



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **State aid: Commission approves restructuring plan of Dutch bank insurance company SNS REAAL**

The European Commission has found the restructuring plan of the Dutch bank insurance company SNS REAAL to be in line with EU state aid rules. The plan notified by the Dutch authorities will enable the company to become viable in the long term without unduly distorting competition in the EU internal market. On this basis, the Commission has concluded that the aid measures granted by the Dutch state to SNS REAAL are in line with its rules on state aid for the restructuring of banks during the crisis.

Because of persistent problems following the write down of its property finance portfolio, the Dutch State decided in February 2013 to nationalise the group SNS REAAL and to inject new capital. In this context, the Dutch State notified the following state measures to the Commission:

- a €1.9 billion recapitalisation of SNS Bank in the form of ordinary shares;
- a €300 million recapitalisation of SNS REAAL in the form of ordinary shares; and
- a bridge loan of €1.1 billion to SNS REAAL to secure its short-term funding needs.

As part of the restructuring plan, the Dutch State will spin off the property finance activities into a bad bank at a transfer price above the market value, amounting to an additional aid of € 859 million.

In line with EU state aid rules, the Dutch authorities notified a restructuring plan to the Commission. The Commission found that SNS REAAL's restructuring plan addresses its viability problems. SNS REAAL will spin off its problematic property finance portfolio into a separate bad bank which will gradually wind down the portfolio, and it will focus on its retail division, which has proved to be robust since the start of the financial crisis. SNS REAAL will further simplify the structure of the group by divesting its insurance subsidiary. In the meantime, the insurance subsidiary will improve its viability and prepare for the divestment by observing a number of economic criteria when writing new business. The entity resulting from the restructuring of SNS REAAL will be a focused retail bank.

The restructuring plan ensures an adequate contribution to the cost of restructuring by the bank, its shareholders and hybrid capital holders. The restructuring plan also includes measures that will limit the distortions of competition resulting from the aid.

The Commission found that the State aid granted to SNS REAAL is necessary to preserve the stability of the Dutch financial system, in line with the [Commission's guidelines on state aid for banks during the crisis](#). Indeed, the measures allow SNS REAAL and its subsidiaries to comply with regulatory minimum capital requirements.

## Background

SNS REAAL is a Dutch bank insurance holding with a banking and insurance subsidiary, named respectively SNS Bank and REAAL Insurance. At the end of 2012, SNS REAAL's group balance sheet amounted to €134 billion.

The banking subsidiary is the number four in the Netherlands, while REAAL Insurance is also an important player on the Dutch insurance market (number three in individual life, number five in group life and number eight in non-life insurance).

In December 2008, the Dutch State subscribed to €750 million of Core Tier 1 securities to recapitalise SNS REAAL. In January 2010, the Commission approved the recapitalisation (see [IP/10/82](#)), after SNS REAAL had repaid € 185 million in 2009. However the company could not overcome persistent difficulties in its property finance division and following further write downs on the property finance portfolio the Dutch regulator requested SNS REAAL in January 2013 to reinforce its capital, triggering the second State intervention.

The non-confidential version of the current decision will be made available under the case numbers [SA.36598](#) in the [State Aid Register](#) on the [DG Competition website](#) once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

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