bank benefited from EUR6.9bn in available assets eligible for repo transactions with the ECB at the same date. These liquidity sources should enable SNS Bank to meet its wholesale financial obligations up to end-2013 without access to any new funding, assuming stable customer deposits.

Implementation of the Basel III liquidity (Liquidity Coverage Ratio) and funding (Net Stable Funding Ratio) ratios does not represent a challenge for SNS Bank, given its large liquidity position and the average long-term (contractual or behavioural) maturity of its liabilities.

Weak Capitalisation Given PF Strain

SNS Bank's FCC ratio improved to 7.65% in 2011, thanks to an increase in core capital and a decline in risk-weighted assets. However, in Fitch's opinion, the ratio remains weak in view of the protracted strain on the bank's sizeable and deteriorating PF portfolio. The FCC ratio is lower than the reported regulatory Core Tier 1 capital ratio as FCC takes into account negative revaluation reserves (−EUR227m at end-2011), which are filtered out from the regulatory ratio, and excludes the EUR156m of state hybrid securities.

The increase in FCC was supported by the conversion into equity of EUR100m of capital securities injected by the foundation in 2008 through the group's holding company. In addition, the holding company injected EUR50m of capital into the bank during 2011 and did not upstream any dividends from the year's profits. SNS REAAL is committed to repaying the state hybrid securities and has implemented capital release initiatives at the operating subsidiaries to support this objective. The bank has indicated that no capital upstreaming should be expected from the bank before the PF pressure has eased and the bank reaches its internal core Tier 1 capital ratio target of 10%.

Fitch expects retained earnings to be constrained in the short to medium term by continued substantial LICs in PF. SNS Bank's VR incorporates the expectation that the bank could mitigate further strain on its capital position through deleveraging.

At end-2011, SNS Bank had a EUR32m shortfall in capital according to the European Banking Authority target of a 9% core Tier 1 ratio. This shortfall is small and, in the absence of unexpected macroeconomic shock, it is Fitch's opinion that SNS Bank will meet the target, through a further reduction in weighted risks.

While debt at the holding company could affect the bank's solvency, the level is acceptable at 114.2%, just below at the group's internal tolerance limit of 115%.

Annex

Figure 8

Peer Comparison

	SNS Bank N.V. ('BBB+'/Stable/'bbb−')		Banca Civica, S.A. ('BBB'/Negative/'bbb')		Landesbank Berlin AG ('A+'/Stable/'bbb−')	
(%)	**2011**	**2010**	**9M11**	**2010**	**2011**	**2010**
Performance						
Operating ROAE	-2.97	-23.14	6.98	12.43	3.15	12.17
Operating ROAA	-0.06	-0.58	0.28	0.65	0.06	0.23
Net interest income/average earning assets	1.09	1.15	1.31	1.64	0.76	0.54
Cost/income	61.28	57.95	82.16	70.01	84.26	70.24
Loans and securities imp. charges/pre-imp. op. profit	113.57	213.45	12.95	0.00	50.30	24.25
Asset quality						
Loan impairment charges/average gross loans	0.44	1.05	0.06	0.00	0.17	0.22
Impaired loans ratio	5.74	5.45	7.72	5.74	5.81	5.91
Coverage ratio	23.99	27.00	64.36	110.16	35.03	38.50
Net impaired loans/equity	166.28	166.01	44.43	-11.20	77.87	63.63
Capital & funding						
Equity (EURm)	1,723	1,580	3,232	2,795	2,318	2,722
Fitch core capital ratio	7.65	6.39	7.22	5.97	4.13	5.22
Tier 1 ratio	12.20	10.70	11.27	7.45	9.81	10.12
Loans/customer deposit ratio	161.95	174.19	144.96	150.29	128.43	128.75

Source: Bank financial statements; ratios calculated by Fitch

SNS Bank N.V.

Income Statement

	31 Dec 2011			31 Dec 2010		31 Dec 2009		31 Dec 2008	
	Year End USDm Unqualified	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets
1. Interest Income on Loans	3,344.5	2,585.0	3.50	2,310.0	3.15	2,568.0	3.38	3,482.0	4.73
2. Other Interest Income	227.7	176.0	0.24	179.0	0.24	205.0	0.27	401.0	0.54
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	**3,572.3**	**2,761.0**	**3.73**	**2,489.0**	**3.40**	**2,773.0**	**3.65**	**3,883.0**	**5.27**
5. Interest Expense on Customer Deposits	1,436.1	1,110.0	1.50	998.0	1.36	1,197.0	1.58	1,176.0	1.60
6. Other Interest Expense	1,097.2	848.0	1.15	620.0	0.85	904.0	1.19	1,934.0	2.62
7. Total Interest Expense	**2,533.3**	**1,958.0**	**2.65**	**1,618.0**	**2.21**	**2,101.0**	**2.77**	**3,110.0**	**4.22**
8. Net Interest Income	**1,038.9**	**803.0**	**1.09**	**871.0**	**1.19**	**672.0**	**0.89**	**773.0**	**1.05**
9. Net Gains (Losses) on Trading and Derivatives	9.1	7.0	0.01	-20.0	-0.03	17.0	0.02	-15.0	-0.02
10. Net Gains (Losses) on Other Securities	58.2	45.0	0.06	47.0	0.06	161.0	0.21	48.0	0.07
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	111.3	86.0	0.12	92.0	0.13	99.0	0.13	116.0	0.16
14. Other Operating Income	-7.8	-6.0	-0.01	4.0	0.01	1.0	0.00	2.0	0.00
15. Total Non-Interest Operating Income	**170.8**	**132.0**	**0.18**	**123.0**	**0.17**	**278.0**	**0.37**	**151.0**	**0.20**
16. Personnel Expenses	333.8	258.0	0.35	256.0	0.35	332.0	0.44	354.0	0.48
17. Other Operating Expenses	407.6	315.0	0.43	320.0	0.44	241.0	0.32	228.0	0.31
18. Total Non-Interest Expenses	**741.4**	**573.0**	**0.77**	**576.0**	**0.79**	**573.0**	**0.75**	**582.0**	**0.79**
19. Equity-accounted Profit/ Loss - Operating	-1.3	-1.0	0.00	-9.0	-0.01	-4.0	-0.01	-4.0	-0.01
20. Pre-Impairment Operating Profit	**467.1**	**361.0**	**0.49**	**409.0**	**0.56**	**373.0**	**0.49**	**338.0**	**0.46**
21. Loan Impairment Charge	377.8	292.0	0.39	707.0	0.96	437.0	0.58	151.0	0.20
22. Securities and Other Credit Impairment Charges	152.7	118.0	0.16	166.0	0.23	77.0	0.10	7.0	0.01
23. Operating Profit	**-63.4**	**-49.0**	**-0.07**	**-464.0**	**-0.63**	**-141.0**	**-0.19**	**180.0**	**0.24**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	144.9	112.0	0.15	n.a.	-	152.0	0.20	36.0	0.05
26. Non-recurring Expense	n.a.	n.a.	-	68.0	0.09	110.0	0.14	33.0	0.04
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	**81.5**	**63.0**	**0.09**	**-532.0**	**-0.73**	**-99.0**	**-0.13**	**183.0**	**0.25**
30. Tax expense	27.2	21.0	0.03	-101.0	-0.14	-1.0	0.00	36.0	0.05
31. Profit/Loss from Discontinued Operations	-5.2	-4.0	-0.01	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**49.2**	**38.0**	**0.05**	**-431.0**	**-0.59**	**-98.0**	**-0.13**	**147.0**	**0.20**
33. Change in Value of AFS Investments	-106.1	-82.0	-0.11	-157.0	-0.21	-44.0	-0.06	107.0	0.15
34. Revaluation of Fixed Assets	-2.6	-2.0	0.00	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	45.3	35.0	0.05	-10.0	-0.01	23.0	0.03	2.0	0.00
37. Fitch Comprehensive Income	**-14.2**	**-11.0**	**-0.01**	**-598.0**	**-0.82**	**-119.0**	**-0.16**	**256.0**	**0.35**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	0.0	0.00	1.0	0.00	3.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	49.2	38.0	0.05	-431.0	-0.59	-99.0	-0.13	144.0	0.20
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	0.0	0.00	0.0	0.00	320.0	0.43
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = EUR0.77290		USD1 = EUR0.74840		USD1 = EUR0.69416		USD1 = EUR0.71855	

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Balance Sheet

	31 Dec 2011			31 Dec 2010		31 Dec 2009		31 Dec 2008	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	68,469.4	52,920.0	65.11	50,888.0	64.48	50,977.0	63.49	48,751.0	63.56
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	12,212.4	9,439.0	11.61	12,016.0	15.23	13,435.0	16.73	13,681.0	17.84
5. Other Loans	4,299.4	3,323.0	4.09	3,079.0	3.90	3,502.0	4.36	3,607.0	4.70
6. Less: Reserves for Impaired Loans/ NPLs	1,169.6	904.0	1.11	970.0	1.23	435.0	0.54	245.0	0.32
7. Net Loans	**83,811.6**	**64,778.0**	**79.71**	**65,013.0**	**82.38**	**67,479.0**	**84.05**	**65,794.0**	**85.79**
8. Gross Loans	**84,981.2**	**65,682.0**	**80.82**	**65,983.0**	**83.61**	**67,914.0**	**84.59**	**66,039.0**	**86.11**
9. Memo: Impaired Loans included above	4,876.4	3,769.0	4.64	3,593.0	4.55	3,212.0	4.00	1,182.0	1.54
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	2,176.2	1,682.0	2.07	1,681.0	2.13	2,715.0	3.38	2,783.0	3.63
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	167.0	0.22
4. Derivatives	4,339.5	3,354.0	4.13	2,317.0	2.94	1,169.0	1.46	1,113.0	1.45
5. Available for Sale Securities	5,312.5	4,106.0	5.05	4,249.0	5.38	4,517.0	5.63	3,775.0	4.92
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. At-equity Investments in Associates	22.0	17.0	0.02	6.0	0.01	33.0	0.04	47.0	0.06
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**9,674.0**	**7,477.0**	**9.20**	**6,572.0**	**8.33**	**5,719.0**	**7.12**	**5,102.0**	**6.65**
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	2,851.0	3.72
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	1.3	1.0	0.00	1.0	0.00	1.0	0.00	10.0	0.01
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
15. Total Earning Assets	**95,663.1**	**73,938.0**	**90.98**	**73,267.0**	**92.84**	**75,914.0**	**94.55**	**73,689.0**	**96.08**
C. Non-Earning Assets									
1. Cash and Due From Banks	6,634.8	5,128.0	6.31	3,833.0	4.86	2,554.0	3.18	1,692.0	2.21
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	662.4	512.0	0.63	467.0	0.59	599.0	0.75	n.a.	-
4. Fixed Assets	116.4	90.0	0.11	110.0	0.14	114.0	0.14	119.0	0.16
5. Goodwill	147.5	114.0	0.14	114.0	0.14	184.0	0.23	237.0	0.31
6. Other Intangibles	50.5	39.0	0.05	50.0	0.06	59.0	0.07	54.0	0.07
7. Current Tax Assets	148.8	115.0	0.14	102.0	0.13	2.0	0.00	106.0	0.14
8. Deferred Tax Assets	291.1	225.0	0.28	267.0	0.34	297.0	0.37	227.0	0.30
9. Discontinued Operations	0.0	0.0	0.00	121.0	0.15	n.a.	-	n.a.	-
10. Other Assets	1,437.4	1,111.0	1.37	587.0	0.74	566.0	0.70	571.0	0.74
11. Total Assets	**105,152.0**	**81,272.0**	**100.00**	**78,918.0**	**100.00**	**80,289.0**	**100.00**	**76,695.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	13,216.5	10,215.0	12.57	10,482.0	13.28	9,835.0	12.25	10,184.0	13.28
2. Customer Deposits - Savings	39,257.3	30,342.0	37.33	27,398.0	34.72	24,435.0	30.43	21,859.0	28.50
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	**52,473.8**	**40,557.0**	**49.90**	**37,880.0**	**48.00**	**34,270.0**	**42.68**	**32,043.0**	**41.78**
5. Deposits from Banks	6,103.0	4,717.0	5.80	3,096.0	3.92	7,119.0	8.87	6,491.0	8.46
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Deposits, Money Market and Short-term Funding	**58,576.8**	**45,274.0**	**55.71**	**40,976.0**	**51.92**	**41,389.0**	**51.55**	**38,534.0**	**50.24**
9. Senior Debt Maturing after 1 Year	35,400.4	27,361.0	33.67	29,523.0	37.41	30,151.0	37.55	30,282.0	39.48
10. Subordinated Borrowing	640.4	495.0	0.61	1,428.0	1.81	1,520.0	1.89	1,101.0	1.44
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	**36,040.9**	**27,856.0**	**34.28**	**30,951.0**	**39.22**	**31,671.0**	**39.45**	**31,383.0**	**40.92**
13. Derivatives	4,665.5	3,606.0	4.44	2,880.0	3.65	2,247.0	2.80	2,144.0	2.80
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	**99,283.2**	**76,736.0**	**94.42**	**74,807.0**	**94.79**	**75,307.0**	**93.79**	**72,061.0**	**93.96**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	45.3	35.0	0.04	41.0	0.05	53.0	0.07	30.0	0.04
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	90.0	0.11	n.a.	-
5. Deferred Tax Liabilities	392.0	303.0	0.37	323.0	0.41	320.0	0.40	285.0	0.37
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	2,190.5	1,693.0	2.08	1,317.0	1.67	1,458.0	1.82	1,327.0	1.73
10. Total Liabilities	**101,911.0**	**78,767.0**	**96.92**	**76,488.0**	**96.92**	**77,228.0**	**96.19**	**73,703.0**	**96.10**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	809.9	626.0	0.77	594.0	0.75	627.0	0.78	588.0	0.77
2. Pref. Shares and Hybrid Capital accounted for as Equity	201.8	156.0	0.19	256.0	0.32	256.0	0.32	256.0	0.33
G. Equity									
1. Common Equity	2,440.2	1,886.0	2.32	1,696.0	2.15	2,129.0	2.65	2,078.0	2.71
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	9.0	0.01	10.0	0.01
3. Securities Revaluation Reserves	-293.7	-227.0	-0.28	-145.0	-0.18	12.0	0.01	56.0	0.07
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	82.8	64.0	0.08	29.0	0.04	28.0	0.03	4.0	0.01
6. Total Equity	**2,229.3**	**1,723.0**	**2.12**	**1,580.0**	**2.00**	**2,178.0**	**2.71**	**2,148.0**	**2.80**
7. Total Liabilities and Equity	**105,152.0**	**81,272.0**	**100.00**	**78,918.0**	**100.00**	**80,289.0**	**100.00**	**76,695.0**	**100.00**
8. Memo: Fitch Core Capital	2,031.3	1,570.0	1.93	1,415.0	1.79	1,934.0	2.41	1,856.0	2.42
9. Memo: Fitch Eligible Capital	2,233.1	1,726.0	2.12	1,749.0	2.22	2,660.3	3.31	2,553.0	3.33
Exchange rate	USD1 = EUR0.77290			USD1 = EUR0.74840		USD1 = EUR0.69416		USD1 = EUR0.71855	

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Summary Analytics

	31 Dec 2011 Year End	31 Dec 2010 Year End	31 Dec 2009 Year End	31 Dec 2008 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.94	3.43	3.83	5.53
2. Interest Expense on Customer Deposits/ Average Customer Deposits	2.79	2.76	3.62	3.86
3. Interest Income/ Average Earning Assets	3.75	3.30	3.70	5.59
4. Interest Expense/ Average Interest-bearing Liabilities	2.57	2.12	2.83	4.43
5. Net Interest Income/ Average Earning Assets	1.09	1.15	0.90	1.11
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.69	0.22	0.31	0.90
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.09	1.15	0.90	1.11
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	14.12	12.37	29.26	16.34
2. Non-Interest Expense/ Gross Revenues	61.28	57.95	60.32	62.99
3. Non-Interest Expense/ Average Assets	0.71	0.71	0.72	0.78
4. Pre-impairment Op. Profit/ Average Equity	21.89	20.40	16.79	16.07
5. Pre-impairment Op. Profit/ Average Total Assets	0.45	0.51	0.47	0.46
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	113.57	213.45	137.80	46.75
7. Operating Profit/ Average Equity	-2.97	-23.14	-6.35	8.56
8. Operating Profit/ Average Total Assets	-0.06	-0.58	-0.18	0.24
9. Taxes/ Pre-tax Profit	33.33	18.98	1.01	19.67
10. Pre-Impairment Operating Profit / Risk Weighted Assets	1.76	1.85	1.44	1.20
11. Operating Profit / Risk Weighted Assets	-0.24	-2.10	-0.54	0.64
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	2.30	-21.49	-4.41	6.99
2. Net Income/ Average Total Assets	0.05	-0.53	-0.12	0.20
3. Fitch Comprehensive Income/ Average Total Equity	-0.67	-29.82	-5.36	12.17
4. Fitch Comprehensive Income/ Average Total Assets	-0.01	-0.74	-0.15	0.34
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.19	-1.95	-0.38	0.52
7. Fitch Comprehensive Income/ Risk Weighted Assets	-0.05	-2.70	-0.46	0.91
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	7.65	6.39	7.47	6.62
2. Fitch Eligible Capital/ Weighted Risks	8.41	7.90	10.28	9.10
3. Tangible Common Equity/ Tangible Assets	1.94	1.80	2.42	2.43
4. Tier 1 Regulatory Capital Ratio	12.20	10.70	10.70	9.40
5. Total Regulatory Capital Ratio	14.40	16.70	13.90	12.40
6. Core Tier 1 Regulatory Capital Ratio	9.20	8.10	8.30	n.a.
7. Equity/ Total Assets	2.12	2.00	2.71	2.80
8. Cash Dividends Paid & Declared/ Net Income	n.a.	0.00	0.00	217.69
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	0.00	0.00	125.00
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	2.21	-27.28	-4.50	-8.05
E. Loan Quality				
1. Growth of Total Assets	2.98	-1.71	4.69	8.66
2. Growth of Gross Loans	-0.46	-2.84	2.84	9.26
3. Impaired Loans(NPLs)/ Gross Loans	5.74	5.45	4.73	1.79
4. Reserves for Impaired Loans/ Gross loans	1.38	1.47	0.64	0.37
5. Reserves for Impaired Loans/ Impaired Loans	23.99	27.00	13.54	20.73
6. Impaired Loans less Reserves for Imp Loans/ Equity	166.28	166.01	127.50	43.62
7. Loan Impairment Charges/ Average Gross Loans	0.44	1.05	0.65	0.24
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	6.47	6.11	5.56	1.79
F. Funding				
1. Loans/ Customer Deposits	161.95	174.19	198.17	206.09
2. Interbank Assets/ Interbank Liabilities	35.66	54.30	38.14	42.87
3. Customer Deposits/ Total Funding excl Derivatives	55.46	52.66	46.91	45.83

SNS Bank N.V.

Reference Data

	31 Dec 2011			31 Dec 2010		31 Dec 2009		31 Dec 2008	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	105,152.0	81,272.0	100.00	78,918.0	100.00	80,289.0	100.00	76,695.0	100.00
8. Memo: Total Weighted Risks	26,567.5	20,534.0	25.27	22,131.0	28.04	25,885.0	32.24	28,055.0	36.58
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	26,567.5	20,534.0	25.27	22,131.0	28.04	25,885.0	32.24	28,055.0	36.58
B. Average Balance Sheet									
Average Loans	84,985.5	65,685.3	80.82	67,397.0	85.40	67,067.7	83.53	62,979.3	82.12
Average Earning Assets	95,294.7	73,653.3	90.63	75,450.0	95.61	75,022.7	93.44	69,496.0	90.61
Average Assets	103,702.9	80,152.0	98.62	80,563.7	102.09	79,105.3	98.53	74,277.7	96.85
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	98,552.2	76,171.0	93.72	76,242.0	96.61	74,316.3	92.56	70,213.7	91.55
Average Common equity	2,253.8	1,742.0	2.14	2,027.7	2.57	2,171.3	2.70	2,094.3	2.73
Average Equity	2,133.5	1,649.0	2.03	2,005.3	2.54	2,221.3	2.77	2,102.7	2.74
Average Customer Deposits	51,504.3	39,807.7	48.98	36,216.3	45.89	33,102.3	41.23	30,430.7	39.68
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	19,979.0	26.05
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	2,659.0	3.47
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	640.4	495.0	0.61	1,428.0	1.81	1,520.0	1.89	1,101.0	1.44
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation									
1. Equity	2,229.3	1,723.0	2.12	1,580.0	2.00	2,178.0	2.71	2,148.0	2.80
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	201.8	156.0	0.19	256.0	0.32	256.0	0.32	256.0	0.33
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	2,229.3	1,723.0	2.12	1,580.0	2.00	2,178.0	2.71	2,148.0	2.80
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	147.5	114.0	0.14	114.0	0.14	184.0	0.23	237.0	0.31
5. Other intangibles	50.5	39.0	0.05	50.0	0.06	59.0	0.07	54.0	0.07
6. Deferred tax assets deduction	0.0	0.0	0.00	1.0	0.00	1.0	0.00	1.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	**2,031.3**	**1,570.0**	**1.93**	**1,415.0**	**1.79**	**1,934.0**	**2.41**	**1,856.0**	**2.42**
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	178.0	0.23	570.3	0.71	541.0	0.71
11. Government held Hybrid Capital	201.8	156.0	0.19	156.0	0.20	156.0	0.19	156.0	0.20
12. Fitch Eligible Capital	**2,233.1**	**1,726.0**	**2.12**	**1,749.0**	**2.22**	**2,660.3**	**3.31**	**2,553.0**	**3.33**
13. Eligible Hybrid Capital Limit	870.6	672.9	0.83	606.4	0.77	828.9	1.03	795.4	1.04

Exchange Rate	USD1 = EUR0.77290	USD1 = EUR0.74840	USD1 = EUR0.69416	USD1 = EUR0.71855

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