

## BASE PROSPECTUS DATED 7 MAY 2014

This document constitutes the base prospectus of SNS Bank N.V. and SNS REAAL N.V. in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "**Prospectus**").



### **SNS BANK N.V.**

(incorporated under the laws of The Netherlands with limited liability and having its corporate seat in Utrecht)



### **SNS REAAL N.V.**

(incorporated under the laws of The Netherlands with limited liability and having its corporate seat in Utrecht)

## **Debt Issuance Programme**

Under the Debt Issuance Programme of SNS Bank N.V. (an "**Issuer**" or "**SNS Bank**") and SNS REAAL N.V. (an "**Issuer**" or "**SNS REAAL**" and together with SNS Bank the "**Issuers**") (the "**Programme**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below), if any. The Issuers are part of a group formed by SNS REAAL and its direct and indirect subsidiaries, including SNS Bank ("**SNS REAAL Group**"). Subject as set out herein, the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme issued by SNS Bank will not exceed € 25,000,000,000 (or its equivalent in other currencies calculated as described herein) and the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme issued by SNS REAAL will not exceed € 2,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed in respect of Notes under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). Notes may be distributed by way of public offers or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant series of Notes (a "**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the applicable final terms (the "**Final Terms**").

#### **Arranger**

Rabobank International

#### **Dealers**

Rabobank International

SNS Bank

The full terms and conditions of each Tranche of Notes issued by SNS Bank are constituted by the terms and conditions as set out in full in this Prospectus in Chapter 2, Part 1 and the full terms and conditions of each Tranche of Notes issued by SNS REAAL are constituted by the terms and conditions as set out in full in this Prospectus in Chapter 3, Part 1 which terms and conditions constitute the basis of all Notes to be offered under the Programme, together with the Final Terms applicable to the relevant issue of Notes, which complete the terms and conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series (or Tranche). The Notes of each Tranche will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note (as defined below) which will be deposited on the issue date thereof either (i) with a common depositary or common safekeeper on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other agreed clearing system or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**"). See 'Form of the Notes'.

The relevant Issuer may agree with the relevant Dealer that Notes may be issued in a form not contemplated by the terms and conditions of the Notes herein, in which case a supplementary prospectus, a new base prospectus or a drawdown prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes and which will be subject to the prior approval of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, "**AFM**").

Application may be made to Euronext Amsterdam N.V. ("**Euronext Amsterdam**") for Notes to be issued under the Programme to be admitted to listing and trading on NYSE Euronext in Amsterdam ("**NYSE Euronext in Amsterdam**"). In addition, Notes issued under the Programme may, in accordance with applicable rules and regulations, be listed or admitted to trading on the Luxembourg Stock Exchange ("**Luxembourg Stock Exchange**"). Each Issuer may also issue unlisted Notes under the Programme.

Ratings and expected ratings in relation to SNS REAAL and SNS Bank and certain notes are stated in the chapter headed 'SNS REAAL N.V. and SNS Bank N.V.', section 'Rating Agencies'.

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

As of the date of this Prospectus, each of Fitch Ratings Limited ("**Fitch**"), Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") and Moody's Investors Service Ltd ("**Moody's**") is established in the European Union and is registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

The rating of a certain Series or Tranche of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether a credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed clearly and prominently in the applicable Final Terms.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

This Prospectus has been approved by and filed with the AFM. Each Issuer has requested the AFM to provide the competent authority in Luxembourg with a certificate of approval (a "**Notification**") attesting that the Prospectus has been drawn up in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**Wft**") and related regulations which implement Directive 2003/71/EC (the "**Prospectus Directive**" which term includes amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent implemented in The Netherlands on the date hereof). Each Issuer may request the AFM to provide competent authorities in additional Member States within the European Economic Area (the "**EEA**") with a Notification.

**This Prospectus will be published in electronic form on the websites of the AFM and the Luxembourg Stock Exchange and on 7 May 2014 on the website of the Issuers at [www.snsreaal.com](http://www.snsreaal.com). This Prospectus is issued in replacement of the prospectus of the Issuers dated 14 June 2012. It is valid for a period of up to 12 months from 7 May 2014.**

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# CHAPTER 1: INFORMATION RELATING TO THE DEBT ISSUANCE PROGRAMME AND THE ISSUERS

## RISK FACTORS

Each Issuer believes that the following factors, to the extent these relate to it, may affect the relevant Issuer's ability to fulfil its obligations under the Notes issued by it under the Programme. All risk factors relate to both SNS Bank and SNS REAAL, except for the risk factors under the heading 'Risk factors regarding SNS REAAL' and except for the risk factor relating to FATCA, which only relates to SNS Bank. The risk factors under the heading 'Risk Factors regarding SNS REAAL Group' describe risks to the SNS REAAL Group as a whole, including SNS Bank and SNS REAAL because both issuers are part of the SNS REAAL Group.

Most of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each Issuer believes that the factors described below, to the extent these relate to it, represent the material risks inherent in investing in Notes issued by it under the Programme, but the inability of that Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.

## RISK FACTORS REGARDING THE ISSUERS

### **Nationalisation of the Issuers**

On 1 February 2013, the Dutch Minister of Finance has decreed, pursuant to the act on special measures regarding financial institutions (the "*Wet bijzondere maatregelen financiële ondernemingen*", as implemented under the Wft and which entered into force on 13 June 2012, hereinafter the "**Special Measures Financial Institutions Act**"), the expropriation of, *inter alia*, all issued shares in the capital of SNS REAAL. As a result, as of such date the Dutch State is the sole shareholder of SNS REAAL and SNS Bank. Subsequently, the Dutch State transferred the shares of SNS REAAL to *Stichting administratiekantoor beheer financiële instellingen* (NL Financial Investments, hereinafter "**NLFI**") on 31 December 2013, which holds the shares of SNS REAAL on behalf of the Dutch State. On 22 February 2013 the EC has provided its preliminary approval for these measures, subject to its assessment of a restructuring plan which was submitted by the Dutch State with the EC on 19 August 2013. After the nationalisation of SNS REAAL on 1 February 2013, the Minister of Finance also announced that the real estate and real estate loan portfolio would be separated (see also 'Recent developments' below). Further, on 23 August 2013 the Ministry of Finance has sent a letter to the House of Representatives in which it informs them that the plan submitted contains a proposal to split up the banking and insurance activities so that the insurer and the bank may then (over time) be sold separately. REAAL and/or Zwitterleven would then, just like ASR Nederland N.V., play a role in the expected consolidation in the insurance market in the Netherlands. On 19 December 2013, the EC presented its final decision on the nationalisation measures and the

restructuring plan regarding SNS REAAL. It announced the State aid and the proposed restructuring to be compatible with the internal market.

Pursuant to the restructuring plan, the Dutch State commits to two structural measures regarding SNS REAAL:

1. Spin-off of the SNS Property Finance B.V. ("**Property Finance**") activities
2. Divestment of the insurance subsidiary REAAL NV, which will include all the insurance and asset management activities of SNS REAAL (the "**Divestment**").

The spin-off of the Property Finance activities is an important measure to further restore viability, leading to a substantial reduction of risk-weighted assets. It will also facilitate access to liquidity and funding on capital markets for SNS Bank. SNS REAAL announced that the shares in Property Finance were transferred to the Dutch State on 31 December 2013. The State has subsequently transferred these shares to NLF1.

Following the transfer, the Dutch State provided a €0.5 billion capital injection into Property Finance, €0.4 billion of which was used to redeem the outstanding debt to SNS Bank. This decreased the outstanding debt from €4.5 billion to €4.1 billion as at 31 December 2013. To protect the capital position of SNS Bank, the State provided SNS Bank with a guarantee on the funding to Property Finance. The funding therefore had no effect on the risk-weighted assets of SNS Bank.

On 1 January 2014 Property Finance was renamed to Propertize B.V. As per the date of this Base Prospectus, Propertize has further redeemed the outstanding debt to SNS Bank by using the proceeds of notes issued by it under the Propertize funding programme, which programme and the notes issued under it benefit from an irrevocable and unconditional guarantee from the Dutch State. Subsequently SNS Bank has partly used the proceeds to repay certain loans. On 4 April 2014 SNS Bank announced that the remaining funding balance of €4.1 billion was fully redeemed on 4 April 2014. The refinancing of Propertize has been placed with third parties.

The Dutch State and SNS REAAL commit to the Divestment of REAAL N.V. and commit to use the future proceeds of the Divestment of REAAL N.V. to reduce the double leverage on the balance sheet of SNS REAAL, taking into account the risk that this Divestment could result in a significant loss. The Divestment may also have an impact on the solvency position of SNS Bank. The impact of the Divestment depends on, inter alia, (i) the proceeds of the sale of REAAL N.V., (ii) the thereafter (remaining) balance sheet position of SNS REAAL and (iii) the duration of which SNS REAAL and SNS Bank will belong to the same group.

CRD IV introduces new prudential rules which include amended requirements for the calculation of the Core Tier 1 capital ratio and the leverage ratio of a bank, which is subsidiary of a mixed financial holding company. SNS REAAL, the sole shareholder of SNS Bank, is a mixed financial holding company. Therefore its assets and liabilities, including its participation in REAAL N.V., and its capital position have to be taken into account in the calculations of the capital ratio's of SNS Bank. Considering that there may be a phased capital deduction, the double leverage at the level of SNS REAAL will then be fully deducted from the capital ratio's of SNS Bank in five years. SNS REAAL and SNS Bank will report on the basis of these new rules for the first time in their half year results over the first half of 2014, which will be published around August of 2014.

In due course, the holding company SNS REAAL will be wound down. The entity resulting from the restructuring will be a stand-alone bank focused on banking for retail clients and self-employed. In the course of time, the Dutch State is committed to privatising SNS Bank. These measures could cause dissynergy and associated disintegration risks in the Issuers' business (see also the risk factor 'The issuers are exposed to (dis)integration risks following (de)mergers').

### **The businesses of the Issuers are primarily concentrated in The Netherlands**

The Issuers generate most of their income in The Netherlands and therefore are particularly exposed to the economic, political and social conditions in The Netherlands. Economic conditions in The Netherlands have been difficult. Partly due to the credit crisis in the past four to six years, growth of the Dutch gross domestic product ("**GDP**") has been subdued. Following a growth of 1.5% in 2010, GDP grew further by 0.9% in 2011 and the economy contracted again by 1.2% in 2012 and by 0.8% in 2013. Any deterioration or merely a long-term persistence of the difficult economic environment in The Netherlands could negatively affect the demand for products and services of the Issuers. In addition, SNS Bank and thereby indirectly also SNS REAAL Group is exposed to the risk of a significant deterioration of the financial position of SNS Bank's customers which are small and medium enterprises ("**SME**") in The Netherlands.

### **The Issuers face significant liquidity risk**

SNS Bank has three main sources of liquidity funding: savings, wholesale funding and the European Central Bank (the "**ECB**") facilities. SNS REAAL makes use of wholesale funding as well. The Issuers therefore face significant liquidity risk. Liquidity risk refers to the risk that funding and liquid assets will not be (sufficiently) available as a result of which the Issuers may not be able to meet short-term financial obligations. The sensitivity of the Issuers to this risk is substantial. The current crisis facilities (LTRO) of the ECB may not be available in the future. Also, the amount of mortgage loans on SNS Bank's balance sheet is higher than the amount of savings money attracted. This has resulted in a dependency on wholesale funding including the use of securitisation of the mortgage portfolio and the issue of covered bonds. The gap between mortgage loans granted and savings and deposits entrusted is funded in the money and capital markets. Good access to these markets may be necessary to finance the growth of the mortgage loan portfolio and to refinance all outstanding loans with a shorter maturity than the mortgage loans in which the money is invested. The access to the money and capital markets may be affected by concerns about the credit strength of the relevant Issuer, but may also be influenced by concerns about the market segments in which the Issuers are active, or by a general market disruption. Access to the markets may be further affected by the credit rating of the Issuers. Under current market conditions and due to the current credit rating of the Issuers the possibilities to access the capital markets for senior unsecured funding for the Issuers may be limited.

### **While the Issuers manage their operational risks, these risks remain an inherent part of all of their businesses**

The operational risks that the Issuers face includes the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm the reputation of the Issuers. Additionally, the loss of key personnel could adversely affect their operations and results. Some of these risks may occur specifically as a consequence of the Divestment. The Issuers attempt to keep operational risks at appropriate levels by maintaining a well-controlled environment in light of the characteristics of their business, the markets and the regulatory environments in which they operate. While these control measures mitigate operational risks they do not eliminate them.

### **The Issuers are exposed to (dis)integration risks following (de)merger(s)**

Between 30 June 2008 and 18 March 2011, several entities merged into SNS REAAL Group. As a consequence, the businesses, systems and/or processes of such entities have been or currently still need to be integrated into the business of SNS REAAL Group. Any failure to successfully integrate the businesses, systems and/or processes of such entities could lead to a potential loss of customers and/or key employees or announced synergy advantages might not be realised. This in turn could have a material adverse effect on the Issuers. Additionally, unexpected risks or liabilities relating to the entities with whom SNS REAAL Group merged could adversely affect the Issuers. Following the approval of the restructuring plan by the EC (see further below under 'Recent developments'), the separation of the banking and insurances activities of SNS REAAL Group in due

course will mean that the synergy benefits realised as a result of combining activities in the SNS REAAL Group will lapse. The Issuers will -over time- be exposed to disintegration risks following the Divestment which could cause significant dissynergy losses and could have a material adverse effect on the Issuers.

**The Issuers may be exposed to failures in its risk management systems**

The Issuers invest substantial time and effort in its strategies and procedures for managing not only credit risk, but also other risks, such as strategic risk, market risk, underwriting risk, liquidity risk, operational risk and conduct of business risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Issuers are confronted with risks that they have not fully or adequately identified or anticipated. Some of methods of the Issuers for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at quantifications of some of the risk exposures of the Issuers. These statistical methods may not accurately quantify the risk exposure of the Issuers if circumstances arise which were not observed in its historical data. For example, as SNS Bank or the insurance companies within SNS REAAL Group offer new products or services, the historical data may be incomplete or not accurate for such new products or services. As the Issuers gain a more complete and accurate set of data over time, they may need to make additional provisions.

If circumstances arise which the Issuers did not identify, anticipate or correctly evaluate in developing its statistical models, its losses could be greater than the maximum losses envisaged by it. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risk prove insufficient, the Issuers may experience unanticipated losses.

**The Issuers are exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof**

The Issuers rely heavily on their operational processes, and communication and information systems in particular to conduct their business. Even with the back-up recovery systems and contingency plans that are in place, the Issuers cannot ensure that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion;
- interruptions or errors in management information and/or information reported to supervisory authorities;
- the Issuers being unable to report accurate information in a timely manner and thus being in violation of applicable regulations;
- inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by employees of the Issuers or third parties, or telecommunication connection failures or hacking of the website portal of the Issuers; and
- considerable costs in terms of, for example, information retrieval and verification.

The business operations of the Issuers are also vulnerable to interruption from fire, flood, bomb threats, explosions or other forms of terrorist activity and natural and man-made disasters. The same may apply for third parties on which the Issuers depend. Furthermore, the Issuers cannot ensure that interruptions, failures or breaches of its communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed.



**Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuers**

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto may create economic and political uncertainties, which could have a negative impact on the economic conditions in the regions in which the Issuers operate and, more specifically, on the business and results of the Issuers in ways that cannot be predicted.

The insurance business of insurance companies within SNS REAAL Group is subject to the risk of claims resulting from major (catastrophic) events. For example, some weather-related events (in The Netherlands these specifically include storm and hail events) could result in substantial cumulative claims in the non-life insurance business. The life-insurance business could be affected by catastrophic events like a pandemic. Insurance companies within SNS REAAL Group have transferred the risks of claims resulting from major events (above a certain level) to a panel of reinsurance companies, each with a minimum credit rating of A- (by Standard & Poor's).

**The Issuers operate in industries that are highly regulated. There could be an adverse change or increase in the financial services laws and/or regulations governing its business, including changes in tax law. There are frequent investigations by supervisory authorities, both into the industry and into SNS REAAL Group, which could result in governmental enforcement actions**

The Issuers conduct their businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, and policies in The Netherlands and any other jurisdiction they conduct their businesses in. The timing and form of future changes in regulation are unpredictable and beyond control of the Issuers and changes made could materially adversely affect their business.

The businesses of the Issuers are regulated and supervised by several Dutch supervisory authorities. The Issuers are required to hold licenses for their operations and are subject to regulation and supervision by authorities in The Netherlands (such as the Dutch Central Bank, (*De Nederlandsche Bank N.V.*, "DNB"), the AFM and Euronext Amsterdam) and in all other jurisdictions in which they operate. Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the activities of the Issuers including the power to limit or restrict business activities. It is possible that laws and regulations governing the business of the Issuers or particular products and services could be amended or interpreted in a manner that is adverse to the Issuers, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services the Issuers offer, whether existing or new, or (ii) negatively affect the performance of the products and services the Issuers offer, whether existing or new. The revenues and costs of the Issuers, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which the Issuers operate, whether existing or new. Due to the complexity of the regulatory environment in which the Issuers operate, it will entail more costs to ensure that the Issuers are, and will continue to be, in compliance with all applicable laws and regulations at all times, to the extent that the volume of regulation increases and the scope of the activities changes.

Furthermore, laws and regulations grant supervisory authorities the authority to perform investigations into, among other things, the compliance with specific regulations by the industry and/or the Issuers. Such investigations into financial services groups, including SNS REAAL Group, are on-going. Current and future investigations by supervisory authorities, in particular in the context of, but not limited to, market conduct supervision, could result in sanctions in the event of it being found that the Issuers do not or do not fully comply with applicable laws and regulations. The outcome of such investigations could necessitate the Issuers to take costly measures. The outcome of such investigations by supervisory authorities could also result in changes in laws and regulations of the relevant supervisory authority in a manner that is adverse to the Issuers, which could,

as indicated above, among other things, reduce or restrict the sale of the products and services the Issuers offer, whether existing or new, or negatively affect the performance of the products and services the Issuers offer, whether existing or new. SNS REAAL Group is subject of ongoing investigations into certain control frameworks ('*beheersingskaders*') in the context of market conduct supervision. The outcome of this investigation may damage the reputation of the industry and of the Issuers. Such investigations may induce SNS REAAL Group to change certain of its operational processes.

If SNS REAAL Group is in breach of any existing or new laws or regulations now or in the future, SNS REAAL Group will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the reputation of the Issuers could suffer and SNS REAAL Group could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations. Regulatory rules may restrict the distribution of dividends by the Issuers or certain of their banking or insurance affiliates to their shareholders, or such distribution may be subject to regulatory consent.

### **Amendments to regulatory framework and/or regulations governing the Issuers' business**

#### *Special Measures Financial Institutions Act and the Recovery and Resolution Directive*

The Special Measures Financial Institutions Act entered into force on 13 June 2012 (with the exception of some provisions which will enter into force on a later date). On 6 June 2012, the European Commission issued a proposal for the Bank Recovery and Resolution Directive ("**BRRD**") for dealing with ailing banks. An agreement was reached on 12 December 2013 between the European Parliament, EU Member States and the Commission on the BRRD. On 18 December 2013, the Council of the European Union published a final compromise text on the BRRD. The European Parliament has adopted the BRRD during its plenary session on 15 April 2014.

Under the Special Measures Financial Institutions Act, substantial additional powers are granted to DNB and the Dutch Minister of Finance aimed at either an individual financial institution or at ensuring the stability of the financial system. The Special Measures Financial Institutions Act aims to empower DNB or the Dutch Minister of Finance, as applicable, to: (i) commence proceedings leading to transfer of all or a part of the business (including deposits) of the relevant financial institution to a private sector purchaser or a "bridge bank", (ii) commence proceedings leading to transfer of shares in the relevant financial institution to a private sector purchaser or a "bridge bank", (iii) commence proceedings leading to ownership by the Dutch State (nationalisation) of the relevant financial institution, or also its parent company, and (iv) take immediate measures which may deviate from statutory provisions or from the articles of association of the relevant financial institution. Subject to certain exceptions, as soon as any of these proposed proceedings or measures have been initiated or taken by DNB or the Dutch Minister of Finance, as applicable, the relevant counterparties of such financial institution will not be entitled to invoke events of default or set off their claims against the relevant financial institution. The Special Measures Financial Institutions Act has retroactive effect as of 20 January 2012. See also the risk factor 'Nationalisation of the Issuers'.

The BRRD gives regulators powers to write down debt of ailing banks, certain investment firms (or to convert such debt into equity) and their holding companies to strengthen their financial position and allow such institutions to continue as a going concern subject to appropriate restructuring. Notes currently issued or to be issued under the Programme may be affected by the exercise of these powers.

It is possible that, given the entering into force of the Special Measures Financial Institutions Act and/or the BRRD, the relevant regulator may use its powers under the new regime in a way that could result in subordinated and/or senior debt instruments of the Issuers' absorbing losses. The Special Measures Financial Institutions Act and/or the BRRD could also in other ways negatively affect the position of certain categories of the Issuers'

noteholders and the credit rating attached to subordinated and/or senior debt instruments then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuers. These measures could increase the Issuers' cost of funding and thereby have an adverse impact on the Issuers' financial position and results of operation. In addition, there could be amendments to the BRRD, which may add to these effects.

#### *ECB Supervision*

As of 4 November 2014, SNS Bank will be subject to direct supervision by the ECB under the new system of supervision, which comprises the ECB and the national competent authorities of participating EU countries. This new system of supervision was created by the Single Supervisory Mechanism ("**SSM**"), which is one of the elements of the so-called Banking Union. Prior to the ECB assuming its new supervisory tasks, the ECB will carry out a comprehensive assessment comprising of (i) a supervisory risk assessment, (ii) an asset quality review and (iii) a stress test.

#### *Solvency II and CRD IV*

Pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance as completed by the Omnibus II Directive (2011/0006(COD)) ("**Solvency II**") and CRD IV (CRD IV includes, among other things, the formal implementation of the prudential framework adopted by the Basel Committee on Banking Supervision (the "**Basel Committee**") on 16 December 2010 (revised in June 2011) and further guidelines and communications (the "**Basel III Final Recommendations**")) more stringent capital requirements will apply to SNS Bank and the insurance companies within SNS REAAL Group. In addition, more stringent rules will apply to instruments in order to constitute regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*). As a result, SNS Bank and the insurance companies within SNS REAAL Group may be required to maintain additional capital and/or certain instruments may no longer constitute regulatory capital. This may have a negative effect on payments on the Notes. CRD IV will enter into force gradually as of 1 January 2014. The CRD IV Regulation - containing mostly technical capital requirements - is effective in the Netherlands as of 1 January 2014. The CRD IV Directive will likely be implemented in the Netherlands in the summer of 2014. Solvency II - containing capital requirements for insurance companies - will likely enter into force as of 1 January 2016. Certain parts of Solvency II - such as the calculation method of certain solvency requirements - will be implemented in the Netherlands prior to that date.

There can be no assurance that, prior to the entry into force of rules contained in the Basel III Final Recommendations, the Basel Committee will not amend the Basel III Final Recommendations. Any such amendment is likely to affect rules contained in CRD IV and/or the application of CRD IV and the rules and regulations based thereon. Further, the European Union and/or authorities in The Netherlands may implement the Basel III Final Recommendations, including the terms which subordinated debt instruments are required to have, in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Dutch banks.

The European Banking Authority ("**EBA**") publishes rules and guidelines in relation to capital requirements. In the event of changes in these rules or guidelines, EBA may decide that implementation may have to be effected within a relative short period of time.

"**CRD IV**" means together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations;

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;

"**CRD IV Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

Any of the above factors may materially adversely affect the Issuers' financial position and results of operations.

#### *EMIR*

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (commonly known as the European Market Infrastructure Regulation, or EMIR) entered into force on 16 August 2012. EMIR is part of the European implementation of the commitments made at the G-20 Pittsburgh summit of September 2009 with regard to over-the-counter (OTC) derivatives. In line with these commitments, EMIR aims to increase transparency regarding OTC derivatives, reduce counterparty credit risks under OTC derivative transactions and reduce operational risks in relation to those transactions. EMIR lays the ground for, among other things, the mandatory clearing of designated OTC derivatives between certain parties through a central counterparty (CCP), risk management of derivatives transactions that are not centrally cleared and the mandatory reporting of all exchange-traded and OTC derivatives to a trade repository. Requirements pertaining to risk management entered into force on 15 March 2013. The mandatory reporting of derivatives to a trade repository takes effect from 12 February 2014. The mandatory central clearing of OTC-derivatives is not expected to take effect before mid 2014. SNS Bank cannot predict with certainty the impact of these new regulations and rules and which impact it may have on financial markets generally, or on SNS Bank's business, financial position and results of operations.

#### *Financial transactions tax/bank levy*

On 14 February 2013, the European Commission adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone', currently limited to 11 participating Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The proposal was approved by the European Parliament in July 2013. The European Commission expects the financial transaction tax to enter into force towards the middle of 2014, which would then require the financial institutions and certain other parties to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in such FTT-zone. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

The proposed financial transaction tax has a very broad scope and could, if introduced, in its current form, apply to certain dealing in the Notes. It is a tax on derivatives (such as hedging activities) as well as on securities transactions, i.e. it applies to trading in instruments such as shares and bonds. This entails that the financial transaction tax could, if introduced in its current form, apply to certain trading in the Notes. The initial issue of instruments such as shares and bonds is exempt from financial transaction tax in the current proposal. This entails that the issuance and subscription of the Notes should not become subject to financial transaction tax. The rate for financial instruments is a minimum of 0.1% of the purchase price (or market value if greater). However, the effective rate will be higher - each financial institution party is separately liable for the tax, so transactions between two financial parties will be taxed twice.

The introduction of, and changes to, taxes, levies or fees applicable to Issuers' operations (such as the imposition of a financial transactions tax and bank levy) could have an adverse effect on their business and/or results of operations. For example, in 2012 a Dutch bank tax was introduced, for which SNS REAAL has been charged an amount of EUR 10 million for 2012, including an amount of EUR 8 million with respect to SNS Bank, and which had a significant adverse impact on SNS Bank's result of operations. SNS Bank was charged with EUR 8 million of Dutch Bank tax in 2013.

### **The Issuers are exposed to risks of damage to their reputation**

The Issuers are exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, will harm their reputation. The reputation of the Issuers could also be harmed if products or services recommended by them do not perform as expected, for example in relation to endowment mortgage products.

Negative publicity could, for example, be based on allegations that the Issuers do not or do not fully comply with regulatory requirements or anti-money laundering rules, or could result from negative publicity about a third party linked to the Issuers (such as an intermediary or a partner) or about politically exposed persons in the customer base of the Issuers. Furthermore, negative publicity could result from failures in the information technology systems of the Issuers, loss of customer data or confidential information, or failure in risk management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to intermediaries, business promoters or third party managers linked to the Issuers.

Any resulting damage to the reputation of the Issuers, in particular with a view to their focus on retail and SME customers and the concentration of their business in The Netherlands, could cause disproportionate damage to their business, regardless whether the negative publicity is factually accurate. Negative publicity could also be repeated by third parties, which could damage the reputation of the Issuers further.

Any damage to the reputation of the Issuers could cause existing customers to withdraw their business from the Issuers and potential customers to be reluctant or elect not to do business with the Issuers. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuers, which may make it more difficult for them to maintain their respective credit rating.

### **Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuers**

The Issuers face significant legal risks in the conduct of their business. In The Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning the products and services in which SNS Bank or another member of SNS REAAL Group acts as principal, intermediary or otherwise. Increasingly financial institutions are also held liable by customers for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. Also, companies in SNS REAAL Group's industry are increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving novel legal claims. Following nationalisation (see the chapter 'SNS REAAL N.V. and SNS Bank N.V.' below), various original holders of expropriated securities and capital components have initiated legal proceedings to seek compensation for damages. The level of compensation is to be established by the Enterprise Chamber of the Amsterdam Court of Appeal. In the event that the Enterprise Chamber rules that compensation is due, this compensation will be paid by the Dutch State. Currently, it is not possible to make an estimate of the probability that possible legal proceedings of original holders or other parties affected by the nationalisation may result in liability, or the level of the financial impact on the Issuers. For this reason, at year-end 2013 no provisions have been made in respect of possible legal actions by holders concerning the expropriated securities and capital components and other affected parties. As the outcomes of possible legal proceedings cannot be predicted with certainty, it is not possible to rule out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of the Issuers. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Issuers. The costs to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of SNS REAAL

Group's services, regardless of whether the allegations are valid or whether SNS REAAL Group is ultimately found liable. As a result, litigation may adversely affect the Issuers' business, financial condition and results of operations (see also the risk factors 'Nationalisation of the Issuers' and 'The Issuers are exposed to risks of damage to their reputation' and the paragraphs 'Legal proceedings' and 'Other legal proceedings' in the chapter 'SNS REAAL N.V. and SNS Bank N.V.').

#### **The Issuers are exposed to the risk of a downgrade of any of their respective credit ratings**

Ratings and expected ratings in relation to the Issuers and certain notes are stated in the chapter headed 'SNS REAAL N.V. and SNS Bank N.V.', section 'Rating Agencies'. A downgrade of any of these ratings (for whatever reason) would result in higher funding and refinancing costs for SNS REAAL and/or SNS Bank in the capital markets. Such downgrade may also affect or effectively limit access to the capital markets. In addition, a downgrade of any of SNS REAAL and/or SNS Bank's ratings may limit their opportunities to operate in certain business areas and could have an adverse effect on SNS REAAL and/or SNS Bank's image vis-à-vis the capital markets and their customers.

#### **The Issuers have issued guarantees**

SNS REAAL and SNS Bank have provided guarantees as referred to in Book 2, Section 403 of the Dutch Civil Code ("**403-guarantee**").

SNS REAAL has provided 403-guarantees for SNS Bank, SNS Asset Management N.V., SNS Beleggingsfondsen Beheer B.V., SNS Global Custody N.V., SNS REAAL Invest N.V., and for some of the subsidiaries of SNS Bank. SNS REAAL also provided 403-guarantees for SNS Verzekeringen B.V. and Foresta Investerings Maatschappij N.V.

REAAL N.V. has provided 403-guarantees for some of its subsidiaries.

SNS Bank has issued 403-guarantees for ASN Bank N.V., RegioBank N.V., Pettelaar Effectenbewaarbedrijf N.V. and SNS Securities N.V.

In the 403-guarantee SNS REAAL or SNS Bank respectively declares itself to be jointly and severally liable for the obligations of the relevant subsidiary resulting from legal acts executed by it. If enforced in accordance with its terms, SNS REAAL or SNS Bank respectively may be held liable under these guarantees and therefore may have to pay to that creditor of the relevant subsidiary.

Following the transfer of the shares of Property Finance via the Dutch State to NLFI on 31 December 2013, SNS Bank withdrew the 403-guarantee (exemption from filing and publishing financial statements) for Property Finance on 31 December 2013 and initiated the proceedings provided for in Article 2:404 of the Dutch Civil Code to terminate the remaining guarantees. SNS Bank and SNS REAAL, respectively, also withdrew the 403-guarantees for four subsidiaries of Property Finance on 31 December 2013, and initiated the proceedings to terminate the remaining guarantees.

Some creditors have objected to the termination of the remaining guarantees. SNS Bank issued separate guarantees to a number of counterparties of Property Finance in the past. Following the withdrawal of the 403 declaration and termination of the remaining commitments arising from the 403 declaration, these guarantees will remain in place. SNS Bank expects Property Finance to be able to meet its obligations to these counterparties as Property Finance is adequately capitalised at the time of the share transfer. SNS Bank, therefore, deems it unlikely that a guarantee will be invoked. Some counterparties of Property Finance who conduct legal proceedings against Property Finance have thereby also arraigned SNS REAAL and/or SNS Bank. The legal basis of this is unclear and SNS REAAL and SNS Bank consider the potential success of these claims against

SNS REAAL and/or SNS Bank to be limited. No specific agreements were made about these claims upon the transfer of Property Finance on 31 December 2013.

## RISK FACTORS REGARDING SNS BANK

### **A significant portion of the results of SNS Bank relates to its mortgage loan products**

Mortgage loans constitute approximately 63% of SNS Bank's total assets at year-end 2013. An economic downturn, stagnation or drop in property values, changes in or abolition of the tax deductibility of interest payments on residential mortgage loans, increased interest rates or a combination thereof, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans. Further, a decrease in the general level of interest rates could affect SNS Bank through, among other things, increased pre-payments on the loan and mortgage portfolio.

In addition, a general decrease in the production of mortgage loans in The Netherlands may also result in a decrease in the production of mortgage loan related products, including mortgage loan insurance, which may affect the insurance companies within SNS REAAL Group.

The Dutch tax authorities allow borrowers to deduct mortgage interest payments for owner-occupied residences from their taxable income. As of 1 January 2013 there have been changes in this tax deductibility regime. Tax deductibility for mortgage interest on new mortgage debts is limited to annuity loans which will fully amortise in thirty (30) years. The maximum permitted loan to value (LTV), currently at 105%, will gradually be lowered until it reaches 100% in 2018 (i.e. 1% a year). The tax deductibility of interest of new and existing residential mortgages will be restricted over the coming years at a rate of 0.5% per year from a maximum of 52% to 38% eventually. It is too early to predict what the implications of this change in tax deductibility will be. The regime for existing mortgage debts remains unchanged, however discussions as to a further limitation of tax deductibility continue. There is a trend within certain political parties in The Netherlands to limit the favourable tax treatment of mortgage debts, particularly for higher-income households. It is not clear if this will happen and, if so, when, but it cannot be ruled out. Changes in tax deductibility could ultimately have an adverse impact on the ability of borrowers to repay their mortgage receivables. In addition, changes in the deductibility of mortgage interest payments may lead to increased prepayments by borrowers on their mortgage loans or have an adverse effect on the value of the mortgaged assets. However it is too early to predict what the implications of the current discussions on tax deductibility will be, particularly as the measures (if any) might be (partly) offset by other mitigating measures regarding the current taxation of housing or the tax system in general.

### **The extensive network of intermediaries of SNS Bank is the most important distribution channel and SNS Bank may be unable to maintain a competitive distribution network**

SNS Bank uses a variety of distribution channels in The Netherlands for the marketing and offering of its products and services, including its network of branches, the internet, call centres, intermediaries and partnerships (special distribution).

A substantial part of the distribution of SNS Bank originates from distribution of its products and services by intermediaries who may also offer competitors' products and services. As a result, the success of SNS Bank through these distribution channels depends on the preferences of these intermediaries for the products and services of SNS Bank. Intermediaries' preferences are mainly determined by product quality, the services offered to customers and the support services. In light of current legislation, the level of compensation has become a less distinct feature for the preferences of intermediaries. SNS Bank may not succeed in continuing to provide sufficient incentives to intermediaries to market their products and services successfully.

In seeking to attract and retain productive intermediaries, SNS Bank competes with other financial institutions primarily on the basis of their support services, product features, financial position, and compensation. SNS Bank may not continue to succeed in attracting and retaining new (productive) intermediaries or maintaining the current quality and/or quantity of their distribution networks.

**SNS Bank is exposed to the level of interest rates**

The level of interest rates, credit spreads and changes in prevailing interest rates and credit spreads (including changes in the difference between the levels of prevailing short- and long-term rates) could adversely affect the results of SNS Bank.

The results of the banking business of SNS Bank are affected by the management of interest rate sensitivity. The composition of the assets and liabilities of SNS Bank, and any maturity gap position resulting from that composition, causes the banking business' net interest income to vary with changes in interest rates. There can be no assurance that SNS Bank will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low interest rates. The results of the banking business of SNS Bank and thereby indirectly also the results of SNS REAAL Group are affected by the management of interest rate sensitivity.

**SNS Bank is exposed to the risk of a decline in the securities markets or poor investment performance**

The evolution of prices and indices of securities, both in terms of equity and fixed income, in which SNS Bank invests, has a considerable impact on its investment income.

A decline in or disruption of the securities market would also lower the value of collateral pledged as security for margin loans, which would increase the risk that they would default as well as impact recovery in the event of a default. If SNS Bank is unable to recover the full amount owed to it on the loans of SNS Bank to its respective counterparties or customers, SNS Bank would be forced to recognise loan losses, which would adversely affect its profitability. Even if the number of loans in default does not increase, a decline in or disruption of the securities market could cause SNS Bank to call margin loans, requiring the assets pledged as collateral for these loans to be sold. If that happens SNS Bank would lose the interest income on the loans.

Furthermore, the decline in or disruption of the securities market may affect the demand for the products and services offered by SNS Bank.

**SNS Bank faces substantial competitive pressures which could adversely affect its respective results of operations**

There is substantial competition in The Netherlands for the types of insurance, banking and other products and services that SNS Bank provides. Competition in the financial services industry is furthered by the high level of consolidation in The Netherlands in the markets where SNS Bank operates. SNS Bank faces competition from companies such as ING Groep N.V., ABN AMRO Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and AEGON N.V. If SNS Bank is unable to offer competing and attractive products and services that are profitable, it may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the ability of SNS Bank to maintain or increase profitability.

The results of the banking operations of SNS Bank are affected by their management of interest rates sensitivity. The composition of the assets and liabilities of SNS Bank, and any gap position resulting from such composition, causes the banking operations net interest income to vary with changes in interest rates. There can be no assurance that SNS Bank will be able to successfully manage interest rate spreads or the potential negative



impact of risks associated with sustained low interest rate changes. A mismatch of interest-earning assets and interest bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial position or result from operations of the banking business of SNS Bank and thereby indirectly also SNS REAAL Group.

**SNS Bank is subject to currency-related risks**

Currency risk exposure affects funding of the operations of SNS Bank and part of its investment portfolios. To the extent these are not hedged, SNS Bank is exposed to certain currency fluctuations between the euro and the US dollar in particular, as well as other currencies, such as the Japanese yen, Hong Kong dollar, pound sterling and Australian dollar. The reporting currency of SNS Bank is the euro. Non-euro income and expense items are translated into euro for consolidation of the profit and loss statement of SNS Bank, on the basis of average exchange rates during the period. For the purposes of their respective consolidated balance sheet SNS Bank converts non-euro denominated assets and liabilities into euro at the exchange rate prevailing at the balance sheet date.

**A significant portion of the business of SNS Bank relates to its dealings with third parties**

A significant portion of the business of SNS Bank relates to products and services which it offer in co-operation with third parties or in relation to which it depends on third parties, for example for the distribution of such products and services. SNS Bank cannot assure that these third parties will continue their co-operation with it, that the relationships with these third parties will continue to be beneficial or that SNS Bank will be able to sustain its ability to successfully develop and market the products and services which are developed together with third parties.

Negative publicity about these third parties, whether or not founded, could also harm the reputation of SNS Bank.

**Payments to Noteholders may be subject to withholding tax pursuant to the 2003/48/EC EU Council Directive**

Under the EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to (or secured for) an individual resident (or certain other entities established) in that other Member State. For a transitional period, currently Luxembourg and Austria are instead required (unless they elect otherwise during that period) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. Luxembourg has announced that as from January 1, 2015, it will no longer make use of the transitional arrangements and will exchange information automatically under EU Council Directive 2003/48/EC. A number of non-EU countries and territories have adopted similar measures and the Member States have entered into reciprocal arrangements with certain of those countries or territories. The ECOFIN Council has approved a mandate for the European Commission to negotiate amendments to the arrangements with those non-EU countries to ensure they continue to apply equivalent measures in view of the European Commission's proposal to make certain amendments to the EU Council Directive 2003/48/EC that was adopted by the Council of the EU on March 24, 2014. The amendments to EU Council Directive 2003/48/EC, which amend and broaden its scope, have to be applied from the first day of the third calendar year following the calendar year in which they come into force. The above-mentioned equivalent measures may also, if agreed, result in the scope of the arrangements with non-EU countries being amended or broadened. Pursuant to Condition 5(d), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. It may be possible that such a paying agent does not perform its obligations in this respect under its agreement with the Issuer, which may result in the Issuer not being able to meet its obligation

pursuant to the afore-mentioned Condition 5(d), in which case there is a risk that under certain circumstances the interest payments under the Notes, if any, become subject to withholding tax, which would reduce payments to the Noteholders.

**SNS Bank is expected to qualify and register as Foreign Financial Institution under FATCA and the Noteholders may be subject to US withholding tax under FATCA**

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) (unless otherwise exempt from FATCA) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors, or is established in or – with respect to the Netherlands: a tax resident of – a jurisdiction with an intergovernmental agreement ("**IGA**") that is based on the Model 1 IGA with the US, or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**Reportable Account**" of SNS Bank (a "**Recalcitrant Holder**"). Where non-U.S. law prohibits disclosure of the information required under a FATCA agreement with the IRS, a Noteholder will be required to agree to a waiver of such law within a reasonable period of time.

The withholding at a rate of 30% on all, or a portion of, payments in respect of the Notes may be applied to payments after 30 June 2014, or, if the FFI is established in a jurisdiction with an IGA, 1 January 2015.

On 18 December 2013 the Netherlands and the United States signed an intergovernmental agreement ("**IGA**") for the automatic exchange of data between the tax authorities of both countries in relation to the implementation of FATCA.

Based on the IGA, it is expected that SNS Bank will be a "Reporting Netherlands Financial Institution" for purposes of FATCA. Provided SNS Bank and the government of the Netherlands comply with their obligations under the IGA, SNS Bank will not be subject to 30% FATCA withholding.

The obligations of the SNS Bank under the IGA include obtaining information from its account holders, which may include investors in the Notes. Certain investors that do not provide to the Issuer the information required under FATCA to establish that the investor is eligible to receive payments free of FATCA withholding may be subject to 30% U.S. withholding on certain payments it receives in respect of the Notes.

If an amount in respect of FATCA withholding were to be deducted or withheld either from amounts due to SNS Bank or from interest, principal or other payments made in respect of the Notes, neither SNS Bank nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Prospective investors should consult their tax advisers on how these rules may apply to SNS Bank and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

## RISK FACTORS REGARDING SNS REAAL

### **For payment under Notes issued by SNS REAAL, it may be dependent on dividend payments received from its subsidiaries**

SNS REAAL is the holding company of the SNS REAAL Group which essentially offers banking and insurance products and services. Substantially all of the operations of SNS REAAL Group are conducted through its subsidiaries. Notes issued by SNS REAAL under the Programme will not be guaranteed by any of SNS REAAL's subsidiaries. In order to fulfil its payment obligations under the Notes it issues, SNS REAAL may be dependent on dividend payments received from its subsidiaries. However in general, claims of creditors of SNS REAAL Group subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those subsidiaries, and claims of holders of preferred shares (if any) in those subsidiaries will effectively have priority with respect to the assets and earnings of those subsidiaries over the claims of creditors of SNS REAAL, including holders of the Notes. Furthermore, the paying of dividend by regulated entities within the SNS REAAL Group may be limited by applicable legislation or supervisory authorities.

## RISK FACTORS REGARDING SNS REAAL GROUP

### **The performance of SNS REAAL Group depends on its respective ability to accurately price its products and services**

The results of operations and the financial condition of SNS REAAL Group depends, among other things, on its respective ability to set rates and prices accurately. Rate adequacy is necessary to generate sufficient premiums to pay losses and expenses and to earn profits on income.

The ability of SNS REAAL Group to price its respective products and services accurately is subject to a number of uncertainties. As a result, rates and prices of products and services may be determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. If SNS REAAL Group fails to establish adequate rates and prices for its respective products and services, its revenues could decline while its expenses increase resulting in proportionately greater losses.

### **SNS REAAL Group has risk related to the offering of investment insurance policies and investment pension policies**

Apart from the general obligation of contracting parties to provide information, there are several general provisions of the Dutch Civil Code and several specific provisions of the Wft and its regulations promulgated thereunder applicable to offerors of financial products, such as investment insurance policies and investment pension policies. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions, offerors of these products (and intermediaries) have a duty, inter alia, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These legal requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified or the insured may claim set-off or defences against the insurance company. The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material and all precontractual information were provided to the insured. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. Recent cases show that some claims against offerors based on breach of their precontractual obligations against the insured have been sustained.

For quite some time the (alleged) non-transparency of and the costs paid for investment insurance policies and investment pension policies have the wide interest of the public, media, politics and the supervisory authorities.

Since 2009, a number of parties, including SNS REAAL Group, have reached settlement agreements with several claimant foundations and organisations and followed a recommendation of the Financial Services Ombudsman (*'Ombudsman Financiële Dienstverlening'*) for compensation of their policy holders for the costs of such investment insurance policies and investment pension policies respectively. In 2011, SNS REAAL Group started executing, in accordance with the settlement agreements, a compensation scheme for clients who had purchased unit linked insurance in the past. The final agreement with the parties involved an amount reserved for clients in distressed situations. The compensation scheme is applied by SRLEV N.V., Proteq Levensverzekeringen N.V. and their legal predecessors. It is uncertain whether the majority of the policyholders will accept this arrangement offered by the relevant SNS REAAL Group entities. Policyholders who do not accept such arrangement are not bound by it and still have the possibility to initiate legal proceedings. The quantity and the outcome of such legal proceedings are uncertain and may lead to reputational damage and/or direct financial loss for SNS REAAL Group.

While earlier attention mainly focused on the compensation of costs, Dutch insurers now see an increase in unit-linked insurance policies complaints/claims based on different grounds. On top of this, there is a lot of attention for the unit-linked insurance policies on the part of regulators, politicians and media. Since 2008, REAAL N.V. (**'REAAL'**) has received a considerable number of complaints/claims from customers who blame REAAL for not having informed (or warned) them clearly enough about the costs, specific product features and related risks prior to taking out the insurance policy. And some customers blame REAAL for not having warned them adequately of the possible impact of actual developments, such as the financial crisis, on the target capital during the duration of the policy. REAAL uses various means of communication to encourage customers to check if their unit-linked policy still meets the purpose for which it was originally taken out and to consider adapting their product or other forms of capital accumulation ('flanking policy'). The costs of the compensation scheme and flanking policy are substantial and are recognised in the financial statements. Current and possible future subsequent legal proceedings could have a substantial financial and reputational impact. However, it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. REAAL, therefore, made no provision.

It is noted that any material adverse consequences for the affiliates which are insurance companies within the SNS REAAL Group resulting from the current discussion on investment insurance policies, including any liabilities, may lead to a decline in dividend payments received from such affiliates (see also "For payment under Notes issued by SNS REAAL, it may be dependent on dividend payments received from its subsidiaries") or a deterioration of SNS REAAL Group's financial position.

**The insurance business of SNS REAAL Group is subject to risks concerning the adequacy of its technical provisions to cover future losses and benefits**

The insurance business of insurance companies within SNS REAAL Group is subject to risks that have their impact on the adequacy of its technical provisions. These provisions serve to cover the current and future liabilities (losses less benefits) of SNS REAAL Group to its insured. Depending on the actual realisation of the future liabilities of insurance companies within SNS REAAL Group the current technical provisions may prove to be inadequate.

SNS REAAL Group bases the technical provisions for the insurance business on actuarial practices and assumptions. For the life insurance business of SNS REAAL Group these practices and assumptions typically include the assessment of mortality rates and their observed trends, as well as (guaranteed) interest rates. Other factors SNS REAAL Group takes into account when assessing its technical provisions relate, among other things, to policy holder bonus rates and profit sharing. SNS REAAL Group's (actuarial) practices and assumptions for its non-life insurance business include disability and recovery rates and their trends, development of future wage-indices and wage-related claim payments and also court rulings in individual claim cases.

If future events or the effects thereof do not fall within or correspond with any such practices, assumptions, factors or assessments, for example if the actual future mortality rates deviate from those projected, the technical provisions could be inadequate.

Furthermore, additional losses, of which SNS REAAL Group cannot foresee the type or magnitude, may emerge in the future. These losses could, for example, arise from changes in the legal environment, major medical developments, or catastrophic events.

**Regulated entities within the SNS REAAL Group are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating to their solvency. If any of these entities would be in danger of failing, or fails, to meet its minimum capital requirements, it may have to consider taking measures to protect its capital and solvency position, and the supervisory authorities have authority to require it to take steps to compensate for capital shortfalls**

Regulated entities within the SNS REAAL Group are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating to their solvency. SNS REAAL must make sure that these requirements are observed by the regulated entities within the SNS REAAL Group and that the SNS REAAL Group as a whole maintains a sufficient level of capital.

If any of the regulated subsidiaries within the SNS REAAL Group is unable to meet any of its regulatory requirements, it and/or SNS REAAL may have to consider taking measures to protect its capital and solvency position. These measures may include divesting parts of its business, which may only be possible on unfavourable terms as it may have to be undertaken quickly. SNS REAAL or any of its regulated entities within the SNS REAAL Group may also have to raise additional capital in the form of subordinated debt or equity. Raising additional capital from external sources may be impossible due to factors outside SNS REAAL Group's control, such as market conditions, or it may be possible only on unfavourable terms. Any of these measures could have a material adverse effect on SNS REAAL Group's business, revenues and results.

Regulatory solvency (Solvency I) of the insurance activities at REAAL N.V. level was 172% at year-end 2013, compared to 176% at year-end 2012. This solvency is slightly below the internally set target of a minimum of 175% and market conditions are to remain challenging in the insurance industry. As a result, profit and solvency at the insurance activities are likely to remain under pressure. REAAL N.V. is currently investigating all possible alternatives to strengthen and protect its solvency in anticipation of the Divestment.

Further, the Divestment may also have an impact on the solvency position of SNS Bank. The impact of the Divestment depends on, inter alia, (i) the proceeds of the sale of REAAL N.V., (ii) the thereafter (remaining) balance sheet position of SNS REAAL and (iii) the duration of which SNS REAAL and SNS Bank will belong to the same group.

CRD IV introduces new prudential rules which include amended requirements for the calculation of the Core Tier 1 capital ratio and the leverage ratio of a bank, which is subsidiary of a mixed financial holding company. SNS REAAL, the sole shareholder of SNS Bank, is a mixed financial holding company. Therefore its assets and liabilities, including its participation in REAAL N.V., and its capital position have to be taken into account in the calculations of the capital ratio's of SNS Bank. Considering that there may be a phased capital deduction, the double leverage at the level of SNS REAAL will then be fully deducted from the capital ratio's of SNS Bank in five years. SNS REAAL and SNS Bank will report on the basis of these new rules for the first time in their half year results over the first half of 2014, which will be published around August of 2014.

The supervisory authorities could require SNS REAAL or regulated entities within the SNS REAAL Group to take remedial action if it breaches any of the regulatory capital requirements. The remedial action could be to work

closely with the authorities to protect customers and policyholders' interests and to restore SNS REAAL Group's or the individual subsidiary's capital and solvency positions to acceptable levels. This may have a negative impact on the payments on the Notes.

**Reinsurance may not be available, affordable or adequate to protect the insurance companies within SNS REAAL Group against losses, and reinsurers may default in their reinsurance obligations**

Insurance companies within SNS REAAL Group have transferred and may transfer their exposure to certain risks in non-life and life insurance businesses to third parties through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the potential losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Any decrease in the amount of the insurance companies within SNS REAAL Group's reinsurance may increase their risk of loss. When reinsurance is obtained, the insurance company concerned will still be liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of SNS REAAL Group's reinsurers to meet their financial obligations could materially affect the results of operations of SNS REAAL Group. Although SNS REAAL Group conducts a periodic review of the financial statements and reputations of its reinsurers, these reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

**SNS REAAL Group is exposed to the level of interest rates**

The insurance investment portfolio of the insurance companies within SNS REAAL Group consist primarily of fixed income securities. The short-term impact of interest rate fluctuations on the insurance business of the insurance companies within SNS REAAL Group may be reduced in part by products designed to partly or entirely transfer the insurance companies within SNS REAAL Group's exposure to interest rate movements to the policyholder. While product design and hedging reduce the exposure of the insurance companies within SNS REAAL Group to interest rate volatility, changes in interest rates will impact this business to the extent they result in changes to current interest income, impact the value of the fixed income portfolio of the insurance companies within SNS REAAL Group, and affect the levels of new product sales or surrenders of business in force. The future results of insurance operations of the insurance companies within SNS REAAL Group are impacted by the level of the interest rates. A prolonged period with low yields could harm the ability to create value in the life insurance operations. Even if premiums would increase after a certain period, the transition period would be associated with lower than expected earnings.

The ECB-AAA government yield curve is used to calculate the regulatory solvency within the insurance companies within SNS REAAL Group. If a country included in the curve no longer has an AAA rating, this may impact the regulatory solvency ratios within the insurance companies within SNS REAAL Group and this may ultimately have impact on the SNS REAAL Group. More generally, volatility in (sovereign) credit spreads may impact both solvency ratios and results at the insurance companies within SNS REAAL Group.

**SNS REAAL Group is exposed to the risk of a decline in the securities markets or poor investment performance**

The evolution of prices and indices of securities, both in terms of equity and fixed income, in which the insurance companies within SNS REAAL Group invest, has a considerable impact on their investment income.

Part of the portfolios the insurance companies within SNS REAAL Group handle are non-discretionary portfolios with fee arrangements based on the volume of transactions into which the insurance companies within SNS REAAL Group enter on behalf of their respective customers. To the extent that trading volumes decline, lower market activity results in lower commission income for the insurance companies within SNS REAAL Group.

Furthermore, a decline in or disruption of the securities market may cause the customers of the insurance companies within SNS REAAL Group to withdraw funds in favour of investments they perceive as offering greater opportunity or lower risk, which could result in lower investment advisory fees. Where the fee arrangement depends on the performance of the portfolios the insurance companies within SNS REAAL Group manages, a decline in or disruption of the securities market may cause lower yields, resulting in a decline in the revenues and profits of the insurance companies within SNS REAAL Group.

A decline in or disruption of the securities market would also lower the value of collateral pledged as security for margin loans, which would increase the risk that they would default as well as impact recovery in the event of a default. If the insurance companies within SNS REAAL Group are unable to recover the full amount owed to it on the loans of the insurance companies within SNS REAAL Group to their respective counterparties or customers, the insurance companies within SNS REAAL Group would be forced to recognise loan losses, which would adversely affect its profitability. Even if the number of loans in default does not increase, a decline in or disruption of the securities market could cause the insurance companies within SNS REAAL Group to call margin loans, requiring the assets pledged as collateral for these loans to be sold. If that happens the insurance companies within SNS REAAL Group would lose both the interest income on the loans, and in case of the insurance companies within SNS REAAL Group the fees for managing the assets.

Furthermore, the decline in or disruption of the securities market may affect the demand for the products and services offered by the insurance companies within SNS REAAL Group.

#### **Market conditions can adversely affect the results of SNS REAAL Group**

The insurance companies within SNS REAAL Group are affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, consumer and business spending and demographics.

In addition, these market conditions include insurance industry cycles. The non-life insurance industry cycles are characterized by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses. The insurance companies within SNS REAAL Group's performance in life insurance can be affected by changes with respect to mortality.

#### **SNS REAAL Group is exposed to financial risks, including counterparty exposure, and risks concerning the adequacy of its respective credit provisions**

SNS REAAL Group is exposed to general credit risks, for example SNS Bank is exposed to credit risk of borrowers. Third parties that owe SNS REAAL Group money, securities or other assets may not pay or perform under their obligations. These parties include customers (such as borrowers under loans granted), the issuers whose securities are being held by an entity within SNS REAAL Group, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to SNS REAAL Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

In addition, certain of the financial products and services of SNS Bank and the insurance companies within SNS REAAL Group are distributed through third parties or form part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could result in significant damage to the reputation of SNS REAAL Group, which could in turn greatly hinder its respective ability to retain clients or compete for new business.

The business of SNS REAAL Group is also subject to risks that have their impact on the adequacy of their credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to SNS

REAAL Group which arise from lending or other financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate.

If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by SNS REAAL Group to determine its credit provisions, these provisions could be inadequate.

SNS REAAL Group actively manages the financial risks it is exposed to and has developed a policy in relation thereto. These risks are subject to defined limits and guidelines. Financial risks are measured periodically to ensure compliance with such limits and guidelines. Thus adjustments can be made, if necessary. On a tactical level SNS REAAL Group manages a mismatch within defined limits and guidelines.

The rates and prices issued by SNS Bank and the insurance companies within SNS REAAL Group are agreed on the basis of theoretical rates. These rates and prices include a fee for expected risks, the cost of shareholders' equity and loan capital and management expenses. Examples of such price risks are the credit risk in a loan, the death risk in a life insurance policy or the market risk in an investment product. The structure of the shareholders' equity and the funding also affect the theoretical pricing. The actual pricing towards clients is determined on the basis of the advice of pricing committees, with account being taken of market conditions, in addition to the theoretical price.

**The extensive network of intermediaries of the insurance companies within SNS REAAL Group is the most important distribution channel and the insurance companies within SNS REAAL Group may be unable to maintain a competitive distribution network**

The insurance companies within SNS REAAL Group use a variety of distribution channels in The Netherlands for the marketing and offering of its products and services, including its network of branches, the internet, call centres, intermediaries and partnerships (special distribution).

A substantial part of the distribution of the insurance companies within SNS REAAL Group originates from distribution of their products and services by intermediaries who may also offer competitors' products and services. As a result, the success of the insurance companies within SNS REAAL Group through these distribution channels depends on the preferences of these intermediaries for the products and services of the insurance companies within SNS REAAL Group. Intermediaries' preferences are mainly determined by product quality, the services offered to customers and the support services. In light of current legislation, the level of compensation has become a less distinct feature for the preferences of intermediaries. The insurance companies within SNS REAAL Group may not succeed in continuing to provide sufficient incentives to intermediaries to market their products and services successfully.

In seeking to attract and retain productive intermediaries, the insurance companies within SNS REAAL Group competes with other financial institutions primarily on the basis of their support services, product features, financial position, and compensation. The insurance companies within SNS REAAL Group may not continue to succeed in attracting and retaining new (productive) intermediaries or maintaining the current quality and/or quantity of their distribution networks.

**The insurance companies within SNS REAAL Group face substantial competitive pressures which could adversely affect their respective results of operations**

There is substantial competition in The Netherlands for the types of insurance and other products and services that the insurance companies within SNS REAAL Group provide. Competition in the financial services industry is furthered by the high level of consolidation in The Netherlands in the markets where the insurance companies within SNS REAAL Group operate. The insurance companies within SNS REAAL Group face competition from companies such as NN Group N.V., ASR Nederland N.V., Achmea B.V., Delta Lloyd N.V. and AEGON N.V. If the



insurance companies within SNS REAAL Group are unable to offer competing and attractive products and services that are profitable, they may lose market share or incur losses on some or all of their activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the ability of the insurance companies within SNS REAAL Group to maintain or increase profitability.

The business segments of the insurance companies within SNS REAAL Group are affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, consumer and business spending and demographics.

## RISK FACTORS REGARDING THE NOTES

*In addition to the risks identified in “Risk Factors regarding SNS REAAL Group” above, potential investors in Notes should consider the following:*

### ***Risks related to the structure of a particular issue of Notes***

Several types of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

### ***Notes subject to optional redemption by the Issuers***

Each relevant Issuer may redeem the relevant Subordinated Notes at the amount and on the date(s) specified in the applicable Final Terms, (i) if the applicable Final Terms in respect of Subordinated Notes indicates that such Subordinated Notes are redeemable at the option of the relevant Issuer, and in respect of SNS Bank only, (a) if the whole or at least the minimum percentage of the outstanding nominal amount of the Notes (as specified in the applicable Final Terms) is fully excluded from qualifying as Tier 2 capital of SNS Bank for the purposes of the regulatory capital rules applicable to SNS Bank at the relevant time (other than the regulatory capital rules in force on the issue date of the relevant Notes) or (b) if DNB or other relevant authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes (as specified in the applicable Final Terms) is fully excluded from qualifying as Tier 2 capital of SNS Bank for the purposes of the regulatory capital rules applicable to SNS Bank at the relevant time (other than the regulatory capital rules in force on the issue date of the relevant Subordinated Notes) and (ii) provided the relevant Issuer has notified the holders of the relevant Subordinated Notes accordingly. Such redemption is subject to (i) DNB or other relevant authority (as the case may be) being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the relevant issue date (in respect of SNS Bank only), and (ii) the prior consent of DNB or other relevant authority (as the case may be) provided that at the relevant time such consent is required.

An optional redemption feature of Notes is likely to limit their market value. During any period when an Issuer may elect to redeem Notes it has issued, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

An Issuer may be expected to redeem Notes it has issued when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The ability of the relevant Issuer to convert the interest rate will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### **Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their principal amount, such as Zero Coupon Notes, tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **Dual Currency Notes**

Each Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest; and
- (iii) payment of interest may occur at a different time or in a different currency than expected.

### **Issues of Subordinated Notes; limited rights to accelerate**

Each Issuer may issue Notes under the Programme which are subordinated to the extent described in Condition 3 of the applicable Terms and Conditions of the Notes. Any such Subordinated Notes will constitute unsecured subordinated obligations of the relevant Issuer. Subordinated Notes of one Series will rank *pari passu* without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the relevant Issuer, save for those preferred by mandatory provisions of law. In the event of liquidation or bankruptcy of the relevant Issuer or in the event of a Moratorium with respect to the relevant Issuer, the claims of the holders of the Subordinated Notes against such Issuer will be subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims. In addition, Tier 2 Notes are subordinated to Subordinated Notes that do not qualify as Tier 2 Notes. By virtue of such subordination, payments to a Subordinated Holder will, in the event of liquidation or bankruptcy of the relevant Issuer or in the event of a Moratorium with respect to the relevant Issuer, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of the relevant Issuer resulting from deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied. A Subordinated Holder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the relevant Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by the relevant Issuer from time to time, whether before or after the Issue Date of the relevant Subordinated Notes.

In addition, the rights of Holders of Subordinated Notes are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 7(b), (c) or (d) of the Terms and Conditions of the Notes issued by SNS Bank may only be effected after SNS Bank has obtained the written consent of DNB, and (ii) SNS Bank must obtain the prior written consent of DNB before effecting any repayment of Subordinated Notes following an

event of default. See Conditions 7(e) and 10 of the Terms and Conditions of the Notes issued by SNS Bank for further details.

***Bail In***

The Notes of the Issuers may become subject to the determination by the Relevant Authority or SNS Bank (following instructions from the Relevant Authority) that all or part of the nominal amount of the Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by BRRD ("**Bail In**").

Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Notes subject to Bail In shall be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by BRRD, (ii) such Bail In shall not constitute an Event of Default and (iii) the Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result of such Bail In. The Notes will not be subject to Bail In if and to the extent BRRD is not deemed to apply retrospectively with respect to such Bail In. In addition, subject to the determination by the Relevant Authority and without the consent of the relevant Noteholders, the Notes may be subject to other resolution measures as envisaged under BRRD.

Any indication that Notes will become subject to a Bail In could have an adverse effect on the market price of the relevant Notes. Potential investors should consider the risk that it may lose all of its investment in such Notes, including the principal amount plus any accrued but unpaid interest, in the event that a Bail In occurs.

"**Relevant Authority**" means DNB or other regulatory authority or governmental body having the power to impose the Bail In on the Notes pursuant to BRRD; and

***Loss absorbency at the point of non-viability***

Recital 45 of the CRD IV Regulation states that all additional Tier 1 and Tier 2 instruments should be capable of being fully and permanently written down or converted fully into Common Equity Tier 1 capital at the point of non-viability of the issuer (such write down or conversion into Common Equity Tier 1 instruments of the outstanding principal and accrued and unpaid interest in respect of Subordinated Notes qualifying as additional Tier 1 or Tier 2 instruments, "**Statutory Loss Absorption**"). Such non-viability may be (i) a decision of DNB or any other regulatory authority that is competent to exercise prudential supervision over SNS Bank (for the purposes of this Risk Factor, the "**Relevant Authority**") that a write-down, without which SNS Bank would become non-viable, is necessary, (ii) a decision to make a public sector injection of capital, or equivalent support, without which SNS Bank would have become non-viable, as determined by the Relevant Authority, or (iii) another event as mandatorily prescribed in CRD IV or in the BRRD (a "**Non-Viability Event**"). Although Statutory Loss Absorption may be part of the Bail In tool (as described in the risk factor 'Bail In' above), Statutory Loss Absorption in respect of additional Tier 1 and Tier 2 instruments shall occur in hierarchy prior to a Bail In in respect of senior debt. Any written-down amount as a result of Statutory Loss Absorption shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-down. Such Statutory Loss Absorption shall not constitute an Event of Default and the Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

The occurrence of a Non-Viability Event may be unpredictable and may depend on a number of factors which may be outside of SNS Bank's control. The Relevant Authority may require or may cause a write-down in circumstances that are beyond the control of SNS Bank and with which SNS Bank may not agree. It is possible that the Relevant Authority will use its powers under the Special Measures Financial Institutions Act and/or the BRRD (see "Risk Factors regarding SNS REAAL Group - Amendments to regulatory framework"), when entered into force, to force a write-down or conversion, which could result in subordinated and/or senior debt instruments

of SNS Bank absorbing losses. Because of the inherent uncertainty regarding the determination of whether a Non-Viability Event exists, it will be difficult to predict when, if at all, a write-down will occur. Accordingly, market prices and trading strategy in respect of Subordinated Notes which may be subject to Statutory Loss Absorption may differ from other types of securities. Any indication that SNS Bank is trending towards a Non-Viability Event could have an adverse effect on the market price of the relevant Subordinated Notes. Potential investors should consider the risk that a holder of Subordinated Notes which may be subject to Statutory Loss Absorption may lose all of its investment in such Subordinated Notes, including the principal amount plus any accrued but unpaid interest, in the event that a Non-Viability Event occurs.

There is no assurance that having no contractual provisions regarding Statutory Loss Absorption, to the extent applicable, will also in the future be sufficient to satisfy CRD IV requirements. This may lead to redemption of the Subordinated Notes.

### ***Risks related to the Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally.

#### *Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 17 of the applicable Terms and Conditions of the Notes.

#### *Eurosystem eligibility*

Notes may be held in a manner which will allow Eurosystem (as defined under 'Form of the Notes') eligibility. This means that such Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

#### *EU Savings Directive*

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Each Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive. EU Savings Directive means the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such EU Savings Directive.

#### *Tax consequences of holding the Notes*

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. See also 'Taxation' and condition 8 of the applicable Terms and Conditions of the Notes.

#### *Notes held in global form*

The Notes will initially be held by a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Nederland, in each case in the form of a global Note which may be exchangeable for definitive Notes in limited circumstances as more fully described in the section headed 'Form of the Notes' below. For as long as any Notes are represented by a global Note held by a common depositary in the case of a CGN, or a common safekeeper in the case of a NGN, on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on a global Note will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant global Note, being the common depositary for Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, shall be treated by the relevant Issuer and any Paying Agent as the sole holder of the relevant Notes represented by such global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes. Delivery (*utitlevering*) of definitive Notes represented by a Global Note deposited with Euroclear Nederland shall only be possible in the limited circumstances as described in the Wge (as amended from time to time) and such delivery will be made in accordance with the Wge and the rules and regulations of Euroclear Nederland (as amended from time to time).

In relation to any issue of Notes which have a denomination of € 100,000 (defined as the minimum "**Specified Denomination**") plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of € 100,000 (or its equivalent in other currencies) that are not integral multiples of € 100,000 (or its equivalent in other currencies). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a "**Stub Amount**") may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. As long as the Stub Amount is held in the relevant clearing system, the Noteholder will be unable to transfer this Stub Amount.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, as the case may be.

#### *Nominee Arrangements*

Where, in the case of an issue of Notes a nominee service provider is used by an investor to hold the relevant Notes or such investor holds interests in any Series of Notes through accounts with a clearing system (such as Euroclear, Clearstream, Luxembourg or Euroclear Nederland), such investor will receive payments in respect of principal, interest, (if any) or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or clearing system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the relevant Issuer.

For the purposes of (a) distributing any notices to Noteholders, and (b) recognising Noteholders for the purposes of attending and/or voting at any meetings of Noteholders, the relevant Issuer will recognise as Noteholders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream,

Luxembourg or Euroclear Nederland as persons holding a principal amount of the relevant Series of Notes. Accordingly, an investor must rely upon the nominee service provider which is the account holder with the relevant clearing system through which the investor made arrangements to invest in the Notes (and, if applicable, the domestic clearing system through which the Notes are held), to forward notices received by it from Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland and to return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or clearing system may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor.

In addition, such a Noteholder will only be able to sell any Note held by it prior to its stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuers, the Arranger, any Dealer to be appointed under the Programme or the Agent shall be responsible for the acts or omissions of any relevant nominee service provider or clearing system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or clearing system.

#### *Change of law and jurisdiction*

The conditions of the Notes are governed by Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Dutch law or administrative practice after the date of this Prospectus.

Prospective investors should note that the courts of The Netherlands shall have jurisdiction in respect of any disputes involving any Series of Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against the relevant Issuer in any court of competent jurisdiction. The laws of The Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuers will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's

Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

Credit ratings may not reflect all risks and the methodologies of determining credit ratings may be changed from time to time leading to potential downgrades.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant.

Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuers' financial strength or other factors such as conditions affecting the financial services industry generally. Noteholders and prospective investors should be aware that such a change in the methodology of a rating agency could result in certain series of Notes being downgraded, potentially to noninvestment grade (if the relevant Notes are issued before the new methodology is applied by a rating agency to such Notes) or receiving a lower rating than that is currently expected from that rating agency (if the relevant Notes are issued after the new methodology is applied by that rating agency to such Notes).

In the event that a rating assigned to the Notes or the relevant Issuer is subsequently lowered for any reason, the market value of the Notes is likely to be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

*Return on an investment in Notes will be affected by charges incurred by investors*

An investor's total return on an investment in any Notes will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Notes.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

*General risks*

The value of the Notes may be influenced by national and international political, economic, social, environmental circumstances and developments.



## OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.

Issuers:	SNS Bank and SNS REAAL. Both SNS Bank and SNS REAAL are incorporated under the laws of The Netherlands with limited liability and have their corporate seat in Utrecht. Their registered address is Croeselaan 1, 3521 BJ Utrecht, The Netherlands. The telephone number of SNS Bank is tel. +31 (0)30 231 5100. The telephone number of SNS REAAL is tel. +31 (0)30 231 5200.
Risk Factors:	There are certain factors that may affect the Issuers' ability to fulfil their respective obligations under the Notes issued under the Programme. These are set out under 'Risk Factors' above and include the fact that the Issuers' results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme - see 'Risk Factors Regarding the Notes' in this Prospectus.
Description:	Debt Issuance Programme of SNS Bank N.V. and SNS REAAL N.V.
Arranger:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)
Dealers:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), SNS Bank N.V. and any additional Dealers appointed by the relevant Issuer from time to time.
Regulatory Matters:	Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see 'Subscription and Sale' below).
Issuing and Principal Paying Agent:	Banque Internationale à Luxembourg SA ("BIL")
Amsterdam Paying Agent:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)
Listing Agent:	SNS Securities N.V.
Size:	Subject as set out herein, the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme issued by SNS Bank will not exceed € 25,000,000,000 (or its equivalent in other currencies calculated as described herein) and the maximum aggregate

nominal amount of the Notes from time to time outstanding under the Programme issued by SNS REAAL will not exceed € 2,000,000,000 (or its equivalent in other currencies calculated as described herein). The Issuers may increase the amount of the Programme in accordance with the terms of the Dealership Agreement (as defined below).

**Distribution:** Notes may be distributed by way of public offers or private placements and in each case on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the applicable Final Terms.

**Currencies:** Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Sterling, Swiss francs, United States dollars and Japanese yen.

**Maturities:** Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Subordinated Notes, to a minimum maturity of five years.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by SNS REAAL in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by SNS REAAL in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by SNS REAAL.

**Issue Price:** Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Note. Each global Note which is not intended to be issued in the form of a new global Note (a "**New Global Note**" or "**NGN**"), being a classic global Note (a "**Classic Global Note**" or "**CGN**"), as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date either (i) with a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or (ii) with Euroclear Nederland and each global Note which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The temporary global Note will be

exchangeable as described therein for, as specified in the applicable Final Terms, either a permanent global Note or definitive Notes upon satisfaction of certain conditions, including, in the case of a temporary global Note where the issue is subject to TEFRA D selling restrictions, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. A permanent global Note (other than a permanent global Note deposited with Euroclear Nederland) is exchangeable for definitive Notes only upon the occurrence of an Exchange Event, as described in 'Form of the Notes' below. Delivery (*uitlevering*) of definitive Notes represented by a Global Note deposited with Euroclear Nederland shall only be possible in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*, "**Wge**") (as amended from time to time) and such delivery will be made in accordance with the Wge and the rules and regulations of Euroclear Nederland (as amended from time to time). Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system or (ii) Euroclear Nederland, as appropriate.

Fixed Rate Notes:

Fixed interest will be payable on the date or dates specified in the applicable Final Terms and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

Floating Rate Notes:

Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Final Terms). The Margin (as specified in the applicable Final Terms) (if any) relating to such floating rate will be specified in the applicable Final Terms.

Specified Interest Period(s) or  
Specified Interest  
Payment Date(s) for Floating  
Rate Notes:

Such period(s) or date(s) as may be specified in the applicable Final Terms.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms.

Other provisions in relation to Floating Rate Notes:	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer (if any) (as specified in the applicable Final Terms).
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount or at a premium to their nominal amount or at par and will not bear interest other than in the case of late payment.
Redemption:	The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specific instalments, if applicable, or for tax reasons or if having Notes outstanding or making payments on the Notes becomes unlawful as described in Condition 7(b) of the applicable Terms and Conditions of the Notes or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders (as defined under applicable Terms and Conditions of the Notes) upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period, if any, as is indicated in the applicable Final Terms) to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.
Redemption for regulatory purposes:	The applicable Final Terms in respect of Subordinated Notes will indicate whether such Notes will be redeemable at the option of SNS Bank at the amount and on the date(s) specified in the applicable Final Terms if SNS Bank, DNB or other relevant authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms, is fully excluded from qualifying as Tier 2 capital of SNS Bank for the purposes of the regulatory capital rules applicable to SNS Bank at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes) subject to (i) DNB being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the Issue Date and (ii) the prior consent of DNB provided that at the relevant time such consent is required, and upon giving notice to the Noteholders in accordance with the Conditions.
Instalments:	The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in it.
Denomination of Notes:	Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each

Note will be €100,000 (or its equivalent in another currency as at the date of issue of the Notes).

**Taxation:** Payments in respect of the Notes will, as specified in the applicable Final Terms, be made either subject to withholding of applicable Dutch taxes (if any) or without withholding or deduction for or on account of taxes levied in The Netherlands, subject in the latter case to certain exceptions as provided in Condition 8 of the applicable Terms and Conditions of the Notes. If the applicable Final Terms provides that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 7(b) of the applicable Terms and Conditions of the Notes will not apply to the Notes.

**Negative Pledge:** The Senior Notes will have the benefit of a negative pledge. See Condition 2(b) of the applicable Terms and Conditions of the Notes.

**Cross Default:** The Senior Notes will have the benefit of a cross default. See Condition 10(iii) of the applicable Terms and Conditions of the Notes.

**Status of the Senior Notes:** The Senior Notes issued by an Issuer will constitute unsecured and unsubordinated obligations of that Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of that Issuer save for those preferred by mandatory provisions of law.

**Status and Characteristics relating to Subordinated Notes:**

The Subordinated Notes will constitute unsecured and subordinated obligations of an Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of that Issuer (other than those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law.

The claims of the holders of the Subordinated Notes of each Series (the "**Subordinated Noteholders**") against an Issuer will:

- (i) in the event of the liquidation or bankruptcy of that Issuer; or
- (ii) in the event that a competent court has declared that the Issuer is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*) (if applicable), and for so long as such situation is in force (such situation being hereinafter referred to as a "**Moratorium**"), be subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims.

By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of liquidation or bankruptcy of an Issuer or in the event of a Moratorium with respect to an Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of an Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

Events of Default of Subordinated Notes are restricted to bankruptcy and liquidation and repayment following an Event of Default may be subject to the prior consent of DNB.

The Subordinated Notes of this Series may qualify as Tier 2 capital ("Tier 2 Notes") for the purposes of the regulatory capital rules applicable to SNS Bank from time to time.

Statutory Loss Absorption:

Subordinated Notes may become subject to the determination by the Relevant Authority or the Issuers (following instructions from the Relevant Authority) that all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by BRRD ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written off or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by BRRD, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written off or subject to conversion or otherwise as a result such Statutory Loss Absorption.

The Subordinated Notes will not be subject to Statutory Loss Absorption if and to the extent BRRD is not deemed to apply retrospectively with respect to such Statutory Loss Absorption. In addition, subject to the determination by the Relevant Authority and without the consent of the Noteholders, the Subordinated Notes may be subject to other resolution measures as envisaged under BRRD.

Ratings:

Ratings and expected ratings in relation to SNS REAAL and SNS Bank and certain Notes are stated in the chapter headed 'SNS REAAL N.V. and SNS Bank N.V.', section 'Rating Agencies'.

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Senior Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without prior notice.

Listing:	Application may be made for Notes to be issued under the Programme to be listed on NYSE Euronext in Amsterdam and/or the Luxembourg Stock Exchange. Unlisted Notes may also be issued. The Final Terms relating to each issue will state whether or not the Notes are to be listed and, if so, on which exchange(s).
Governing Law:	The Notes will be governed by, and construed in accordance with, the laws of The Netherlands.
Selling Restrictions:	There are selling restrictions in relation to the European Economic Area, United Kingdom, The Netherlands, Japan and the United States, Zero Coupon Notes and such other restrictions as may be required in connection with the offering and sale of a particular Series or Tranche of Notes. See 'Subscription and Sale' below.

## **CERTAIN NOTICES TO INVESTORS**

### **RESPONSIBILITY STATEMENT**

SNS Bank accepts responsibility for the information contained in this Prospectus. SNS Bank declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SNS REAAL accepts responsibility for the information contained in this Prospectus, other than the information contained in the following sections of this Prospectus, for which only SNS Bank is responsible: under 'Overview of the Programme' which specifically relates to SNS Bank, the section 'SNS REAAL N.V. and SNS Bank N.V.' which specifically relates to SNS Bank, the section 'Selected Financial Information of SNS Bank', under (a) through (f) in the section 'Documents Incorporated by Reference' and Chapter 2 of this Prospectus. SNS REAAL declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus (other than in the sections mentioned above) is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuers. The Dealers do not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuers in connection with the Programme.

### **NOTICE**

This Prospectus should be read and understood in accordance with any amendment or supplement hereto and with any other documents incorporated herein by reference. Full information on the Issuers and any Series or Tranche of Notes is only available on the basis of the combination of this Prospectus and the applicable Final Terms.

Each Issuer has undertaken to the Dealers to furnish a supplement to this Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noticed between the time when this Prospectus has been approved and the final closing of any Tranche of Notes offered to the public or, as the case may be, when trading of any Tranche of Notes on a regulated market begins, in respect of Notes issued on the basis of this Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus, any amendment or supplement thereto, any document incorporated by reference herein, or the applicable Final Terms, or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Arranger or any Dealer.

This Prospectus is valid for 12 months following the date of this Prospectus and this Prospectus and any supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Prospectus or any Final Terms and the offering, sale or delivery of any Notes shall not in any circumstances imply that the information contained in such documents is correct at any time subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuers since such date or that any other information supplied in connection with the Programme or the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the time indicated in the document containing



the same. The Arranger and any Dealer expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Issuers when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Neither this Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuers, the Arranger or any Dealer that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Arranger or any Dealer in their capacity as such. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes (including an evaluation of the financial condition, creditworthiness and affairs of the relevant Issuer) and the information contained or incorporated by reference in this Prospectus, the applicable Final Terms and any supplements;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks (including, without limitation, those described in 'Risk Factors' in this Prospectus).

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The distribution of this Prospectus and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Final Terms come must inform themselves about, and observe, any such restrictions. See 'Subscription and Sale' below.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any Notes.

This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuers, the Arranger and the Dealers represent that this Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or assume any responsibility for facilitating any such distribution or offering. In particular, further action may be required under the Programme which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required.

**In connection with the issue of any Series or Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) in the applicable Final Terms (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the final terms of the offer of the relevant Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules. Any loss resulting from any such over-allotment or stabilisation shall be borne, and any net profit arising therefrom shall be retained, by the relevant Stabilising Manager for its own account.**

## **SNS REAAL N.V. AND SNS BANK N.V.**

### **Incorporation**

SNS REAAL N.V. ("**SNS REAAL**") is a public limited liability company (*'naamloze vennootschap'*) established under the laws of The Netherlands and was incorporated on 25 May 1987. SNS REAAL is the result of a merger in May 1997 between SNS Groep N.V. (primarily a banking group) and Reaal Groep N.V. (primarily an insurance group). SNS REAAL is registered in the Commercial Register of the Chamber of Commerce (*'Handelsregister van de Kamer van Koophandel'*) under number 16062627 with SNS REAAL N.V. and SNS REAAL as its commercial names (*'handelsnamen'*). Its registered office is at Croeselaan 1, 3521 BJ Utrecht, The Netherlands. The telephone number of SNS REAAL is +31 (0)30 291 5200.

The articles of association of SNS REAAL were lastly amended by notarial deed executed on 30 December 2013 before Mr. J.D.M. Schoonbrood, civil law notary, practising in Amsterdam.

The objects of SNS REAAL according to its articles of association are to participate in, to conduct the management and administration of and to finance other business enterprises of whatever nature, and to invest and manage capital. Furthermore, SNS REAAL may guarantee liabilities of other companies with which it is connected in a group. SNS REAAL generally operates under Dutch law, be it that it has entered into and operates under, and may enter into and operate under, agreements which are not governed by Dutch law.

SNS Bank N.V. ("**SNS Bank**"), a public limited liability company (*'naamloze vennootschap'*), was incorporated under Dutch law on 18 December 1990 as a result of the merger of several regional savings banks. The corporate seat of SNS Bank is in Utrecht, The Netherlands. The registered office of SNS Bank is Croeselaan 1, 3521 BJ, Utrecht, The Netherlands and SNS Bank is registered in the Commercial Register of the Chamber of Commerce (*'Handelsregister van de Kamer van Koophandel'*), under number 16062338. The telephone number of SNS Bank is +31(0)30 291 5100. The articles of association of SNS Bank were lastly amended by notarial deed on 22 September 2011 before Mr. J.D.M. Schoonbrood, civil law notary practising in Amsterdam.

### **Ownership**

#### ***Historical overview***

As of 27 July 2005 all of the shares issued by SNS REAAL were held by Stichting Beheer SNS REAAL. On 18 May 2006 the shares of SNS REAAL were listed on NYSE Euronext in Amsterdam as part of the IPO of SNS REAAL. SNS Bank is a 100% subsidiary of SNS REAAL and is part of the SNS REAAL Group. As per the date of this Base Prospectus, NLF I is on behalf of the Dutch State the sole shareholder of SNS REAAL (see below).

The authorised share capital of SNS REAAL consists of 1,044,055,149 ordinary shares with a nominal value of € 1.63 each. As per the date of this Prospectus, the issued and paid up share capital of SNS REAAL is € 468,820,392.99, consisting of 287,619,873 ordinary shares.

#### ***Core Tier 1 securities Stichting Beheer SNS REAAL and the Dutch State***

On 12 November 2008 SNS REAAL strengthened its solvency with € 500 million in capital securities, to be issued to Stichting Beheer SNS REAAL and € 750 million in capital securities to be issued to the Dutch State in view of the market environment and in recognition of higher capital market solvency requirements for financial institutions. Aforementioned transactions were completed on 11 December 2008. The proceeds of the transaction have been used mainly to increase SNS Bank's core capital by € 260 million and to strengthen the solvency capital of REAAL by € 975 million.

On 30 November 2009, SNS REAAL repurchased € 250 million of core Tier 1 securities of which € 185 million were issued to the Dutch State and € 65 million to Stichting Beheer SNS REAAL. Furthermore, in line with the terms of the agreement with the Dutch State, SNS REAAL paid accrued interest on the amount repurchased from the Dutch State from 9 June 2009, representing an amount of € 7 million. No repurchase fee was paid. At year-end 2012, the State's capital support was still €565 million and the Stichting's capital support EUR 435 million. Since the Stichting's capital support is loss absorbing, the book value of this capital support was lower at year end 2012 (€422 million).

On 1 February 2013 the Dutch Minister of Finance decreed to expropriate the core tier 1 capital securities issued by SNS REAAL to Stichting Beheer SNS REAAL (see further below).

***Nationalisation. Present situation.***

In January 2013, DNB informed SNS REAAL of its conclusion that SNS Bank's capital base was inadequate to guarantee controlled coverage of the company's current and possible future risks. SNS Bank was obliged to present DNB with a final solution by 31 January 2013. In DNB's opinion SNS REAAL's proposal offered insufficient certainty that said capital deficit could be supplemented in the short term. DNB subsequently informed the Ministry of Finance that it no longer considered it justified that SNS Bank should continue to carry out its banking operations.

On 1 February 2013 the Dutch Minister of Finance decreed on the basis of Articles 6:2 and 6:4 of the Financial Supervision Act to expropriate:

- all issued shares in the share capital of SNS REAAL;
- all Stichting Beheer SNS REAAL core Tier 1 capital securities issued by SNS REAAL ("Stichting securities");
- all subordinated notes of SNS REAAL and SNS Bank;
- subordinated private debts of SNS REAAL and SNS Bank.

All shares, Stichting securities and subordinated bonds have been expropriated for the benefit of the Dutch State. The shares B have been converted into six ordinary shares. The expropriation of subordinated private debts has been effected by expropriating the corresponding debts relating to passive capital components of SNS REAAL and SNS Bank for the benefit of Stichting Afwikkeling Onderhandse Schulden SNS REAAL (Private Debt Settlement Foundation SNS REAAL, "Stichting AOS"), established at Utrecht, in order to avoid these debts being transferred to the State. The Dutch Minister of Finance appointed SNS REAAL as director of Stichting AOS. Stichting AOS was incorporated by and for the State to arrange the legal settlement of (the expropriation of) private subordinated debt and not with the purpose to carry out activities for SNS REAAL. Since Stichting AOS was not provided with any assets, either on incorporation or thereafter, it has not been able to meet its obligations assigned to it, resulting from the private loans issued to SNS REAAL and SNS Bank at the time. On 12 November 2013, at the request of one of the lenders, the District Court for the Central Netherlands declared Stichting AOS bankrupt. The trustee in bankruptcy is considering the procedure for settling this bankruptcy as well as the roles of the State and director SNS REAAL.

The core Tier 1 securities issued to the State and Stichting Beheer SNS REAAL have been converted into share premium on ordinary shares. In addition to the aforementioned expropriation of the shares, securities, subordinated bonds and private debts, the Minister also decided on the following measures:

- Transferring Property Finance to a separate asset management organisation in combination with a State guarantee of around €5 billion on the temporary loan that SNS Bank will provide to this asset

management organisation. This separation has been completed on 31 December 2013, see below under 'Recent developments';

- The expropriation and conversion into equity of subordinated debt of SNS Bank and SNS REAAL;
- A paid-in share premium of €2.2 billion by the Dutch State in SNS REAAL, €1.9 billion of which has subsequently been passed through as share premium to SNS Bank;
- A bridge loan of €1.1 billion provided to SNS REAAL;
- A release of around €5.5 billion in risk-weighted assets as a result of the transfer of Property Finance activities to a new, to be established asset management organisation. As a result of the transfer of the activities of Property Finance per 31 December 2013 to an asset management organisation and in combination with the State guarantee on the loan (see below under 'Former segment Property Finance'), SNS Bank released around €4.5 billion in risk-weighted assets; and
- SNS Bank's contribution (estimated at €70 million) to the non-recurrent resolution levy of €1 billion in total as imposed by the Minister of Finance.

The expropriation of securities and liabilities mentioned above and other consequences of the nationalisation of the Issuers are described in greater detail in the Decree by the Dutch Minister of Finance of 1 February 2013, regarding the expropriation of securities and capital components of SNS REAAL N.V. and SNS Bank N.V. in connection with the stability of the financial system, and to take immediate measures with regard to SNS REAAL N.V.<sup>1</sup> (the "Expropriation Decree") and in the letter of the Minister of Finance to the Dutch parliament concerning nationalisation of SNS REAAL, also dated 1 February 2013.<sup>2</sup> On 19 December 2013, the EC presented its final decision on the nationalisation measures and the restructuring plan regarding SNS REAAL, in which it has found the State Aid and the proposed restructuring to be compatible with the internal market.

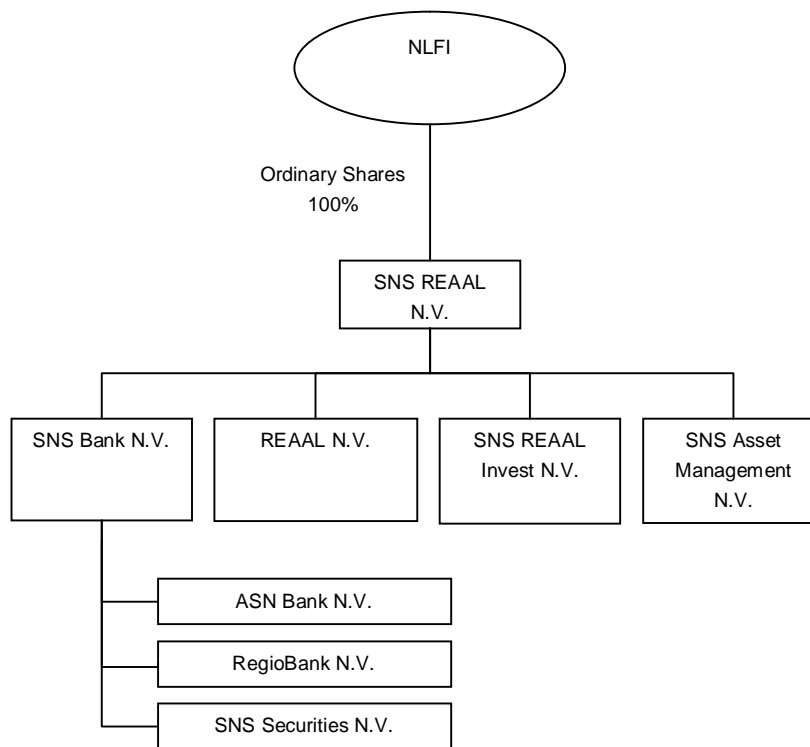
The financial implications of the nationalisation of SNS REAAL are explained in the financial statements over 2012 and 2013 of SNS Bank and SNS REAAL, which are incorporated by reference herein (see "Documents Incorporated by Reference"). Pro forma figures therein included have been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Issuers' actual financial position or results.

On 31 December 2013, all shares in SNS REAAL have been transferred from the Dutch State to NLFI. As from that date, NLFI is the sole shareholder of SNS REAAL, see the diagram below.

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<sup>1</sup> Besluit van de Minister van Financiën van 1 februari 2013 tot onteigening van effecten en vermogensbestanddelen SNS REAAL N.V. en SNS Bank N.V. in verband met de stabiliteit van het financiële stelsel, alsmede tot het treffen van onmiddellijke voorzieningen ten aanzien van SNS REAAL N.V.  
Decree by the Minister of Finance of February 1, 2013 regarding the expropriation of securities and capital components of SNS REAAL NV and SNS Bank NV in connection with the stability of the financial system, and to take immediate measures with regard to SNS REAAL N.V.

<sup>2</sup> Brief van de Minister van Financiën van 1 februari 2013 aan de Voorzitter van de Tweede Kamer over de onteigening van SNS REAAL.  
Letter by the Minister of Finance of February 1, 2013 to the Chairman of the Second Chamber of Parliament regarding the nationalisation of SNS REAAL.



### Executive Board of SNS REAAL

The names of the members of the Executive Board of SNS REAAL and their major functions outside SNS REAAL are as follows:

Mr. G. van Olphen	<i>Chairman of the Executive Board</i> Member of the Board of the Dutch Insurer's Association (Verbond van Verzekeraars).
Mr. M.B.G.M. Oostendorp	<i>Chief Financial and Risk Officer (CFRO)</i> Vice- chairman of the Central Committee for Statistics (and Chairman of the Audit Committee) of the Dutch Government Central Bureau of Statistics; Member of the Supervisory Board at NWB Bank; Member of the Advisory Board Women in Financial Services; Member of the Board of inspiration NIBE-SVV.
Mr. D.J. Okhuijsen	<i>Board member with a focus on SNS Bank</i> Member of the Board of the Dutch Bankers' Association (Nederlandse Vereniging van Banken); Member of the Board of Stichting Management Studies; Member of the Board of Stichting Geldinzicht.
Mr. W.H. Steenpoorte	<i>Board member with a focus on REAAL, Zwitserleven, SNS Asset Management and IT &amp; Change</i> Chairman Supervisory Board of Meetingpoint B.V; Member Supervisory Board of the Dutch Associated Insurance Companies Netherlands N.V. (VAN); Member Supervisory Committee SIVI.

The members of the Executive Board of SNS REAAL also hold management and supervisory functions with other entities within the SNS REAAL Group.

All members of the Executive Board of SNS REAAL are full-time employees of SNS REAAL and have elected domicile at the registered office of SNS REAAL.

### **Management Board of SNS Bank**

The names of the members of the Management Board of SNS Bank and their major functions outside SNS Bank are as follows:

Mr. D.J. Okhuijsen	<i>Chairman of the Management Board</i> , also member Executive Board of SNS REAAL – see above
Mr. M.G.B.M. Oostendorp	also member Executive Board of SNS REAAL – see above
Mr. W.H. Steenpoorte	also member Executive Board of SNS REAAL – see above

Some members of the Management Board of SNS Bank also hold management and supervisory functions with other entities within the SNS REAAL Group.

All members of the Management Board of SNS Bank are full-time employees of SNS REAAL and have elected domicile at the registered office of SNS REAAL and SNS Bank.

### **Supervisory Board of SNS REAAL and SNS Bank**

The names and major functions outside SNS REAAL and SNS Bank of the members of the Supervisory Board of both companies are as follows:

Mr. J.J. Nooitgedagt	<i>Chairman</i> Member Supervisory Board of <i>Bank Nederlandse Gemeenten</i> ; Member Supervisory Board Telegraaf Media Groep N.V.; Member of the Board Association for Securities Issuing Companies ( <i>Vereniging van Effecten Uitgevende Ondernemingen</i> ); Chairman Supervisory Board Nyenrode Foundation.
Mrs. C.M. Insinger	Independent management consultant; Partner of the New Commissar Consult ( <i>Nieuwe Commissaris Consult</i> ); Member Supervisory Board of Vesteda Group; Member of the supervisory council of the Koninklijke Diergaarde Blijdorp Foundation; Member of the Board of the Doping Authority ( <i>Dopingautoriteit</i> ); Member advisory council of Between us; Member supervisory committee of Rijnland zorggroep; Member supervisory council of Air traffic control Nederland ( <i>Luchtverkeersleiding Nederland</i> ).
Mr. J.A. Nijhuis	President of the Schiphol Group; Member Supervisory Board Muziektheater Amsterdam; Non-executive board member of Aéroports de Paris.
Mr. L. Wijngaarden	Chairman Supervisory Board of Oasen; Chairman Supervisory Board of LTP; Member Supervisory Board of the residential building cooperative Rochdale;

	Member Executive Board of DAK; Member advisory council of College Bescherming Persoonsgegevens; Member advisory council of Oracle Nederland.
Mr. J.A. Nijssen	Partner and shareholder at Montae; Chairman Supervisory Board of Enviu; Member internal supervision committee of Shell Pension Fund.
Mrs. M.R. Milz	Professional Supervisor ; Member Supervisory Board Amsterdam University of Applied Sciences; Member Supervisory Board University of Amsterdam; Member Supervisory Board ConQuaestor B.V; Chairman Green Deal Board.
Mr. J.C.M. van Rutte	Member Supervisory Board ORMIT Holding B.V. ; Member Supervisory Board Royal Theatre the Hague ( <i>Koninklijke Schouwburg Den Haag</i> ); Member of the Board of ABN AMRO Foundation.

The members of the Supervisory Board of each Issuer are also member of the Supervisory Board of REAAL. All members of this Supervisory Board have elected domicile at the shared registered office of SNS REAAL and SNS Bank, being Croeselaan 1, 3521 BJ Utrecht, The Netherlands.

#### **Audit Committee**

The Audit Committee of SNS REAAL and SNS Bank currently consists of four members, all members of the Supervisory Board of SNS REAAL and SNS Bank:

Mr. J. Nijhuis (chairman)  
Mr. J.J. Nooitgedagt  
Mr. L. Wijngaarden  
Mr. J.C.M. van Rutte

The Audit Committee has obtained a mandate from the Supervisory Board of each of SNS REAAL and SNS Bank to prepare the decision-making of the Supervisory Board in the following areas: (a) the provision of financial information by the Issuer and the quality of that information, (b) compliance with recommendations and actions taken upon the comments of actuaries, internal auditors, external auditors and regulatory authorities, (c) the scope and quality of the external audit and the activities of the internal auditor and external actuaries, (d) the relationship with the external auditor, including in particular the quality of the services provided and his independence, remuneration and any work for the Issuer not related to the audit – the Audit Committee shall also assess the external auditor’s involvement in the content and publication of financial reports other than the annual accounts, (e) the Issuer’s policy on tax planning, and (f) the financing of the Issuer. In addition, the Audit Committee has the mandate to supervise the main developments in the field of financial reporting, tax, funding and finance, risk management and to monitor the relationship with the independent auditors of SNS REAAL and SNS Bank.



## **SNS REAAL and the Corporate Governance Code**

### ***Compliance with Corporate Governance Code***

The Corporate Governance Code (the "**Code**") is applicable to all Dutch listed companies. Following the nationalisation, the Code is formally no longer applicable to SNS REAAL. However, SNS REAAL will continue to strive for compliance with the principles and best practice provisions as much as possible. Thus, in its Annual Report, SNS REAAL will report on the compliance with the principles and best practice provisions of the Code intended for the Executive Board or the Supervisory Board of SNS REAAL. In its annual report, SNS REAAL reports on the compliance with the Code in 2012. The deviations set out in the annual report are not taken over here because they are no longer applicable. The full text of the Code is available on [www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl).

The Code defines that a company also complies with the Code if the general meeting of shareholders gives approval to the corporate governance structure and the deviations from the Code's principles. SNS REAAL is committed to adhering to the Code's best practice provisions as much as possible. SNS REAAL provides reasons for all deviations on the basis of its stakeholders' best interests.

Although the Code does not apply to SNS Bank, SNS Bank endorses most principles of the Code.

### **The Banking Code and the Insurance Code**

The Banking Code is applicable to all of SNS REAAL Group's Banking activities and came into force on 1 January 2010. The Insurance Code applies to all of SNS REAAL Group's Insurance activities and came into force a year later. In its annual report, SNS REAAL reports on the compliance with the Banking Code and Insurance Code (together the Codes). On its website, SNS REAAL provides an up-to-date overview of the manner in which SNS REAAL and its business units implement and apply the recommendation of the Codes.

The mission, core value and strategy of SNS REAAL confirm the principles of the Codes. Since 2009, SNS REAAL started implementing the recommendations of the Codes within its organisation where appropriate. By now, SNS REAAL almost completely complies with the Codes. SNS REAAL and all its employees carefully monitor compliance with the Codes and try to further improve them, in line with the execution of the mission Simplicity in finance and the core value CARE!

### **Conflicts of interest SNS REAAL and SNS Bank**

There are no potential conflicts between any duties to SNS REAAL or SNS Bank and the private interests and/or other duties of members of the Executive Board and/or the Supervisory Board of SNS REAAL or, as the case may be, the Management Board and/or the Supervisory Board of SNS Bank. These members may obtain financial services of SNS REAAL or, as the case may be, SNS Bank. Internal rules are in place for the situation in which a conflict of interest should arise.

### **Independent Auditors**

KPMG Accountants N.V., with registered offices in Amstelveen, has been appointed as independent auditor to SNS REAAL and SNS Bank. Each partner of KPMG Accountants N.V. is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*, NBA).

## Rating Agencies

SNS REAAL and SNS Bank have been rated by independent rating agencies Moody's, Standard & Poor's and Fitch. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to either SNS REAAL or SNS Bank, are made available on [www.snsreaal.nl](http://www.snsreaal.nl) under the headings 'Investors' > 'Credit ratings'. Please see below an overview of the ratings assigned to SNS REAAL and SNS Bank (Table 1) and the ratings expected to be assigned to the notes to be issued under the Programme (Table 2).

**Table 1. Ratings of SNS REAAL and SNS Bank per date of this Prospectus**

Long term credit ratings	S&P	Moody's	Fitch
SNS REAAL	BB+ (negative)	Ba2 (stable)	BBB+ (negative)
SNS Bank	BBB (negative)	Baa2 (stable)	BBB+ (negative)

Short term credit ratings	S&P	Moody's	Fitch
SNS REAAL	B	N-P	F2 (negative)
SNS Bank	A3	P-2	F2 (negative)

**Table 2. Expected ratings of the notes**

SNS REAAL	S&P	Moody's
Senior unsecured long term Notes	BB+	Ba2
Senior unsecured short term Notes	A-3	Prime-2

SNS Bank	S&P	Moody's
Senior unsecured long term Notes	BBB+	Baa2
Senior unsecured short term Notes	A-2	Prime-2

## Company Structure and Profile

### SNS REAAL

SNS REAAL is a major financial bank-insurance company in The Netherlands. As a bank and insurer, SNS REAAL holds a distinct position in its market by quickly and effectively translating client needs into accessible and transparent products. In-depth knowledge of products and efficient processes lead to effective standardisations and combination options within product and client groups. SNS REAAL is a decisive and flexible organisation that through its core brands SNS Bank and REAAL and specialised sales labels enjoys strong positions in the Dutch market. Furthermore, the combination has involved the following:

- a single group management centre has been established in Utrecht;
- centralisation of staff departments within the SNS REAAL Group such as risk management, audit, finance, legal affairs, compliance, fiscal affairs and human resources; and
- creation of centralised competence centres and service centres.

Currently, there are four segments within the SNS REAAL Group: SNS Retail Bank, REAAL, Zwitserleven and Group activities. This structure is similar to the structure used for the SNS REAAL Group's financial reporting. The segments SNS Retail Bank, REAAL and Zwitserleven each have their own management board. The segment

Group Activities is managed directly by the Executive Board. The (segment) Property Finance and its activities have been transferred to NLF1 on 31 December 2013

### **SNS Bank**

SNS Bank offers banking products in the field of mortgages, asset growth and asset protection for the retail and SME markets and consists of the segment SNS Retail Bank.

#### *Segment SNS Retail Bank*

SNS Retail Bank comprises the brands SNS Bank, RegioBank, ASN Bank, BLG Wonen and the activities of SNS Securities. The four brands of SNS Retail Bank mainly serve private individuals and self-employed persons in The Netherlands. The brands differ from one another in terms of primary target audience, product range, distribution channels and brand experience, but use shared service centres, IT and facilities and staff services. The SNS Retail Bank brands are developing their own independent positions and distinctive customer values in order to best meet the needs of their target groups.

- SNS Bank is the broad and accessible consumer brand for banking and insurance products. SNS Bank serves its customers with service, advice and sales via snsbank.nl, mobile phone, SNS Customer Service, SNS Shops and financial advisors;
- ASN Bank is the brand for sustainable savings, investments and payments. Services are provided via the internet, over the telephone and by mail. ASN Bank focuses primarily on private individuals, but also accepts social organisations and companies as customers, provided they operate in accordance with the ASN Bank principles of corporate social responsibility;
- RegioBank is the bank formula for independent advisors outside the major cities, with a focus on local and personal service;
- BLG Wonen is the brand for the independent advisor who gives broad house and home-related financial advice to clients.

#### *SNS Securities*

The activities of SNS Securities are performed from SNS Bank's wholly owned subsidiary SNS Securities N.V. ("**SNS Securities**"). SNS Securities provides securities services (shares, bonds and derivatives) to national and international professional investors. In addition, it supports SME and larger companies in private and public capital market transactions. The securities research conducted by SNS Securities mainly focuses on Dutch small-cap and mid-cap funds. SNS Securities also provides individual asset management, investments with advice and securities services to high-net-worth private investor's (for assets from € 250,000). On 2 September 2013 SNS Securities sold and transferred its private banking activities to Bank ten Cate & Cie. This transaction was approved by DNB.

#### *Former segment Property Finance*

Property Finance operated in all phases of the property cycle, from short-term (project) loans for land purchase, construction and trading transactions to long-term loans for investment properties.

Property Finance was an important factor in the decision to nationalise SNS REAAL. The continuing losses in Property Finance's real estate and real estate finance portfolio amongst other resulted in SNS Bank's capital position becoming inadequate in the opinion of DNB. In the Decree it was, therefore, decided to transfer Property Finance's activities to a separate asset management organisation, isolated from SNS REAAL. The Minister

determined that Property Finance had to be transferred at a transfer value determined by the Minister, at a value which is €2.8 billion lower than the book value of the real estate finance portfolio as at 30 June 2012. As a result of impairments recognised between 30 June 2012 and 31 December 2013, the portfolio has been written-down by a total of €1,833 million. An impairment of €776 million was recognised in the second half of 2012, followed by an impairment of €1,057 million in 2013.

To enable Property Finance to also absorb the remaining expected gross write-off of €967 million (€2.8 billion less the impairments of €1,833 million already recognised), SNS REAAL increased the capital of Property Finance through a paid-in share premium of €725 million net before transfer. This increased the capital of Property Finance to such a level that Property Finance is able to absorb expected future losses of up to €967 million gross. The total impairments of €1,833 million on the total assets of Property Finance, increased by the additional net capital of €725 million, is equal to the total write-down of €2.8 billion as determined by the Minister at the time of expropriation. On 31 December 2013, the shares of Property Finance were transferred to the State for €1. At the transfer SNS Bank therefore recognised an additional loss of €725 million net, the amount of Property Finance's shareholders' equity.

Up until the time of separation on 31 December 2013, Property Finance was part of the fiscal unity of SNS REAAL. Based on the advanced tax ruling with the Dutch Tax Authority, it was determined that the impairments of €1,057 million over 2013 and the anticipated future losses of €967 million can be regarded as deductible losses. All financial relationships associated with tax between Property Finance and SNS REAAL was settled at year-end 2013. The initial estimate in the pro forma figures in the 2012 financial statements was based on a tax deduction for the impairments of €1.7 billion. Following consultation with the Dutch Tax Authority, the tax deductible amount was raised to €2.71 billion. The final deduction corresponds with the amount of €2.8 billion as determined by the Minister, adjusted by €90 million for non-deductible losses. The increase in tax deductibility has led to an additional capital increase of €252 million, compared to the previous estimate in the 2012 pro forma figures.

As a result of the regular redemptions, the settlement of the tax position (including tax credits over the entire write-off of €2.8 billion) and paid-in share premium by SNS Bank, Property Finance's debt to SNS Bank at year-end 2013, directly preceding the transfer to the State, decreased to €4.5 billion.

Following the transfer, which was completed on 31 December 2013, the Dutch State provided a €0.5 billion capital injection into Property Finance, €0.4 billion of which was used to redeem the outstanding debt to SNS Bank. This decreased the outstanding debt from €4.5 billion to €4.1 billion as at 31 December 2013. To protect the capital position of SNS Bank, the State provided SNS Bank with a guarantee on the funding to Property Finance. The funding therefore had no effect on the risk-weighted assets of SNS Bank.

On 1 January 2014 Property Finance was renamed to Propertize B.V. As per the date of this Base Prospectus, Propertize has further redeemed the outstanding debt to SNS Bank by using the proceeds of notes issued by it under the Propertize funding programme, which programme and the notes issued under it benefit from an irrevocable and unconditional guarantee from the Dutch State. Subsequently SNS Bank has partly used the proceeds to repay certain loans. On 4 April 2014 SNS Bank announced that the remaining funding balance of €4.1 billion was fully redeemed on 4 April 2014. The refinancing of Propertize has been placed with third parties.

SNS Bank:

<b>Business Activities</b>	<b>Brand</b>	<b>Product groups</b>	<b>Clients</b>	<b>Distribution channels</b>
Segment –	SNS Bank	Mortgages,	Retail, SME	SNS shops,

SNS Retail Bank		savings, investments, payments, loans, insurance, commercial credit, payments, credit, insurance, investment financing, corporate loans		internet, intermediaries, telephone, account management
	ASN Bank	Savings, investments, payments	Retail	Internet
	RegioBank	Mortgages, savings, investments	Retail, SME	Franchise offices
	BLG Wonen	Mortgages, savings, insurance	Retail, SME	Intermediaries, distribution partners
SNS Securities		Securities research, institutional brokerage, corporate finance, asset management	Financial institutions (international), wealthy individuals	Account management

### **Segment REAAL**

REAAL develops and distributes individual life insurance, non-life insurance and disability insurance policies, as well as bank savings products. REAAL focuses mainly on consumers who wish to be advised on financial matters. Customers may obtain advice from intermediaries who work together with REAAL. REAAL aims for sustainable, intensive cooperation with intermediaries and continually works on a proper safeguarding of the quality of advice. Zelf.nl is the brand for consumers who wish to take care of their financial affairs themselves. Zelf.nl and Proteq offer a range of individual non-life insurance products, including the pet accident and health insurance by Dier en Zorg, while also offering REAAL savings products. REAAL's strategy is primarily aimed at client's satisfaction and maintaining its market position in individual life insurance and at growth in the SME non-life market and disability insurance. REAAL aims to lower its cost base and improve its effectiveness in distribution, including by intensifying collaboration with other SNS REAAL segments.

### **Segment Zwitserleven**

Zwitserleven is a pension insurer in The Netherlands and its customers are managing director/owners, SME and large corporations. Zwitserleven offers its customers 'The advantage of thinking ahead', but urges its customers to think about their own future too. Zwitserleven uses market teams that focus on specific market segments. Zwitserleven offers its pension products and services under the brand experience of 'het Zwitserleven Gevoel' in collaboration with intermediaries, professional consultants and on the company website. Zwitserleven's strategy is aimed at growth on the basis of high-quality products, excellent service and close collaboration with

intermediaries. Customer and employee satisfaction are important long-term objectives. Zwitserleven aims to create income and cost synergies in production and distribution by collaboration with other SNS REAAL segments.

### **Segment Group Activities**

#### *SNS Reaal Invest*

SNS REAAL Invest N.V. ("**SNS REAAL Invest**") is a subsidiary of SNS REAAL which supports financial activities within SNS REAAL. The activities of SNS REAAL Invest are being wound down and in the course of 2014 SNS REAAL Invest will be added to SNS REAAL. The size of the portfolio is €3 million as at year-end 2013.

#### *SNS Asset Management N.V.*

SNS Asset Management's primary task is the responsible management and administration of the investments of REAAL, Zwitserleven and ASN Bank for own account and the investment funds of SNS Bank, ASN Bank and Zwitserleven. In addition, SNS Asset Management conducts responsible investment management for external institutional customers, such as pension funds and insurers, charities and religious institutions. SNS Asset Management performs all these activities with a focus on achieving the investment targets for its customers by delivering sustainable performance, service and advice. SNS Asset Management's total assets under management dropped limitedly from € 45.9 billion to € 44.2 billion (- 3.7%). 94% of the total assets under management were managed on behalf of internal customers: REAAL, Zwitserleven, the SNS Investment Funds, ASN Bank and the ASN Investment Funds. Negative factors were the declining values of fixed-income portfolios and the dismantling of the portfolios of two external customers, partly compensated by stock price rises. SNS Asset Management, which is as of the date of this Base Prospectus, still a Group activity, will be transferred to REAAL N.V. in the course of 2014.

### **Supervision**

Currently SNS REAAL itself is not regulated directly, but as the holding company of a group of licensed banks and insurance companies, it is subject to the supervision which DNB exercises on a consolidated level. The implementation in The Netherlands of Directive 2002/87/EC of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (the "**Financial Conglomerates Directive**") in Chapter 3.6 of the Financial Services Act (*Wet op het financieel toezicht (Wft)*) has resulted in SNS REAAL becoming subject to new regulatory requirements as of 1 January 2007. The Financial Conglomerates Directive introduced supplementary supervision of banking, insurance and investment activities carried out in a financial conglomerate. The rules relate to capital adequacy, risk concentration, intra-group transactions, internal control mechanisms and risk management processes. The rules are partly directed at the regulated entities within the conglomerate (although some of the rules relate to the conglomerate as a whole) and partly at the mixed financial holding company heading up the conglomerate, such as the SNS REAAL Group.

The regulatory framework is under constant scrutiny, both at a national and international level. New rules and regulations have been promulgated and are expected to enter into force in the following years. Important changes with respect to the supervision on the Issuers will be introduced by CRD IV, Solvency II and the expected revision of the Financial Conglomerates Directive.

Within SNS REAAL Group the following subsidiaries of SNS REAAL hold licences under the Wft (excluding finance service providers licences):

Banks and bank-investment firms:

SNS Bank N.V.  
RegioBank N.V.  
ASN Bank N.V.  
SNS Securities N.V.

Insurance companies:

REAAL Schadeverzekeringen N.V.  
SRLEV N.V.  
Proteq levensverzekeringen N.V.

Investment firms:

SNS Asset Management N.V.  
ASN Vermogensbeheer B.V.

Fund management companies:

SNS Beleggingsfondsen Beheer B.V.  
ASN Beleggingsinstellingen Beheer B.V.

*Single Supervisory Mechanism*

The SSM is one of the elements of the so-called Banking Union. The SSM will create a new system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. Among these EU countries are those whose currency is the euro and those whose currency is not the euro but who have decided to enter into close cooperation with the SSM. Under the new system of supervision, the ECB will directly supervise significant credit institutions as of 4 November 2014.

Prior thereto, the ECB and the participating national competent authorities responsible for conducting banking supervision will carry out a comprehensive assessment. The ECB will conclude this comprehensive assessment of the banking system in October 2014, prior to assuming its new supervisory tasks in November 2014. The comprehensive assessment comprises three complementary pillars:

1. A supervisory risk assessment, addressing key risks in the banks' balance sheets, including liquidity, leverage and funding.
2. An asset quality review examining the asset side of bank balance sheets as at 31 December 2013.
3. A stress test, building on and complementing the asset quality review by providing a forward-looking view of banks' shock-absorption capacity under stress.

SNS Bank is considered a 'significant credit institution' under the SSM and will therefor as of November 2014 be subject to direct supervision by the ECB. Specific tasks relating to the prudential supervision of credit institutions will be conferred on the ECB.

**Recent developments**

*Nationalisation*

On 1 February 2013 the Dutch Minister of Finance, in close consultation with De Nederlandsche Bank (DNB) nationalised SNS REAAL. On that same date SNS REAAL announced that its Executive Board members Messrs Ronald Latenstein, CEO, and Ference Lamp, CFRO, and Chairman of the Supervisory Board, Mr Rob Zwartendijk, resigned from their respective positions. From that date Messrs Gerard van Olphen and Maurice Oostendorp were appointed as Chairman of the Executive Board and CFRO respectively. For the time being, the Vice Chairman of the Supervisory Board, Piero Overmars, has taken on the role of Chairman of the Supervisory

Board. Per 1 November 2013, Piero Overmars has resigned as Chairman of the Supervisory Board and from the Supervisory Board. As of 1 November 2013, Jan Nooitgedagt is appointed as Supervisory Board member and Chairman of the Supervisory Board.

#### *2012 Annual Results SNS REAAL and SNS Bank and Trading Update Q1 2013*

On 6 June 2013 SNS REAAL published its 2012 annual report and trading update for Q1 2013, which are partly incorporated herein by reference as set out in chapter 'Documents incorporated by reference'. SNS REAAL reported a net loss of EUR 972 million over 2012, mainly driven by losses at Property Finance and one-off items. Over the first quarter of 2013, SNS REAAL reported a net loss of EUR 1,622 million, due to an additional provision for the real estate finance portfolio of Property Finance. The core activities of SNS REAAL reported a net profit of EUR 170 million, including a one-off positive impact from nationalisation measures of EUR 71 million. Adjusted for one-off items and nationalisation measures, net profit of the core activities for the first quarter was EUR 99 million, compared to EUR 103 million for the first quarter of 2012. SNS Retail Bank had a good start of the year, earnings of the Insurance activities remained behind.

Property Finance reported a net loss of EUR 1.8 billion for the first quarter of 2013, due to a EUR 1.8 billion net impact of the EUR 2 billion provision for the real estate finance portfolio. With this provision, the net exposure has been brought in line with the transfer value as determined by the Dutch State and communicated in a letter from the Dutch Minister of Finance to Parliament.

Due to the considerable first quarter loss at Property Finance, SNS REAAL will also report a loss for the year 2013 as a whole. In spite of a further weakening of the Dutch housing market, it is expected that SNS Retail Bank continues to report satisfactory results in the coming quarters. The market environment at the Insurance activities is expected to remain difficult. As a result, earnings and solvency at the Insurance activities will likely remain under pressure in the quarters ahead.

#### *Third series participation certificates*

On 11 July 2013, former holders of the third series of Participation Certificates, which certificates have been expropriated by the Dutch State on 1 February 2013, received a proposal for compensation from SNS Bank by mail. An investigation conducted by SNS Bank, on the specific request of the Dutch Minister of Finance, has shown that customers were insufficiently aware of the characteristics and risks of the product at the time they purchased the certificates. The compensation amounts to the nominal value of the certificates, plus the interest on government bonds for the period they had the participation certificates in their possession.

#### *Restructuring plan SNS REAAL*

On 19 August 2013, the Dutch State submitted a restructuring plan for SNS REAAL to the European Commission. The restructuring plan has been drawn up in close consultation between the Dutch Ministry of Finance and SNS REAAL. The Ministry of Finance has sent a letter to the House of Representatives in which it informs them that the plan submitted contains a proposal to split up the banking and insurance activities so that the insurer and the bank may then (over time) be sold separately. REAAL/Zwiterleven would then, just like ASR Nederland N.V., play a role in the expected consolidation in the insurance market. It has been proposed to the European Commission that SNS Retail Bank continues to exist independently, so that a sufficient number of competitors will remain active in the Dutch market. The restructuring plan has been approved by the European Commission on 19 December 2013, please see further below in this chapter under '*EC announced decision on State aid and restructuring plan regarding SNS REAAL*'.

#### *An Extraordinary General Meeting of Shareholders of SNS REAAL was held on 18 October 2013*

Piero Overmars, Jaap Lagerweij, Robert Jan van de Kraats and Herna Verhagen have resigned from the Supervisory Board of SNS REAAL per 1 November 2013. At the Extraordinary General Meeting of Shareholders



it was decided to reduce the number of Supervisory Board members per this date to seven members. With effect from 1 November 2013, Jan Nooitgedagt, Jan van Rutte and Monika Milz are appointed as Supervisory Board members to the ensuing three remaining vacancies on the Supervisory Board. Mr Nooitgedagt has also been appointed Chairman of the Supervisory Board. The new members will also be appointed to the Supervisory Board of SNS Bank, SRLEV NV and REAAL NV. Mrs Milz has been appointed in accordance with the reinforced right of recommendation of the Central Works Council of SNS REAAL.

*SNS REAAL revises quarterly results policy*

Since the nationalisation on 1 February 2013, SNS REAAL no longer has a listing of securities. SNS REAAL has, therefore, decided to abandon publication of its quarterly results.

SNS REAAL changed its policy because it focuses on long-term value creation. Thus, from 2014, SNS REAAL will publish its financial results twice a year, i.e. the annual report and the interim report. Dates of publication will be announced on the following website: [www.snsreaal.nl](http://www.snsreaal.nl). In relation to the on-going process of the EC restructuring plan, SNS REAAL also decided not to publish the 2013 third-quarter results on 7 November 2013.

*BinckBank takes over Fundcoach from SNS Bank*

On 12 November 2013, BinckBank NV ("BinckBank") and SNS Bank have agreed on the takeover of fund supermarket Fundcoach ("Fundcoach") by BinckBank. Fundcoach is currently part of SNS Bank. Fundcoach has over 30,000 customers and the assets under management amount to over € 600 million. Completion of the takeover is envisaged for the second quarter of 2014, provided DNB gives approval by issuing a Declaration of no objection for both SNS Bank and BinckBank.

*EC announced decision on State aid and restructuring plan regarding SNS REAAL*

On 19 December 2013 SNS REAAL released a press release in relation to the decision of the European Commission ("EC") on the restructuring plan for SNS REAAL. The EC announced the main outlines of its final decision on the nationalisation measures in support of SNS REAAL. By decision of 22 February 2013, the EC had already temporarily declared a number of State aid measures in favour of SNS REAAL compatible with the internal market until it had taken a final decision based on the company's restructuring plan. This plan, drawn up in constructive cooperation between the Dutch State and SNS REAAL, was officially notified by the Dutch State on 19 August 2013. Based on the restructuring plan, the EC has decided the State aid and the proposed restructuring of SNS REAAL to be compatible with the internal market.

In line with the restructuring plan submitted, the Dutch State commits to two structural measures regarding SNS REAAL:

1. Spin-off of the Property Finance activities
2. Divestment of the insurance subsidiary REAAL NV, which will include all the insurance and asset management activities of SNS REAAL. The chairman of the Executive board of SNS REAAL, Mr. G. van Olphen, has indicated SNS REAAL strives to make good progress in 2014 towards the creation of an independent bank and insurer. The relevant press release has been incorporated by reference in this Prospectus.

*SNS REAAL transfers Property Finance to the State*

After the nationalisation of SNS REAAL on 1 February 2013, the Minister of Finance announced that the real estate and real estate loan portfolio would be separated. The spin-off of the Property Finance activities is part of the restructuring plan for SNS REAAL, which the Dutch State submitted to the European Commission (EC) on 19 August 2013. The EC approved the transfer on 19 December 2013.

SNS REAAL announced that the shares in Property Finance were transferred to the Dutch State on 31 December 2013. The State has subsequently transferred these shares to NLFI.

#### *2013 Annual Results SNS REAAL and SNS Bank*

On 13 February 2014 SNS REAAL published its press release in relation to the 2013 annual results, which press release is incorporated by reference herein as set out in the chapter 'Documents incorporated by reference'. On 5 March 2014 SNS REAAL published its 2013 annual report, which is partly incorporated by reference herein as set out in the chapter 'Documents incorporated by reference'. On 27 March 2014 SNS Bank published its 2013 annual report, which is partly incorporated by reference herein as set out in the chapter 'Documents incorporated by reference'.

Adjusted for the impact of one-off items, net profit from the core activities of SNS REAAL declined to €386 million from € 443 million in 2012. The decline was driven by lower realised gains on bonds and lower underlying performance at the Insurance activities. One-off items negatively impacted SNS REAAL's 2013 net result of the core activities by € 800 million compared to € 602 million negative impact in 2012, in both years for the majority consisting of impairments of intangible assets at the insurance activities. Including one-off items, SNS REAAL's net result of the core activities amounted to €414 million negative (2012: € 159 million negative).

Property Finance posted a net loss of € 1,536 million (2012: € 813 million), which included a write-off of € 2,024 million gross (€ 1,538 million net) in the first quarter of 2013, to bring the valuation of the real estate finance portfolio in line with the transfer value as determined by the Dutch State. Taking into account the significant loss at Property Finance and negative one-off items, SNS REAAL reported a total net loss of € 1,950 million, compared to a total net loss of €972 million for the year 2012.

SNS Retail Bank's net profit, excluding one-off items, increased sharply of € 263 million in 2013 compared to € 130 million in 2012. The main factor behind this increase was a higher net interest income driven by lower interest expenses due to the expropriation of subordinated debt, declining interest rates offered on savings accounts and the redemption of term deposits. One-off items negatively impacted SNS Retail Bank's 2013 net result of the core activities by € 79 million compared to € 36 million negative impact in 2012. In 2013, the one-off items mainly relate to derivatives securitizations of the legacy DBV mortgage portfolio of € 86 million negative, and in 2012 the majority consist of a restructuring charge. Furthermore an additional cost allocation from the holding company had a negative impact. Impairments on loans remained high at 39 basis points compared to 40 basis points for 2012. The 2013 loan impairments included a charge related to additional provisioning for lower recovery amounts due to the weak housing market, while 2012 included a charge related to the implementation of more stringent risk assessment models.

Property Finance posted a net loss of € 1,536 million (2012: € 813 million), which included a write-off of € 2,024 million gross (€ 1,538 million net) in the first quarter of 2013, to bring the valuation of the real estate finance portfolio in line with the transfer value as determined by the Dutch State. Taking into account the significant loss at Property Finance and negative one-off items, SNS Bank reported a total net loss of € 1,352 million, compared to a total net loss of € 719 million for the year 2012. Core Tier 1 ratio Banking activities improved to 16.6% compared to 6.1% at year-end 2012.

#### *Refinancing of Propertize completed on 4 April 2014*

Following the transfer of Propertize to the Dutch State, which was completed on 31 December 2013, the Dutch State provided a €0.5 billion capital injection into Property Finance, €0.4 billion of which was used to redeem the outstanding debt to SNS Bank. This decreased the outstanding debt from € 4.5 billion to € 4.1 billion as at 31 December 2013. On 4 April 2014 SNS Bank announced that the remaining funding balance of € 4.1 billion was fully redeemed on 4 April 2014. The refinancing of Propertize has been placed with third parties.

#### *DNB additional systemic capital buffer requirement*

On 29 April 2014 DNB announced that it intends to impose an additional systemic capital buffer requirement of 1% of risk-weighted assets for SNS Bank, which it may phase in between 2016 and 2019 in the systemic buffer. This is further to the CRR/CRD IV Implementation Act, which lays down the basis for the systemic buffers, and was adopted by the Lower House of the Dutch Parliament in April 2014. When adopted by the Upper House of the Dutch Parliament, the CRR/CRD IV Implementation Act will enter into force thereafter.

#### **Legal proceedings**

SNS REAAL, SNS Bank and its other affiliates are and may become from time-to-time involved in governmental, legal and arbitration proceedings that relate to claims by and against the respective Issuer which ensue from its normal business operations. The most important proceedings are described below.

#### **Madoff**

In April 2010, a foundation acting for a group of execution-only clients initiated legal proceedings against SNS Bank for alleged losses suffered on investments in certain foreign investment funds (including Madoff feeder funds). As already reported in the 2010 and 2011 annual report, where appropriate, clients will be compensated by SNS Bank in a suitable manner for which provisions have been taken. In January 2013, in the proceedings before the court, the court reached a verdict. It is judged that SNS Bank made mistakes and therefore did not meet its legal agreements. SNS Bank appealed to the court.

In 2010, three Madoff-feeder funds have initiated legal proceedings in New York against, amongst others, SNS Global Custody, the custody entity of SNS Bank, and its clients as former beneficial owners of investments in these funds. A similar proceeding has been initiated by one of these funds against SNS Global Custody in the British Virgin Islands (BVI). They claim repayment of payments made by the funds for redemptions of investments by these beneficial owners. In line with these lawsuits the trustee of Madoff started proceedings against SNS Bank and SNS Global Custody. The aforementioned proceedings, in which many financial institutions worldwide are sued in similar proceeding, are in an early stage. Two times a verdict is given on the BVI in favour of SNS Bank, but against which appeal is lodged. SNS Bank will defend itself strongly but, for the moment, cannot give a reliable estimation of possible provisions resulting from these claims.

#### **Stichting Claim SNS / Bos & Partners**

At the end of January 2013, SNS Bank was held liable with regard to the claim by Stichting Claim SNS/Bos & Partners regarding the investment in foreign investment funds not registered with the AFM, for execution-only customers. Meanwhile, a compensation proposal has been agreed upon with 70% of the customers. For the purpose of a claim by Stichting Claim SNS/Bos & Partners, a provision of € 20 million is included at year-end 2013 (2012: € 20 million).

#### **Unit-linked insurance policies REAAL**

Since 2008 there has been widespread public attention for the costs and risks related to unit-linked insurance policies and the question whether insurance companies adequately informed their (prospective) customers in that regard. In response to this, REAAL (and other insurers) have concluded a compensation scheme with consumer organisations. Based on this scheme, the costs that have been – and will be – withheld until the maturity date will be redeposited into the insurance policy, in so far as these costs are higher than the maximum percentage specified in the compensation scheme. The compensation scheme has been implemented.

While earlier attention mainly focused on the compensation of costs, Dutch insurers now see an increase in unit-linked insurance policies complaints/claims based on different grounds. On top of this, there is a lot of attention for the unit-linked insurance policies on the part of regulators, politicians and media. Since 2008, REAAL has

received a considerable number of complaints/claims from customers who blame REAAL for not having informed (or warned) them clearly enough about the costs, specific product features and related risks prior to taking out the insurance policy. And some customers blame REAAL for not having warned them adequately of the possible impact of actual developments, such as the financial crisis, on the target capital during the duration of the policy.

REAAL uses various means of communication to encourage customers to check if their unit-linked policy still meets the purpose for which it was originally taken out and to consider adapting their product or other forms of capital accumulation ('flanking policy'). The number of court proceedings related to unit-linked insurance policies against REAAL is limited, but growing. At year-end 2013, sixteen proceedings were submitted to Kifid's Arbitration Committee and three at civil courts. To date, the number of cases in which REAAL was held to pay damages in a decision of the Arbitration Committee or civil court was limited. With the growing number of proceedings, however, the chances of convictions is also growing. REAAL (SRLEV N.V.) was recently, in a letter dated 11 February 2014, held liable by the Stichting Woekerpolisproces in connection with offering unit-linked policies through DSB NV. It is as yet unclear whether and in what way this process will be continued.

The costs of the compensation scheme and flanking policy are substantial and are recognised in the financial statements. Current and possible future subsequent legal proceedings could have a substantial financial and reputational impact. However, it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. REAAL, therefore, made no provision.

#### **Arbitral proceedings on subordination of a loan**

A lender of one of the private loans included among the liabilities placed by the Decree of 1 February 2013 in Stichting Afwikkeling Onderhandse Schulden SNS REAAL (Private Debt Settlement Foundation SNS REAAL, 'Stichting AOS') disputes the subordination of that loan and started an arbitral proceeding at the Netherlands Arbitration Institute in December 2013. Since SNS REAAL N.V. was the original contractual party for this expropriated loan, it is a formal party to these proceedings and will conduct the defence.

#### **Other legal proceedings**

##### **Beheer SNS REAAL**

Stichting Beheer SNS REAAL, the former holder of the majority of the shares in SNS REAAL N.V., claims, amongst other, that it does not have sufficient information to determine its asserted value in the compensation proceedings against the Dutch State. SNS REAAL contests this claim on substantive and procedural grounds. On 11 November 2013, the Stichting filed a petition for a provisional witness hearing at the District Court in Amsterdam. In addition to the officers of SNS REAAL, the witnesses named in the petition include officials of the State and DNB. The court session planned for 11 February 2014 following the request by Stichting Beheer SNS REAAL for a provisional witness hearing has been postponed. Currently, it is not possible to make an estimate of the probability that this legal proceeding may result in liability of SNS REAAL and/or SNS Bank, or has a financial impact on SNS REAAL and/or SNS Bank.

## SELECTED FINANCIAL INFORMATION OF SNS BANK

SNS Bank's publicly available financial statements and auditors report for the years ended 31 December 2013 (set forth on pages 70 up to and including 205 and pages 206 and 207 of its 2013 annual report) and 31 December 2012 (set forth on pages 73 up to and including 204 and pages 207 and 208 of its 2012 annual report) (the "**SNS Bank Financial Statements**") are incorporated by reference into this Prospectus. Except for the information under the heading "Outlook", the information below has been derived from the SNS Bank Financial Statements.

### *Key Figures of SNS Bank*

*(amounts in millions of EUR)*

	<b>31-12-2013</b>	<b>31-12-2012</b>
Total assets	<b>74,537</b>	<b>81,341</b>
Loans and advances to customers of which mortgage loans	<b>53,405</b> <b>48,458</b>	<b>61,768</b> <b>50,841</b>
Amounts due to customers of which savings	<b>43,904</b> <b>33,276</b>	<b>42,344</b> <b>32,815</b>
Equity distributable to Shareholders	<b>2,582</b>	<b>1,337</b>
Capital base	<b>2,437</b>	<b>1,908</b>
Core Tier 1 ratio*	<b>16.6%</b>	<b>6.1%</b>
Tier 1 ratio*	<b>16.6%</b>	<b>7.7%</b>
BIS ratio*	<b>16.7%</b>	<b>9.3%</b>
Net interest income	<b>957</b>	<b>705</b>
Other income of which net commission and management fees	<b>86</b> <b>50</b>	<b>137</b> <b>54</b>
Net profit / loss	<b>(1,352)</b>	<b>(719)</b>
Branches in numbers (unaudited)	<b>166</b>	<b>162</b>
Cash dispensers in numbers (unaudited)	<b>537</b>	<b>519</b>
Employees in numbers (fte's, average) (unaudited)	<b>2,009</b>	<b>2,133</b>

\* Core Tier 1 ratio, Tier 1 ratio and BIS ratio are calculated based on Basel II.

## Capitalisation of SNS Bank

The following table sets forth the capitalization and long-term indebtedness of SNS Bank on a consolidated basis:

<i>(amounts in millions of EUR)</i>	<b>31-12-2013</b>	<b>31-12-2012</b>
Short-term debt (remaining terms to maturity up to and including five years)		
- Savings	30,482	31,844
- Other amounts due to customers	7,845	6,683
- Derivatives	1,682	1,062
- Debt certificates	14,929	9,769
- Amounts to banks	7,420	8,656
- Participation cert. and subordinated debts	--	57
- Other liabilities	1,444	2,565
Total short-term debt	<b>63,802</b>	<b>60,636</b>
Long-term debt (remaining terms to maturity over five years)		
- Savings	2,795	971
- Other amounts due to customers	2,783	2,846
- Derivatives	988	2,537
- Debt certificates	1,510	12,221
- Amounts due to banks	37	30
- Participation cert. and subordinated debts	40	763
- Other liabilities	--	--
Total long-term debt	<b>8,153</b>	<b>19,368</b>
Share Capital*	381	381
Cash Flow Hedge Reserve	48	68
Fair Value reserve	(101)	(117)
Other Reserves	2,254	1,005
Total equity	<b>2,582</b>	<b>1,337</b>
- Savings	33,277	32,815
- Other amounts due to customers	10,628	9,529
- Derivatives	2,670	3,599
- Debt certificates	16,439	21,990
- Amounts due to banks	7,457	8,686
- Participation cert. and subordinated debts	40	820
- Other liabilities	1,444	2,565
Total debt	<b>71,955</b>	<b>80,004</b>
Total equity and debt	<b>74,537</b>	<b>81,341</b>

\* The issued and paid-up share capital consists of 840,008 shares with a nominal value of € 453.79 each.

## Financial Year

The financial year of SNS Bank is the calendar year.

## Independent Auditors

The consolidated financial statements of SNS Bank for 2013 and 2012 have been audited by KPMG Accountants N.V. Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands. The independent auditors have given an unqualified opinion for each of these years.

### Summary Consolidated Accounts

The 2013 and 2012 financial statements of SNS Bank have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("EU").

### Consolidated Balance Sheet

In € millions	31-12-2013	31-12-2012
<b>Assets</b>		
Cash and cash equivalents	5,528	6,933
Loans and advances to banks	6,063	1,927
Loans and advances to customers	53,405	61,768
Derivatives	2,484	3,660
Investments	5,657	5,302
Property projects	--	416
Investments in associates	--	3
Property and equipment	52	71
Intangible assets	89	98
Deferred tax assets	507	337
Corporate income tax	208	117
Other assets	544	709
<b>Total assets</b>	<b>74,537</b>	<b>81,341</b>
<b>Equity and liabilities</b>		
Savings	33,276	32,815
Other amounts due to customers	10,628	9,529
Amounts due to banks	7,457	8,686
Debt certificates	16,439	21,990
Derivatives	2,670	3,599
Deferred tax liabilities	174	303
Corporate income tax	--	--
Other liabilities	1,205	2,180
Other provisions	66	82
Participation certificates and subordinated debt	40	820
Share capital	381	381
Other reserves	3,553	1,675
Retained earnings	(1,352)	(719)
Shareholders' equity	2,582	1,337
Equity attributable to securityholders	--	--
Minority interest	--	--
Total equity	2,582	1,337
<b>Total equity and liabilities</b>	<b>74,537</b>	<b>81,341</b>

## Consolidated Profit And Loss Account

In € millions	2013	2012*
<b>Income</b>		
Interest income	2,230	2,465
Interest expense	1,273	1,760
Net interest income	957	705
Fee and commission income	99	106
Fee and commission expense	49	52
Net fee and commission income	50	54
Share in the result of associates	--	--
Investment income	38	23
Result on financial instruments	(8)	52
Other operating income	6	8
<b>Total income</b>	<b>1,043</b>	<b>842</b>
<b>Expenses</b>		
Staff costs	189	231
Depreciation and amortisation of fixed assets	17	26
Other operating expenses	316	222
Impairment charges	224	228
Other expenses	8	8
<b>Total expenses</b>	<b>754</b>	<b>715</b>
<b>Result before taxation</b>	<b>289</b>	<b>127</b>
Taxation	105	33
<b>Net result continued operations</b>	<b>184</b>	<b>94</b>
Net result discontinued operations	(1,536)	(813)
<b>Net result for the financial year</b>	<b>(1,352)</b>	<b>(719)</b>
Attribution:		
Net profit attributable to shareholder	(1,352)	(719)
Net profit attributable to minority interests	--	1
<b>Net result for the financial year</b>	<b>(1,352)</b>	<b>(718)</b>

\* Some of the comparative figures have been restated for comparison purposes as a result of the decision to transfer Property Finance to NLF.

## Consolidated cash flow statement

In € millions	2013	2012*
<b>Cash flow from operating activities</b>		
Operating profit before taxation	289	127
Net result discontinued operations	(1,536)	(813)
Adjustments for:		
Depreciation and amortisation of fixed assets	19	27



Changes in other provisions	(61)	(65)
Impairment charges / reversals	1,277	1,216
Unrealised results on investments through profit and loss	(106)	(148)
Retained share in the result of associates	725	--
Tax paid	--	--
<b>Change in operating assets and liabilities</b>		
Change in loans and advances to customers	4,556	2,343
Change in loans and advances to banks	(560)	3,725
Change in savings	461	2,473
Change in trading portfolio	143	(717)
Change in other operating activities	(2,879)	(328)
<b>Net cash flow from operating activities</b>	<b>2,328</b>	<b>7,840</b>
<b>Cash flow from investing activities</b>		
Sale of property and equipment	3	7
Sale of subsidiaries	(107)	2
Sale of investment property	23	28
Sale and redemption of investments and derivatives	2,114	2,620
Purchase of intangible fixed assets	(3)	(6)
Purchase of property and equipment	(2)	(5)
Purchase of investments in associates	--	(1)
Purchase of investment property	--	(9)
Purchase of investments and derivatives	(2,594)	(2,919)
<b>Net cash flow from investing activities</b>	<b>(566)</b>	<b>(283)</b>
<b>Cash flow from financing activities</b>		
Issue of shares and share premium	1,900	63
Issue of subordinated loans	--	47
Issues of debt certificates	--	4,685
Redemption of subordinated loans	--	(389)
Redemption of debt certificates	(5,067)	(10,158)
<b>Net cash flow from financing activities</b>	<b>(3,167)</b>	<b>(5,752)</b>
Cash and cash equivalents as at 1 January	6,933	5,128
Cash discontinued operations	(107)	--
Change in cash and cash equivalents	(1,298)	1,805
<b>Cash and cash equivalents as at 31 December</b>	<b>5,528</b>	<b>6,933</b>

Additional disclosure of cash flows from operating activities		
Interest income received	2,913	2,650
Dividends received	1	4
Interest paid	2,040	1,820

*\* Some of the comparative figures have been restated for comparison purposes.*

**Outlook**

The outlook for SNS Bank is included in the chapter 'Outlook 2014' on pages 21 up to and including 23 of the annual report of SNS Bank for the year ended 31 December 2013, which chapter is included by reference in this Prospectus.

## SELECTED FINANCIAL INFORMATION OF SNS REAAL

SNS REAAL's publicly available consolidated audited annual financial statements for the years ended 31 December 2013 (set forth on pages 130 up to and including 352 of the annual report in the English language) and 31 December 2012 (set forth on pages 141 up to and including 372 of the annual report in the English language) (the "**SNS REAAL Financial Statements**") are incorporated by reference into this Prospectus. Except for the information under the headings "Outlook" and "Key Ratios", the information below has been derived from the SNS REAAL Financial Statements.

### Key figures of SNS REAAL

In € millions

<b>Balance Sheet</b>	<b>31-12-2013</b>	<b>31-12-2012</b>
Total assets	124,574	133,663
Investments	33,377	34,175
Investments for account of policyholders	13,440	13,227
Loans and advances to customers	55,032	64,334
Loans and advances to banks	6,392	2,313
Total equity	4,496	3,285
Debt certificates	16,395	22,212
Insurance contracts	40,846	41,769
Savings	33,276	32,815
Amounts due to banks	9,431	11,639
<b>Result</b>		
<b>Income banking operations</b>		
Net interest income	954	702
Net fee and commission income	50	54
Other income	47	79
<b>Total income banking operations</b>	<b>1,051</b>	<b>835</b>
<b>Income insurance operations</b>		
Net premium income	2,967	3,232
Investment income	1,437	1,601
Investment income for account of policyholders	628	1,511
Other income	132	96
<b>Total income insurance operations</b>	<b>5,164</b>	<b>6,440</b>
Other income and eliminations	76	(5)
<b>Total consolidated income</b>	<b>6,291</b>	<b>7,270</b>
<b>Total consolidated expenses</b>	<b>6,737</b>	<b>7,415</b>
Result before taxation	(446)	(145)
Taxation	(32)	10
Net result discontinued operations	(1,536)	(813)
Minority interests	--	4
<b>Net result attributable to shareholders and securityholders</b>	<b>(1,950)</b>	<b>(972)</b>
<b>Net result banking operations</b>	<b>(1,346)</b>	<b>(725)</b>
<b>Net result insurance operations</b>	<b>(623)</b>	<b>(147)</b>

**Net result group activities** **19** **(100)**

**KEY RATIOS**

	<b>31-12-2013</b>	<b>31-12-2012</b>
Double Leverage	114.9%	130.1%
Average number of employees (FTE)**	6,379	6,724
Banking activities:		
Efficiency ratio SNS Bank	49.7%	57.4%
Core Tier 1 ratio*	16.6%	6.1%
Tier 1 ratio*	16.6%	7.7%
BIS ratio*	16.7%	9.3%
Insurance activities:		
New annual premium equivalent (in € millions) **	172	315
Operating cost/premium ratio REAAL **	14.2%	11.9%
Operating cost/premium ratio Zwitserleven **	14.9%	14.5%
Regulatory solvency Insurance activities **	172%	176%
Regulatory solvency SRLEV **	187%	211%
Regulatory solvency Non-Life **	235%	490%

\* Core Tier 1 ratio, Tier 1 ratio and BIS ratio are calculated based on Basel II

\*\* Unaudited

**Summary Consolidated Accounts**

*Consolidated Balance Sheet*

Before result appropriation and in € millions	<b>31-12-2013</b>	<b>31-12-2012</b>
<b>Assets</b>		
Intangible assets	170	1,000
Property and equipment	221	298
Investments in associates	6	49
Investment properties	220	181
Investments	33,377	34,175
Investments for account of policyholders	13,440	13,227
Invested collateral securities lending	--	--
Derivatives	3,065	4,139
Deferred tax assets	1,148	1,360
Reinsurance contracts	3,998	3,185
Property projects	--	416
Loans and advances to customers	55,032	64,334
Loans and advances to banks	6,392	2,313
Corporate income tax	8	101
Other assets	1,075	1,231
Cash and cash equivalents	6,422	7,654
Assets held for sale	--	--
<b>Total assets</b>	<b>124,574</b>	<b>133,663</b>

**Equity and liabilities**

Share capital	469	469
Other reserves*	5,977	2,799
Retained earnings	(1,950)	(972)
Shareholders' equity	<u>4,496</u>	<u>2,363</u>
Equity attributable to securityholders	--	987
Minority interests	--	2
Total equity	<u>4,496</u>	<u>3,352</u>
Participation certificates and subordinated debt	557	1,744
Debt certificates	16,395	22,212
Insurance contracts	40,846	41,769
Provision for employee benefits**	525	527
Other provisions	104	129
Securities lending liabilities	--	--
Derivatives	2,792	3,643
Deferred tax liabilities	476	1,219
Savings	33,276	32,815
Other amounts due to customers	11,844	10,983
Amounts due to the Dutch State	1,100	--
Amounts due to banks	9,431	11,639
Corporate income tax	--	1
Other liabilities	2,732	3,697
<b>Total equity and liabilities</b>	<b><u>124,574</u></b>	<b><u>133,663</u></b>

\* Some of the comparative figures have been restated for comparison purposes as a result of the decision to transfer Property Finance to NLF.

\*\* Some of the comparative figures have been restated for comparison purposes as a result of the amendment to IAS 19 Employee Benefits. In accordance with this amendment, a total of € 89 million is debited to the shareholders' equity and credited to the provision for employee benefits.

**Consolidated Profit and Loss Account**

In € millions	2013	2012*
<b>Income</b>		
Interest income	2,226	2,457
Interest expense	1,178	1,667
Net interest income	<u>1,048</u>	<u>790</u>
Premium income	3,190	3,455
Reinsurance premiums	223	223
Net premium income	<u>2,967</u>	<u>3,232</u>
Fee and commission income	206	205
Fee and commission expense	73	65
Net fee and commission income	<u>133</u>	<u>140</u>

Share in result of associates	2	11
Investment income	1,378	1,525
Investment income for account of policyholders	626	1,510
Result on financial instruments	131	60
Income invested collateral securities lending	6	2
<b>Total income</b>	<b>6,291</b>	<b>7,270</b>
<b>Expenses</b>		
Technical claims and benefits	3,109	2,958
Charges for account of policyholders	1,663	2,266
Acquisition costs for insurance operations	243	268
Staff costs	714	726
Depreciation and amortisation of fixed assets	51	69
Other operating expenses	312	237
Impairment charges/ (reversals)	435	721
Interest expense securities lending	--	--
Other interest expenses	201	161
Other expenses	9	9
<b>Total expenses</b>	<b>6,737</b>	<b>7,415</b>
<b>Result before tax</b>	<b>(446)</b>	<b>(145)</b>
Taxation	(32)	10
<b>Net result continued operations</b>	<b>(414)</b>	<b>(155)</b>
Net result discontinued operations	(1,536)	(813)
<b>Net result for the financial year</b>	<b>(1,950)</b>	<b>(968)</b>
Attribution:		
Net result attributable to shareholder**	(1,950)	(972)
Net result attributable to minority interests	--	4
<b>Net result for the financial year</b>	<b>(1,950)</b>	<b>(968)</b>

\* Some of the comparative figures have been restated for comparison purposes as a result of the decision to transfer Property Finance to NLF.

\*\* The result from discontinued operations of - € 1,536 million (2012: € - 813 million) is attributable entirely to the shareholders. Of the result for continued operations of - € 414 million (2012: - € 155 million) nil euro (2012: - € 109 million) is attributable to the loss absorption / make-whole addition of the core Tier 1 capital securities issued to Stichting Beheer SNS REAAL. The securities of Stichting Beheer SNS REAAL have been expropriated on 1 February 2013 by the Dutch State, and were assigned and transferred by the Dutch State as a contribution of share premium to the ordinary shares of SNS REAAL on 25 February 2013.

#### Consolidated Cash Flow Statement

In € millions	<b>2013</b>	<b>2012</b>
<b>Cash flow from operating activities</b>		
Operating profit before taxation	(446)	(145)
Net result discontinued operations	(1,536)	(813)
Adjustments for:		
Depreciation and amortisation of fixed assets	88	308
Changes in technical provisions own risk	(1,572)	2,509
Changes in other provisions	(304)	(394)

Impairment charges / (reversals)	1,488	721
Unrealised results on investments through profit or loss	(467)	(145)
Retained share in the result of associates	724	(8)
Tax paid/(received)	172	(8)
<b>Change in operating assets and liabilities</b>		
Change in loans and advances to customers	5,257	2,059
Change in loans and advances to banks	(1,482)	4,252
Change in savings	461	2,474
Change in trading portfolio	9	(589)
Change in other operating activities	(1,459)	(2,519)
<b>Net cash flow from operating activities</b>	<b>933</b>	<b>7,702</b>
<b>Cash flow from investing activities</b>		
Sale of property and equipment	3	9
Sale of investments in associates	(92)	1
Sale of investment property	34	32
Sale and redemption of investments and derivatives	11,055	17,519
Purchase of intangible fixed assets	(3)	(18)
Purchase of property and equipment	(31)	(33)
Purchase of investments in associates	--	(1)
Purchase of investment property	--	(11)
Purchase of investments and derivatives	(11,101)	(17,153)
<b>Net cash flow from investment activities</b>	<b>(135)</b>	<b>345</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	2,200	--
Proceeds from issue of securities capital	1,100	--
Proceeds from issue of subordinated loans	--	49
Proceeds from issue of debt certificates	--	4,870
Redemption of subordinated loans	(3)	(513)
Redemption of debt certificates	(5,327)	(10,308)
<b>Net cash flow from financing activities</b>	<b>(2,030)</b>	<b>(5,902)</b>
Cash and cash equivalents as at 1 January	7,654	5,509
Cash discontinued operations	(107)	--
Change in cash and cash equivalents	(1,125)	2,145
<b>Cash and cash equivalents as at 31 December</b>	<b>6,422</b>	<b>7,654</b>
Additional disclosure of cash flows from operating activities		
Interest income received	4,096	3,658
Dividends received	176	143
Interest paid	2,134	2,010

**Outlook**

The outlook for SNS REAAL is included in the chapter 'Outlook 2014' on pages 27 up to and including 31 of the annual report of SNS REAAL for the year ended 31 December 2013, which chapter is included by reference in this Prospectus.



## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise indicated in the applicable Final Terms) be initially represented by a temporary global Note (the "**Temporary Global Note**") (or, if so specified in the applicable Final Terms, a permanent global Note (the "**Permanent Global Note**")), without receipts, interest coupons or talons, which, if it is not intended to be issued in NGN form, as specified in the applicable Final Terms, will either (i) be delivered to a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing systems or (ii) be deposited with Euroclear Nederland and each global Note which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Whilst any Note is represented by a Temporary Global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) has or have given a like certification (based on the certifications it has or they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

On 13 June 2006 the ECB announced that Notes in NGN form are in compliance with the 'Standards for the use of EU securities settlement systems in ESCB credit operations' of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used. Recognition as eligible collateral will also depend on satisfaction of Eurosystem eligibility criteria.

On and after the date (the "**Exchange Date**") which is not less than 40 days nor more than 90 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge) upon request as described therein, either for interests in a Permanent Global Note without receipts, interest coupons or talons, or for Definitive Notes (as indicated in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of the preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under the relevant 'Terms and Conditions of the Notes') the Agent shall arrange that, where a Temporary Global Note representing a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche. In case of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of € 100,000 (or the equivalent thereof) that are not integral multiples of € 100,000 (or the equivalent thereof). So long as such Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, these Notes will be tradeable only in the minimum authorised denomination of € 100,000 increased with integral multiples of € 1,000, notwithstanding that no Definitive Notes will be issued with a denomination over € 199,000.

Definitive Notes will be in the standard euromarket form. Definitive Notes and global Notes will be bearer.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Global Note to or to the order of any Paying Agent without any requirement for certification. A Permanent Global Note (other than a Permanent Global Note deposited with Euroclear Nederland) will, unless otherwise indicated in the applicable Final Terms, be exchangeable (free of charge), in whole in accordance with the applicable Final Terms for security printed Definitive Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made only upon the occurrence of any Exchange Event. An "**Exchange Event**" means (1) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (2) any of the circumstances described in Condition 10 of the applicable Terms and Conditions of the Notes occur or (3) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 of applicable Terms and Conditions of the Notes which would not be required were the Notes represented in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 of applicable Terms and Conditions of the Notes upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event as described in (1) above, Euroclear and/or Clearstream, Luxembourg, acting on the instructions of any holder of an interest in the global Note, may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date of receipt of the relevant notice by the Agent.

Global Notes and Definitive Notes will be issued pursuant to the Agency Agreement. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form. Delivery (*uitlevering*) of definitive Notes represented by a Global Note deposited with Euroclear Nederland shall only be possible in the limited circumstances as described in the Wge (as amended from time to time) and such delivery will be made in accordance with the Wge and the rules and regulations of Euroclear Nederland (as amended from time to time).

The following legend will appear on all Global Notes, Definitive Notes, Receipts and interest Coupons (including Talons) which are subject to TEFRA D selling restrictions:

'Any United States person who holds this obligation will be subject to limitation under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986.'

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss of Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or Euroclear Nederland as the case may be.

Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The following legend will appear on all global Notes held in Euroclear Nederland:

'Notice: This Note is issued for deposit with Euroclear Nederland at Amsterdam, The Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved.'

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 of the applicable Terms and Conditions of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Nederland) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Nederland) will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Nederland) on and subject to the terms of the relevant Global Note. In the case of a Global Note deposited with Euroclear Nederland, the rights of Noteholders will be exercised in accordance with the Wge (as amended from time to time).

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be specified in the applicable Final Terms.

## TAXATION

The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. Prospective purchasers are strongly advised to acquaint themselves as with the overall tax consequences of purchasing, holding and/or selling the Notes. This summary is based on the tax laws, published case law and tax regulations in force in The Netherlands as of the date of this Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

Each Issuer has been advised by its independent tax counsel KPMG Meijburg & Co. that under the existing laws of The Netherlands:

- (a) No Dutch withholding tax will be due on payments of principal and/or interest, or on any other amounts payable under the Notes that may be issued pursuant to the Programme, unless the Notes qualify as debt that is regarded as equity for tax purposes as referred to in Section 10 (1)(d) of the Dutch Corporate Income Tax Act (Wet op de vennootschapsbelasting 1969) or the Notes can be reclassified, partly or wholly, as equity for Dutch tax purposes.
  
- (b) A holder of a Note who derives income from a Note or who realizes a gain on the disposal or redemption of a Note will not be subject to Dutch taxation on such income or capital gains unless:
  - (i) the holder is, or is deemed to be, resident in The Netherlands or has opted to be treated as a resident of The Netherlands; or
  - (ii) such holder has an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative in The Netherlands and the Notes are attributable to this permanent establishment or permanent representative; or
  - (iii) such holder is a legal person, an open limited partnership ("open commanditaire vennootschap"), another company with a capital divided into shares without legal personality or a special purpose fund ("doelvermogen") and has a substantial interest<sup>1</sup> in the relevant Issuer and/or any Seller and such interest does not form part of the assets of an enterprise and the primary objective, or one of the primary objectives of holding the interest is the avoidance of income tax or dividend tax of another party; or
  - (iv) such holder is a legal person, an open limited partnership ("open commanditaire vennootschap"), another company with a capital divided into shares without legal personality or a special purpose fund ("doelvermogen") and has a deemed Netherlands enterprise to which enterprise the Notes are attributable, including but not limited to activities such as serving formally or de facto as a management or supervisory board member of a Dutch resident company; or
  - (v) such holder is an individual and derives benefits from miscellaneous activities carried out in The Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; or
  - (vi) such holder or a person related to the holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of The Netherlands has or is deemed to have substantial interest<sup>1</sup> in the relevant Issuer.

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<sup>1</sup> Generally speaking an interest in an Issuer should not be considered as a substantial interest if the holder of such interest, and if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer.

- (c) No gift, estate or inheritance tax will arise in The Netherlands on the transfer by way of gift or inheritance of the Notes, unless:
- (i) the donor or the deceased at the time of the gift<sup>2</sup> or the death is a resident or a deemed resident of The Netherlands;
  - (ii) the holder dies within 180 days of the time of the gift<sup>2</sup>, and at the time of the death is a resident or a deemed resident of The Netherlands; or
  - (iii) the notes are held by a Note holder which qualifies as a separate private estate ("afgezonderd particulier vermogen") for Dutch tax purposes and the assets of the separate private estate for Dutch tax purposes are allocated to a holder as referred to in section c, subsection (i) or (ii) above;
- (d) There will be no registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty due in The Netherlands other than court fees payable in respect of or in connection with the issue, transfer, execution, delivery and/or enforcement by legal proceedings of the Notes or the performance of the Issuer's obligations under the Notes.
- (e) There will be no value added tax due in The Netherlands in respect of payments made in consideration for the issue of the Notes, whether in respect of the payment of interest and principal or in respect of the transfer of Notes, other than value added tax that could be due with regard to services such as management, administrative and similar services and the handling of verifying documents.
- (f) A holder of Notes will not become, and will not be deemed to be, resident in The Netherlands by the sole virtue of holding such Note or the execution, performance, delivery and/or enforcement of the Notes.
- (g) If the Issuers pay interest directly to, or secure the payment for the immediate benefit of, a Holder that is (i) an individual, (ii) a resident of another EU Member State or designated jurisdiction and (iii) the beneficial owner of that interest, they must verify the Holder's identity and place of residence and provide information regarding that Holder and the interest payments concerned to the Dutch tax authorities. This obligation does not apply if the interest is paid to, or secured for the benefit of, a Holder via a bank or other paying agent as defined in Dutch tax law.

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<sup>2</sup> In case of a gift under a suspensive condition, the time of the gift is deemed to be the date of the fulfillment of the condition.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealership agreement dated on or about 7 May 2014 (the "**Dealership Agreement**") (as supplemented from time to time) agreed with each Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under 'Form of the Notes' and 'Terms and Conditions of the Notes' above. In the Dealership Agreement, each Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year:
  - 1. it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - 2. it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to communicate, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the relevant Issuer would not, if it was not an authorised person, apply to that Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

To the extent article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**Wft**") will be applied, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in The Netherlands (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in The Netherlands which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in The Netherlands:

- a) following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in The Netherlands or, where appropriate, approved in another Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") and notified to the competent authority in The Netherlands in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;
- b) at any time to any legal entity which is a qualified investor as defined in the Wft,

provided that no such offer of Notes referred to in (b) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in The Netherlands in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in The Netherlands by any measure implementing the Prospectus Directive in The Netherlands, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State),



and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### **United States of America**

1. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act ("**Regulation S**"). Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates (as defined in Rule 405 under the Securities Act) or any person acting on its or their behalf has offered and sold any Notes, and will offer and sell any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and notified as provided below, only in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has further represented and agreed that it, its affiliates and any person acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche subscribed for by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and notify to the Agent the completion of the distribution by it of the Notes of such Tranche. On the basis of such notification or notifications, the Agent will notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*'The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and notified by the Agent to the [name of the relevant Dealer], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them in Regulation S.'*

Terms used in this subclause 1 have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

2. In addition (but only in relation to Notes with an initial maturity in excess of 365 days that are treated as issued in bearer form for US federal income tax purposes):

*where TEFRA D is specified in the applicable Final Terms:*

- (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its

- possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
  - (c) if it is a United States person, each Dealer represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
  - (d) with respect to each affiliate that acquires Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph 1(2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

*where TEFRA C is specified in the applicable Final Terms:*

Each Dealer understands that under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, the Dealer has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or the prospective purchaser is within the United States or its possessions or otherwise involve a U.S. office of the Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph 1(2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

3. Each issue of Dual Currency Notes shall be subject to any additional U.S. selling restrictions set out in the applicable Final Terms. Each relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended from time to time, the "**FIEA**") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except under circumstances which will result in compliance with the FIEA and other relevant laws, regulations and guidelines of Japan in effect at the relevant time.

### **Zero Coupon Notes**

In addition and without prejudice to the relevant restrictions set out above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the relevant Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with

the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended from time to time) and its implementing regulations.

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

#### **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or deliveries and neither of the Issuers shall have any responsibility therefore. Neither of the Issuers nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer will be required to comply with any other additional restrictions set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and each future issue under the Programme were duly authorized by a resolution of the Management Board of SNS Bank dated 1 April 2014 and by a resolution of the Executive Board of SNS REAAL dated 1 April 2014 approved by a resolution of the Supervisory Board of SNS REAAL dated 10 April 2014. All consents, approvals, authorizations or other orders of all regulatory authorities required by each Issuer under the laws of The Netherlands have been or will be obtained for the issue of Notes and for the relevant Issuer to undertake and perform their respective obligations under the Dealership Agreement, Agency Agreement and the relevant Notes.

### 403-guarantee

SNS REAAL has provided 403-guarantees for SNS Bank, SNS Asset Management N.V., SNS Beleggingsfondsen Beheer B.V., SNS Global Custody N.V., SNS REAAL Invest N.V., and for some of the subsidiaries of SNS Bank. SNS REAAL also provided 403-guarantees for SNS Verzekeringen B.V. and Foresta Investerings Maatschappij N.V.

REAAL N.V. has provided 403-guarantees for some of its subsidiaries.

SNS Bank has issued 403-guarantees for ASN Bank N.V., RegioBank N.V., Pettelaar Effectenbewaarbedrijf N.V. and SNS Securities N.V.

SNS REAAL has provided a 403-guarantee for SNS Bank. In this guarantee SNS REAAL declares itself to be jointly and severally liable for legal acts executed by SNS Bank. A copy of this guarantee can be obtained at the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*).

Following the share transfer of the shares of Property Finance via the Dutch State to NLFI on 31 December 2013, SNS Bank withdrew the 403-guarantee (exemption from filing and publishing financial statements) for Property Finance on 31 December 2013 and initiated the proceedings provided for in Article 2:404 of the Dutch Civil Code to terminate the remaining guarantees. SNS Bank and SNS REAAL, respectively, also withdrew the 403-guarantees for four subsidiaries of Property Finance on 31 December 2013, and initiated the proceedings to terminate the remaining guarantees.

Some creditors have objected to the termination of the remaining guarantees. SNS Bank issued separate guarantees to a number of counterparties of Property Finance in the past. Following the withdrawal of the 403 declaration and termination of the remaining commitments arising from the 403 declaration, these guarantees will remain in place. SNS Bank expects Property Finance to be able to meet its obligations to these counterparties as Property Finance is adequately capitalised at the time of the share transfer. SNS Bank, therefore, deems it unlikely that a guarantee will be invoked. Some counterparties of Property Finance who conduct legal proceedings against Property Finance have thereby also arraigned SNS REAAL and/or SNS Bank. The legal basis of this is unclear and SNS REAAL and SNS Bank consider the potential success of these claims against SNS REAAL and/or SNS Bank to be limited. No specific agreements were made about these claims upon the transfer of Property Finance on 31 December 2013.

### Significant or material adverse change

There has been no significant change in the financial or trading position of SNS REAAL and its subsidiaries other than at SNS Bank, due to the transfer of SNS Bank's former segment Property Finance (as further described under the heading 'Company Structure and Profile' above) and there has been no material adverse change in the

prospects of SNS REAAL since 31 December 2013, the last day of the financial period in respect of which audited financial statements of SNS REAAL have been prepared.

There has been no significant change in the financial or trading position of SNS Bank and its subsidiaries other than due to the transfer of its former segment Property Finance (as further described under the heading 'Company Structure and Profile' above) and there has been no material adverse change in the prospects of SNS Bank since 31 December 2013, the last day of the financial period in respect of which audited financial statements of SNS Bank have been prepared.

### **Legal proceedings**

Save as disclosed under 'Legal Proceedings' on pages 59-60, there have not been any governmental, legal and arbitration proceedings (including any such proceedings which are pending or threatened of which SNS REAAL or SNS Bank is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in such period a significant effect on the financial position or profitability of SNS REAAL or SNS Bank.

### **Listing**

Application may be made to Euronext Amsterdam for Notes to be issued under the Programme up to the expiry of 12 months from the date of this Prospectus to be admitted to listing and trading on NYSE Euronext in Amsterdam. In addition, Notes issued under the Programme may be listed or admitted to trading on the Luxembourg Stock Exchange. The Issuers may also issue unlisted Notes under the Programme.

### **Documents Available**

So long as Notes are outstanding under the Programme, copies of the following documents will, when published, be available free of charge from the registered office of the Issuers, from the specified office of the Agent and the Other Paying Agent, from the specified offices of The Netherlands Listing Agent and the Luxembourg Listing Agent and at the Amsterdam office of the Issuers at Nieuwezijds Voorburgwal 162, Amsterdam, The Netherlands:

- (i) the Dutch language version and an English translation of the most recent articles of association of the Issuers;
- (ii) the audited annual reports of the Issuers for the three most recent financial years and the most recently available unaudited (semi-annual) interim financial statements (in English) of the Issuers;
- (iii) the Dealership Agreement and the Agency Agreement (which contains the forms of the temporary and permanent global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);
- (iv) a copy of this Prospectus;
- (v) any future prospectuses, offering circulars, supplementary listing particulars, information memoranda, supplements to this Prospectus and any other documents incorporated herein or therein by reference; and
- (vi) the applicable Final Terms for each Tranche of Notes which are offered to the public or admitted to trading on a regulated market.

### **Clearing and Settlement Systems**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and LCH.Clearnet S.A. (the securities clearing corporation that serves NYSE Euronext in Amsterdam). The appropriate common code and ISIN for each Tranche allocated by Euroclear, Clearstream, Luxembourg and LCH.Clearnet S.A., and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

### **Clearing systems addresses**

The address of Euroclear is 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg. The address of Euroclear Nederland

is Herengracht 459 - 469, 1017 BS Amsterdam, The Netherlands. The address of LCH.Clearnet Group Ltd. is Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.

## **Ratings**

### *Description of the ratings*

The description below is based on the explanation of the meaning of the ratings as this has previously been published by the respective rating providers themselves.

### **Rating definitions Fitch:**

#### Long-Term Ratings

- A: High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
- BBB: Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

#### Short-Term Ratings

- F1: Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
- F2: Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

### **Rating definitions Moody's**

#### Long-Term Ratings

- Baa: Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
- Ba: Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

#### Short-Term Ratings

- Prime-1 (P-1): Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
- Prime-2 (P-2): Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.
- Prime-3 (P-3): Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term debt obligations.

### **Rating definitions Standard & Poor's**

#### Long-Term Ratings

- A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- BB: An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Plus (+) or minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

#### Short-Term Ratings

- A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
- A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.
- A-3: A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

#### *Ratings of the Notes*

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Senior Notes issued under the Programme and will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Ratings and expected ratings in relation to SNS REAAL and SNS Bank and certain notes are stated in the chapter headed 'SNS REAAL N.V. and SNS Bank N.V.', section 'Rating Agencies'.

#### *Ratings of the Issuers*

Ratings and expected ratings in relation to SNS REAAL and SNS Bank and certain notes are stated in the chapter headed 'SNS REAAL N.V. and SNS Bank N.V.', section 'Rating Agencies'.

#### **CRA Regulation**

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

As of the date of this Prospectus, each of Fitch, Standard & Poor's and Moody's is established in the European Union and is registered under the CRA Regulation. Each credit rating applied for in relation to a tranche of Notes

will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

The rating of a certain Series or Tranche of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether a credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed clearly and prominently in the applicable Final Terms.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the AFM or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) SNS Bank's publicly available financial statements and auditors report for the years ended 31 December 2013 (set forth on pages 70 up to and including 205 and pages 206 and 207 of its 2013 annual report) and 31 December 2012 (set forth on pages 73 up to and including 204 and pages 207 and 208 of its 2012 annual report);
- (b) SNS Bank's unaudited interim financial report 2013 (excluding the second bullet under the heading "Strong improvement solvency SNS Bank NV due to nationalisation measures" on the cover page, the heading and the bullets under "Net loss of € 1,789 million at Property Finance" on the cover page, paragraph 2.2.2 and Chapter 4) published by SNS Bank by means of a press release on 15 August 2013;
- (c) The transparency statement in respect of the consolidated and company financial statements of SNS Bank issued by the Management Board of SNS Bank set forth on page 69 of its 2013 annual report and on page 72 of its 2012 annual report.
- (d) SNS Bank's articles of association as per the date of approval of this Prospectus (in the original Dutch language version as well as in English translation);
- (e) In respect of SNS Bank, only to the extent they apply to Fixed Rate Notes, Floating Rate Notes, Dual Currency Notes and Zero Coupon Notes, (i) the terms and conditions set forth on pages 83 up to and including 111 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 14 June 2012, (ii) the terms and conditions set forth on pages 116 up to and including 133 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 11 July 2011, (iii) the terms and conditions set forth on pages 86 up to and including 116 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 9 July 2010, (iv) the terms and conditions set forth on pages 78 up to and including 107 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 8 June 2009, and (v) the terms and conditions set forth on pages 62 up to and including 91 of the prospectus relating to the Programme of SNS Bank dated 18 April 2008, and (vi) the terms and conditions set forth on pages 58 up to and including 85 of the prospectus relating to the Programme of SNS Bank dated 19 April 2007;
- (f) The Chapter 'Outlook 2014' on pages 21 up to and including 23 of SNS Bank's 2013 annual report;
- (g) SNS REAAL's publicly available financial statements and auditors report for the years ended 31 December 2013 (set forth on pages 130 up to and including 353 and pages 355 and 356 of its 2013 annual report) and 31 December 2012 (set forth on pages 141 up to and including 366 and pages 369 and 370 of its 2012 annual report);
- (h) SNS REAAL's unaudited interim financial report 2013 (excluding "Pro forma core Tier 1 ratio amounts to 16.3%" in the first bullet under the heading "Strong improvement solvency SNS Bank and decrease double leverage SNS REAAL due to Nationalisation Measures; Insurance solvency slightly lower" on the cover page, the second bullet under the heading "Net loss of € 1,789 million at Property Finance" on the cover page, paragraph 3.2.5 and any and all reference to the pro forma figures in paragraphs 1.1 and 10.1) published by SNS REAAL by means of a press release on 15 August 2013;
- (i) The transparency statement in respect of the consolidated and company financial statements of SNS REAAL issued by the Executive Board of SNS REAAL set forth on page 140 of the 2012 annual report and on page 129 of the 2013 annual report respectively;
- (j) SNS REAAL's articles of association as per the date of approval of this Prospectus (in the original Dutch language version as well as in English translation);
- (k) In respect of SNS REAAL, only to the extent they apply to Fixed Rate Notes, Floating Rate Notes, Dual Currency Notes and Zero Coupon Notes, (i) the terms and conditions set forth on pages 130 up to and including 157 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 14 June

2012, (ii) the terms and conditions set forth on pages 134 up to and including 161 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 11 July 2011, (iii) the terms and conditions set forth on pages 134 up to and including 162 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 9 July 2010, (iv) the terms and conditions set forth on pages 125 up to and including 154 of the prospectus relating to the Programme of SNS Bank and SNS REAAL dated 8 June 2009, (v) the terms and conditions set forth on pages 80 up to and including 112 of the prospectus relating to the Programme of SNS REAAL dated 16 July 2008 and (vi) the terms and conditions set forth on pages 71 up to and including 101 of the prospectus relating to the Programme of SNS REAAL dated 25 June 2007;

- (l) The Chapter 'Outlook 2014' on pages 27 through 31 of SNS REAAL's annual report 2013;
- (m) The Trading Update for the first quarter of 2013 published by SNS REAAL on 6 June 2013, as set out in its press release in relation to the publication of its annual report 2012 on page 22-25 (excluding any and all references to pro forma figures in paragraph 4.3);
- (n) A press release published by SNS REAAL on 23 August 2013 regarding a restructuring plan for SNS REAAL;
- (o) A press release published by SNS REAAL on 19 December 2013 regarding the final decision of the European Commission on the nationalisation measures for SNS REAAL; and
- (p) A press release published by SNS REAAL on 13 February 2014 regarding the 2013 annual results.

These documents can be obtained without charge at the offices of the Issuers (SNS REAAL N.V. and SNS Bank N.V., Croeselaan 1, 3521 BJ Utrecht, The Netherlands, SNS REAAL Investor relations, tel: +31 30 291 42 46, [investorrelations@snsreaal.nl](mailto:investorrelations@snsreaal.nl)) and the Agent (Banque Internationale à Luxembourg SA, 69 Route d'Esch, L-2953 Luxembourg, Luxembourg, Transaction Execution Group, tel: +352 4590 1), each as set out at the end of this Prospectus. In addition all these documents and the Prospectus are available on the Issuers' website at [www.snsreaal.com](http://www.snsreaal.com), under the heading 'investor relations' - 'funding programmes'.

The non-incorporated parts of the documents mentioned above are either not relevant for the investor or covered elsewhere in this Prospectus.

## CHAPTER 2: NOTES ISSUED BY SNS BANK

### PART 1: TERMS AND CONDITIONS

*The following are the Terms and Conditions of Notes to be issued by SNS Bank which will be incorporated by reference into each global Note and which will be endorsed on (or, if permitted by the rules of the relevant stock exchange and agreed between SNS Bank and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note in the standard euromarket form. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a series of Notes issued by SNS Bank N.V. (the "**Issuer**", which expression shall include any Substituted Debtor pursuant to Condition 17) pursuant to the Agency Agreement (as defined below). References herein to the "**Notes**" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated on or about 7 May 2014 (as supplemented from time to time, the "**Agency Agreement**") and made between the SNS Bank N.V., SNS REAAL N.V., Banque Internationale à Luxembourg SA ("**BIL**") as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to "**Noteholders**" shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective deposits held by Euroclear Nederland or one of its participants.

References in these Terms and Conditions to "**Coupons**" will include references to Coupon sheets where applicable.

The Final Terms for this Note are endorsed hereon, attached hereto, applicable hereto or incorporated by reference herein and supplement these Terms and Conditions.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranche of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement and the applicable Final Terms are available at the specified offices of each of the Agent and the other Paying Agents save that Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant

Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

#### *General Definitions*

In these Terms and Conditions the following expressions shall have the following meanings.

<b>Additional Financial Centre</b>	any financial centre, specified as such in the applicable Final Terms.
<b>Accrual Yield</b>	the accrual yield specified as such in the applicable Final Terms.
<b>Additional Business Centre</b>	any business centre, specified as such in the applicable Final Terms.
<b>Amortised Face Amount</b>	has the meaning specified in Condition 7.(f)(iii).
<b>Broken Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Business Day</b>	a day which is both: (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and (B) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Business Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating. In these Conditions, "TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.
<b>Business Day Convention</b>	The Following Business Day Convention, Modified Following Business Day Convention, No Adjustment or the Preceding Business Day Convention as specified in the applicable Final Terms.
<b>Calculation Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Change of Interest Basis Option</b>	has the meaning specified in Condition 5.(e).
<b>Change of Interest Basis Option Date</b>	the date specified as such in the applicable Final Terms.

<b>Clearstream, Luxembourg</b>	Clearstream Banking, société anonyme.
<b>Day Count Fraction</b>	in respect of the calculation of an amount of interest for any Interest Period: any day count fraction specified as such in the applicable Final Terms calculated in accordance with the method set out in Condition 5.(a) or 5.(b) as applicable.
<b>Determination Period</b>	means the period from and including an Interest Payment Date in any year to, but excluding, the next Interest Payment Date; and if "30/360" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30- day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
<b>DNB</b>	the Dutch Central Bank ( <i>De Nederlandsche Bank N.V.</i> )
<b>Dual Currency Note</b>	a Note in respect of which payments of interest and/or principal (as indicated in the applicable Final Terms) will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the exchange rate ("Rate of Exchange") used to calculate payments of interest or principal will be indicated in the applicable Final Terms.
<b>Early Redemption Amount</b>	an amount calculated in accordance with Condition 7.(f).
<b>Established Rate</b>	the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty.
<b>EURIBOR</b>	the Euro-zone inter-bank offered rate.
<b>euro</b>	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty on the functioning of the European Union, as amended from time to time, and as defined in article 2 of Council Regulation (EC) no.974/98 of 3 May 1998 on the introduction of the euro as amended from time to time.
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Event of Default</b>	has the meaning specified in Condition 10.
<b>Exchange Notice</b>	has the meaning specified in Condition 4.(a).
<b>Extraordinary Resolution</b>	means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions in the Agency Agreement contained by a majority consisting of not less than 75 per cent. of the persons voting thereat upon

	a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll.
<b>Final Redemption Amount</b>	an amount specified as such in the applicable Final Terms.
<b>Fixed Coupon Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Fixed Rate(s) of Interest</b>	the Fixed Rate(s) of Interest specified as such in the applicable Final Terms.
<b>Fixed Rate Note</b>	any Note to which a Fixed Rate of Interest applies as specified in the applicable Final Terms.
<b>Floating Rate Convention</b>	has the meaning specified in Condition 5.(b)(i)(B).
<b>Floating Rate Note</b>	any Note to which a Floating Rate applies as specified in the applicable Final Terms.
<b>Following Business Day Convention</b>	has the meaning specified in Condition 5.(a) or 5.(b) as applicable.
<b>Initial Interest Basis</b>	the initial interest basis as specified in the applicable Final Terms.
<b>Instalment Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Instalment Date(s)</b>	the date(s) specified as such in the applicable Final Terms.
<b>Instalment Note</b>	a Note that may be redeemable in instalments as specified in the applicable Final Terms.
<b>Interest Amount</b>	has the meaning specified in Condition 5.(b)(iv).
<b>Interest Basis Option Period</b>	the interest basis option period as specified in the applicable Final Terms.
<b>Interest Commencement Date</b>	the Issue Date unless otherwise specified in the applicable Final Terms.
<b>Interest Determination Date</b>	means the applicable interest determination date as specified in the applicable Final Terms.
<b>Interest Payment Date(s)</b>	means the applicable interest payment date(s) as specified in the applicable Final Terms.
<b>Interest Period</b>	means the applicable interest period as specified in the applicable Final Terms.
<b>ISDA Determination</b>	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.(b)(ii)(a).
<b>Issue Date</b>	the issue date specified as such in the applicable Final Terms.
<b>Issue Price</b>	the issue price of the Notes specified as such in the applicable Final Terms.
<b>Issuer</b>	SNS Bank N.V. and any Substituted Debtor pursuant to Condition 17).
<b>LIBOR</b>	the London inter-bank offered rate.
<b>Long Maturity Note</b>	has the meaning specified in Condition 6.(b).
<b>Margin</b>	the margin applicable to the Notes specified as such in the applicable Final Terms.
<b>Material Subsidiary</b>	means any subsidiary, direct or indirect, of the Issuer which is a bank or an insurer within the meaning of the Wft and is supervised by DNB.

<b>Maturity Date</b>	the date of maturity of the Notes as specified in the applicable Final Terms.
<b>Maximum Rate of Interest</b>	the maximum rate of interest specified as such in the applicable Final Terms.
<b>Maximum Redemption Amount</b>	the maximum redemption amount specified as such in the applicable Final Terms.
<b>Minimum Rate of Interest</b>	the minimum rate of interest specified as such in the applicable Final Terms or if no such rate is stated the Minimum Rate of Interest shall be deemed zero.
<b>Minimum Redemption Amount</b>	the minimum redemption amount specified as such in the applicable Final Terms.
<b>Modified Following Business Day Convention</b>	has the meaning specified in Condition 5.(a) or 5.(b) as applicable.
<b>Optional Redemption Amount</b>	an amount (if any) specified as such in the applicable Final Terms.
<b>Optional Redemption Date(s)</b>	if specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event Redemption at the Option of the Issuer is applicable) or by the Noteholders to the Issuer (in the event Redemption of Notes at the Option of the Noteholders is declared applicable).
<b>Part Payment Amount</b>	means the amount specified as such in the applicable Final Terms.
<b>Part Payment Date</b>	means the date specified as such in the applicable Final Terms.
<b>Payment Day</b>	has the meaning specified in Condition 6.(c).
<b>Preceding Business Day Convention</b>	has the meaning specified in Condition 5.(a) or 5.(b) as applicable.
<b>Rate of Exchange</b>	means the exchange rate specified as such in the applicable Final Terms.
<b>Rate(s) of Interest</b>	either the Fixed Rate of Interest or Floating Rate of Interest as specified in the applicable Final Terms.
<b>Redeemed Notes</b>	has the meaning specified in Condition 7.(c).
<b>Redenomination Date</b>	means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which in case of (i) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (ii) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender.
<b>Reference Price</b>	the reference price specified as such in the applicable Final Terms.
<b>Reference Rate</b>	the rate specified as such in the applicable Final Terms being either EURIBOR or LIBOR.
<b>Relevant Date</b>	has the meaning specified in Condition 8.

<b>Relevant Screen Page</b>	such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms.
<b>Relevant Time</b>	the time specified as such in the applicable Final Terms.
<b>Senior Note</b>	any Note issued by the Issuer that will constitute unsecured and unsubordinated obligations of the Issuer and that will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.
<b>Screen Rate Determination</b>	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5(b)(ii)(b).
<b>Selection Date</b>	has the meaning specified in Condition 7.(c).
<b>Specified Currency</b>	the currency of the Notes specified as such in the applicable Final Terms.
<b>Specified Denomination</b>	the denomination of the Notes specified as such in the applicable Final Terms.
<b>Specified Interest Payment Date</b>	the interest payment date indicated as such in the applicable Final Terms.
<b>Specified Period</b>	has the meaning specified in Condition 5.(b)(i)(B).
<b>Subordinated Notes</b>	Notes issued by the Issuer that will constitute unsecured subordinated obligations of the Issuer. Subordinated Notes of one Series will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.
<b>Subsequent Interest Basis</b>	subject to the conditions set out in Condition 5.(e) the interest basis indicated as such in the applicable Final Terms that shall commence to apply upon exercise of the the Change of Interest Basis Option.
<b>sub-unit</b>	means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.
<b>Treaty</b>	means the Treaty on the functioning of the European Union, as amended from time to time.
<b>Wft</b>	means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> )
<b>Zero Coupon Notes</b>	notes during the term of which no interest shall become due and payable. The applicable Final Terms will specify whether the Tranche constitutes Zero Coupon Notes or not.



1. **Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the Specified Form(s) save that in the case of any Note the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of the issue of the Notes).

Each Note is a Senior Note or a Subordinated Note, as indicated in the applicable Final Terms.

Each Note is either a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Note or an Instalment Note or a combination of any of the foregoing, as indicated in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, (unless otherwise indicated in the applicable Final Terms) unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. For Notes held by Euroclear Nederland, deliveries will be made in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer, "Wge"*) (as amended from time to time). Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of a manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depositary for Euroclear or Clearstream, Luxembourg or by a common safekeeper will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Nederland.

## 2. **Status of the Senior Notes and Negative Pledge**

### (a) **Status of the Senior Notes**

The Senior Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.

### (b) **Negative Pledge**

This Condition 2(b) applies only to Senior Notes (unless otherwise specified in the applicable Final Terms). So long as any Senior Note remains outstanding (as defined in the Agency Agreement), the Issuer will not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of any person without at the same time or prior thereto securing the Senior Notes equally and rateably therewith or providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In this Condition:

**"Relevant Indebtedness"** means:

- (a) any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock or certificate in physical form which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and
- (b) any guarantee or indemnity in respect of any such indebtedness.

**"Permitted Encumbrance"** means an Encumbrance over mortgage loans and mortgage receivables of the Issuer or its subsidiaries.

**"Encumbrance"** means any mortgage, charge, pledge, lien or other encumbrance.

**"Material Subsidiary"** means any subsidiary, direct or indirect, of the Issuer which is a bank or an insurer within the meaning of the Wft and is supervised by DNB.

## 3. **Status and Characteristics relating to Subordinated Notes**

The Subordinated Notes and the relative Receipts and Coupons constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory and/or overriding provisions of law.

The claims of the holders of the Subordinated Notes of each Series and the relative Receipts and Coupons (the **"Subordinated Holders"**) against the Issuer are (i) in the event of the liquidation or bankruptcy of the Issuer or (ii) in the event that a competent court has declared that the Issuer is in a situation which requires emergency measures (*noodregeling*) in the interests of all creditors, as referred to in Part 3.5.5 of the Wft

and for so long as such situation is in force (such situation being hereinafter referred to as a "**Moratorium**"), subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, and (c) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Holder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of the Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

The Subordinated Notes may qualify as tier 2 capital ("**Tier 2 Notes**") for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

#### **4. Redenomination**

##### **(a) Redenomination**

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes, the Receipts and the Coupons denominated in the Specified Currency (or Specified Currencies) (each the "**Old Currency**") shall be redenominated in another currency (the "**New Currency**") being either euro, or, in the event of redenomination upon the occurrence of a Convertibility Event, a currency other than euro, as the case may be.

The election will have effect as follows:

- (i) the Notes, the Receipts and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of euro 0.01, or its equivalent in another currency, with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into the New Currency at the Established Rate provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01 or its equivalent in another currency;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in denominations of €100,000, or any of its equivalents in another currency, and such other denominations (of at least €100,000) as the Agent shall, in consultation with the Issuer, determine and notify to the Noteholders;

- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") to the Noteholders in accordance with Condition 14 that replacements of Old Currency denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent, in consultation with the Issuer, may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) on or after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Notes to the Specified Currency were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 5(a)), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Notes are Floating Rate Notes, the Issuer may adjust the reference rate of the Notes to any of LIBOR or EURIBOR and, if required, any or all Interest Payment Dates as it deems necessary in accordance with the then pertaining market practice taking into account the redenomination and in order to preserve the economic equivalent of the obligations of the Issuer in respect of interest under such Notes; and
- (viii) the applicable Final Terms will specify the exact date on which the redenomination will occur in case the Notes were issued in a currency other than euro and in a currency in which the TARGET2 System does not apply.

**(b) Definitions**

In these Conditions, the following expressions have the following meanings:

"**Convertibility Event**" means the determination by the national government of the country in the currency of which the Notes were issued, that such currency is substituted by another currency;

**"Established Rate"** means the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty and as defined in article 2 of Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;

**"Redenomination Date"** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which in case of (i) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (ii) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender; and

**"Treaty"** means the Treaty on the functioning of the European Union, as amended from time to time.

## **5. Interest**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date (if that does not fall on an Interest Payment Date).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date or the Maturity Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

- (4) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Calculation Period**"), such interest shall be calculated by applying the fixed Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

For the purposes of these Conditions, "**Fixed Day Count Fraction**" means:

- (i) If "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms, it means:
- (a) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (b) where the Calculation Period is longer than one Determination Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including an Interest Payment Date in any year to, but excluding, the next Interest Payment Date; and

- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

Calculation of interest amount: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

"**Calculation Amount**" has the meaning ascribed to it in the Final Terms;

**(b) Interest on Floating Rate Notes**

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year; or

(B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention is specified:

(1) in any case where Specified Periods are specified in accordance with Condition 5 (b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in

which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (5) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Business Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.

(ii) Rate of Interest

The rate of interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(a) *ISDA Determination For Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as amended and



updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words 'are open for' in the second line before the word 'general' and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

When this sub-paragraph (a) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (a).

(b) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. The following summarizes the most relevant provisions of the Agency Agreement with regard to this matter. In such an event the Agent shall request the principal London office of each of the Reference Banks (as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at

approximately the Relevant Time on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

The expression "**Reference Banks**" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes in respect of each Calculation Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

"**Floating Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/Actual (ISDA)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other

than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Interest on Dual Currency Notes**

In the case of Dual Currency Notes, payments by the Issuer of interest and/or principal (as indicated in the applicable Final Terms) will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the exchange rate ("**Rate of Exchange**") used to calculate payments of interest or principal will be indicated in the applicable Final Terms.

(d) **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

(e) **Change of Interest Basis Option**

If "Change of Interest Basis Option" is specified as applicable in the applicable Final Terms, after having given notice to the stock exchange where the Notes are listed, the Issuer will have to give:

- (1) notice to the Noteholders in accordance with Condition 14, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Change of Interest Basis Option shall be effective; and
- (2) notice to the Agent, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Change of Interest Basis Option shall be effective, (both of which notices shall be irrevocable) exercise the Change of Interest Basis Option upon which exercise the Interest Basis of the Notes changes from the Initial Interest Basis (which shall cease to apply) to the Subsequent Interest Basis (which shall commence to apply), effective as of the Change of Interest Basis Option Date immediately following the date on which the notice referred to above is given.

## **6. Payments**

### **(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, in the case of Australian dollars, shall be Sydney, in the case of New Zealand dollars, shall be Wellington, in the case of Hong Kong dollars, shall be Hong Kong and in the case of Japanese yen, shall be Tokyo); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

### **(b) Presentation of Notes, Receipts and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States but for certain limited circumstances described below.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will

become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note to or to the order of any Paying Agent. On each occasion on which a payment of principal or interest is made in respect of a Classic Global Note, the payment is noted in a schedule thereto and in respect of a New Global Note the payment is entered pro rata in the record of Euroclear and Clearstream, Luxembourg.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note. Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

**(c) Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes "Payment Day" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Financial Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating.

**(d) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

**7. Redemption and Purchase**

**(a) At Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date or by instalments in the Instalment Amount(s) and on the Instalment Date(s) specified in the applicable Final Terms (in the case of a Note redeemable in instalments, an "**Instalment Note**").



(b) *Redemption for Tax Reasons*

- (i) Subject as provided in paragraph (f) below Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Specified Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment (i) becomes effective on or after the Issue Date of the first Tranche of the Notes and (ii), with respect to Subordinated Notes only, insofar applicable, to the satisfaction of DNB or other relevant authority is material and was not reasonably foreseeable at the Issue Date.
- (ii) Subject as provided in paragraph (f) below Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if it becomes or will within 21 days become unlawful for the Issuer to have Notes outstanding or make payments on the Notes as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any change in the application of official interpretation of such laws or regulations or in the position of any regulator, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the Option of the Issuer*

If the Issuer is specified in the applicable Final Terms as having an option to redeem, the Issuer may, subject as provided in paragraph (f) below and having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or the Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor of a reduction in principal amount at their discretion) and/or Euroclear Nederland, in the case of Redeemed Notes represented by a global Note, in each case not more than 30

days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) *Redemption of Notes at the Option of the Noteholders*

Subject as provided in paragraph (e) below, if the Noteholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note its holder must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) *Redemption for regulatory purposes of Subordinated Notes*

If "Regulatory Call" is specified in the applicable Final Terms and if the Issuer notifies the Noteholders immediately prior to the giving of notice referred to below that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes) or DNB or other relevant authority has determined that the whole or at least the minimum percentage of the outstanding nominal amount of the Notes, as specified in the applicable Final Terms, is fully excluded from qualifying as Tier 2 capital of the Issuer for the purposes of the regulatory capital rules applicable to the Issuer at the relevant time (other than the regulatory capital rules in force on the Issue Date of the Notes), then the Issuer may, subject to (i) DNB or other relevant authority being satisfied that such disqualification as Tier 2 capital was not reasonably foreseeable at the Issue Date and (ii) the prior consent of DNB or other relevant authority provided that at the relevant time such consent is required, and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Noteholders redeem, in accordance with the Terms and Conditions, all, but not some only, of the Notes on the Optional Redemption Date(s) specified in the applicable Final Terms at the

Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any) to but excluding the Optional Redemption Date.

(f) *Early Redemption Amounts*

Subject to paragraph (k) below, for the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;
- (iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to the product of:
  - (A) the Reference Price; and
  - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of x, where 'x' is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Notes become due and repayable and the denominator of which is 360.

(g) *Instalments*

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Date. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(h) *Purchases*

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. The purchase by the Issuer or any of its subsidiaries of Subordinated Notes qualifying as Tier 2 Notes shall be subject to the prior written consent of DNB, provided that at the relevant time such consent is required to be given and shall be in compliance with all applicable laws and regulations (including CRD IV as then in effect).

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

(j) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 14.

(k) *Condition to Redemption or Purchase of Subordinated Notes*

Subordinated Notes that are included for capital adequacy purposes in Tier 2 capital may only be redeemed or purchased after the Issuer has obtained written consent of DNB provided that at the relevant time such consent is required, and subject to applicable law and regulation (including CRD IV and any delegated or implementing acts, laws, regulations, regulatory technical standards, rules or guidelines once in effect in the Netherlands and as then in effect).

**8. Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction;

except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or

- (ii) by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

#### **9. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the Relevant Date (as defined in Condition 8) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

#### **10. Events of Default**

If (in the case of an issue of Senior Notes) any one or more of the following events or (in the case of an issue of Subordinated Notes) either or both of the events specified in (iv) (b) and (v) (b) (each an "**Event of Default**") shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) (a) any indebtedness for money borrowed or raised (in an aggregate principal amount equal to or greater than euro 25,000,000 or its equivalent in other currencies) of the Issuer or any Material Subsidiary is not paid when due or, as the case may be, within any originally applicable grace period, (b) any such indebtedness of the Issuer or any Material Subsidiary in an aggregate principal amount as aforesaid becomes, or becomes capable of being declared, due and payable prior to its stated maturity other than at the option of the Issuer or any such subsidiary or (c) the Issuer or any

Material Subsidiary fails to pay when due any amount payable by it under any guarantee or indemnity given by it in respect of any indebtedness for money borrowed or raised in an aggregate principal amount as aforesaid; or

- (iv) (a) the Issuer or any Material Subsidiary is declared bankrupt, or a declaration in respect of the Issuer or any Material Subsidiary is made as referred to in Part 3.5.5 of the Wft;  
(b) the Issuer is declared bankrupt or a declaration in respect of the Issuer under Article 3:163(1)(b) of the Wft is made by a competent court; or
- (v) (a) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer or any Material Subsidiary unless this is done in connection with a merger, consolidation or other form of combination or this involves a solvent liquidation of a Material Subsidiary,  
(b) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination or this involves a solvent liquidation.

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind provided that repayment of Subordinated Notes under this Condition will only be effected after the Issuer has obtained the prior written consent of DNB provided that at the relevant time such consent is required.

#### **11. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent;

- (iv) there will at all times be a Paying Agent with a specified office situated outside The Netherlands; and
- (v) the Issuer will ensure that it maintains a paying agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive. EU Savings Directive means the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such EU Savings Directive.

In addition, the Issuer shall forthwith appoint a paying agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

### **13. Exchange of Talons**

On and after the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

### **14. Notices**

All notices regarding the Notes shall be published (i) if and for so long as the Notes are listed on NYSE Euronext in Amsterdam in at least one daily newspaper of wide circulation in The Netherlands, and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication in a daily newspaper will be made in *Het Financieele Dagblad*. Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made or on the date of publication on the website of the Luxembourg Stock Exchange.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the global Note(s) is or are held in its or their entirety with a depository or a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (after consultation with the relevant Stock Exchange (where relevant)) give notice individually to such holders in lieu of publication as provided above, except that, so long as the Notes are listed on NYSE Euronext in Amsterdam and the rules of such stock exchange so require, such notices will also be published in a daily newspaper of general circulation in The Netherlands.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such meetings may be convened by the Issuer or Noteholders holding not less than 5 % in a nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 % in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payments on the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.



**16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receipholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

**17. Substitution of the Issuer**

- (a) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal or interest on any of the Notes is in default and after written approval of the Dutch Central Bank, in case of Subordinated Notes, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Notes and the relative Receipts and Coupons provided that:
- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relevant Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Noteholder and each holder of the relative Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8) payable in respect of the Notes and the relative Receipts and Coupons;
  - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
  - (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;

- (iv) each stock exchange which has Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Notes would continue to be listed on such stock exchange;
  - (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Notes, Receipts and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent;
  - (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent; and
  - (vii) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the relative Receipts and Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 of the Terms and Conditions.
- (d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of DNB by notice to the Noteholders given in accordance with Condition 14, at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.

- (e) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Notes and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and the relative Receipts and Coupons save that any claims under the Notes and the relative Receipts and Coupons prior to release shall inure for the benefit of Noteholders and Couponholders.
- (f) The Documents shall be deposited with and held by the Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Notes or the relative Receipts and Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

**18. *Governing Law and Submission to Jurisdiction***

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of The Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, The Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.

## PART 2: FORM OF FINAL TERMS

Copies of the Final Terms will be provided by the Issuer upon request. [In addition, in case of Notes listed on NYSE Euronext in Amsterdam, the Final Terms will be displayed on the website of Euronext Amsterdam (\_\_\_\_\_) and in case of Notes listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (\_\_\_\_\_)].

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

### Final Terms

SNS Bank N.V.

(incorporated under the laws of The Netherlands with limited liability and having its corporate seat in Utrecht)

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**") issued under the Debt Issuance Programme of SNS Bank N.V. and SNS REAAL N.V.

dated [•]

This document constitutes the Final Terms of the issue of Notes under the Debt Issuance Programme (the "**Programme**") of SNS Bank N.V. (the "**Issuer**") and SNS REAAL N.V., described herein for the purposes of article 5.4 of Directive 2003/71/EC, the "**Prospectus Directive**" which term includes amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent implemented in a relevant host Member State of the European Economic Area to which is referred or in The Netherlands. It must be read in conjunction with the base prospectus pertaining to the Programme, dated 7 May 2014 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained (free of charge). Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there.

These Final Terms are to be read in conjunction with the Terms and Conditions of the Notes (the "**Terms and Conditions**") set forth in Chapter 2, Part 1 of the Prospectus. The Terms and Conditions as supplemented by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein will have the same meaning as in the Terms and Conditions. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in Chapter 2, Part 1 of the Prospectus.

*[The following language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date: This document constitutes the Final Terms of the issue of Notes under the Debt Issuance Programme (the "**Programme**") of SNS Bank N.V. ("**Issuer**") and SNS REAAL N.V., described herein for the purposes of article 5.4 of Directive 2003/71/EC, the "**Prospectus Directive**" which term includes amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent implemented in a relevant host Member State of the European Economic Area to which is referred or in The Netherlands. It must be read in conjunction with the base prospectus pertaining to the Programme, dated 7 May 2014 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions (as defined below)*

which are extracted from the prospectus dated 14 June 2012, 11 July 2011, 9 July 2010, 8 June 2009, 18 April 2008 or 19 April 2007 (each as supplemented by the relevant supplements thereto) and which are incorporated by reference and form part of the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained (free of charge). Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained there.

These Final Terms are to be read in conjunction with the Terms and Conditions (the "**Terms and Conditions**") set forth in the prospectus published by the Issuer dated [●], as supplemented by [● – *specify relevant supplements, if any*]. The Terms and Conditions as supplemented by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein will have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Terms and Conditions which are not defined therein will have the meaning set forth in these Final Terms. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in the Prospectus.]

*[Include whichever of the following apply or specify as 'Not Applicable' (N/A). Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any final terms, consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of 2 business days.]*

*[Consider whether a drawdown prospectus is necessary in order to issue fungible Notes where the first tranche was issued pursuant to a previous information memorandum/base prospectus. This could arise in circumstances where, for example, the Final Terms for the original tranche included information which is no longer permitted to be included in final terms under the Prospectus Directive or pursuant to guidance issued by ESMA]*

- |     |                                   |   |
|-----|-----------------------------------|---|
| (1) | Issuer:                           | SNS Bank N.V.   |
| (2) | (i) Series Number:                | [ ]   |
|     | (ii) Tranche Number:              | [ ] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| (3) | Specified Currency or Currencies: | [ ]   |
| (4) | Aggregate Nominal Amount          | [ ]   |
|     | (i) Tranche:                      | [Up to]   |
|     | (ii) Series:                      | [Up to]   |
| (5) | Issue Price of Tranche:           | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible                |

issues only, if applicable)]

- (6) (i) Specified Denominations: [ ]
- (Notes may not be issued in denominations less than €100,000 or the equivalent thereof in another currency).*
- (Note – Please use the following sample wording: '€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].')*
- (ii) Calculation Amount [ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- (7) (i) Issue Date: [ ]
- (ii) Interest Commencement Date (if different from the Issue Date): [ ]
- (8) Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
- (9) Interest Basis: [[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Dual Currency Interest]  
[Zero Coupon]  
[Non Interest Bearing]  
(further particulars specified below)
- (10) Redemption/Payment Basis: [Redemption at par] [Dual Currency Redemption]  
[Instalment]
- (11) Change of Interest Basis: [Applicable/Not Applicable]  
[The Interest Basis shall change from [Floating Rate/Zero Coupon/Non Interest Bearing/Fixed Rate] to [Floating Rate/Zero Coupon/Non Interest Bearing/Fixed Rate] following the exercise of a Change of Interest Basis Option]  
  
(further particulars specified below)
- (12) Put/Call Options: [Investor Put]

[Issuer Call]  
[Regulatory Call]  
[(further particulars specified below)]

(13) Status of the Notes: [Senior/Subordinated/Tier 2 Subordinated]

(14) Method of distribution: [Syndicated/Non-syndicated/Not applicable]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

(15) Fixed Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub- paragraphs of this paragraph)

(i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

(ii) Interest Payment Date(s): [ ] in each year  
(NB: This will need to be amended in the case of long or short coupons)

(iii) Interest Period [ ]

(iv) Fixed Coupon Amount(s): [ ] per Calculation Amount

(v) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]

(vi) Business Day Convention  
- Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/No adjustment/Preceding Business Day Convention]  
- Adjustment or [Adjusted] or [Unadjusted]  
Unadjustment for Interest Period

(vii) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA)]

(16) Floating Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Specified Period(s): [ ] [only applicable if no Specified Interest Payment Dates are set out]

(ii) Specified Interest Payment Dates: [ ]

- (iii) Business Day Convention:
- Business Day Convention [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/No adjustment/ Preceding Business Day Convention]
  - Adjustment or [Adjusted] or [Unadjusted]  
Unadjustment for Interest Period
- (iv) Additional Business Centre(s): [ ]
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate of Interest and interest Amount (if not the Agent): [ ]
- (vii) Screen Rate Determination: [Applicable/Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)
- Reference Rate: [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET2 System is operating prior to the start of each Interest Period if EURIBOR, euro LIBOR or any other inter-bank offered rate prevailing in a country in which the TARGET2 System does not apply)
  - Relevant Screen Page: [ ]  
  
(subject to the fall-back provisions set out in Condition 5(b))  
  
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate)
  - Relevant Time: [ ] (For example, 11.00 a.m. London time/Brussels time)
- (viii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]



- (ix) Margin(s): [ +/– ] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Floating Day Count Fraction: [Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360  
30/360 or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)]
- (17) Zero Coupon Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (18) Dual Currency Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Rate of Exchange [Give details]
- (ii) Name and address of Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [ ]
- (iii) Person at whose option Specified Currency(ies) is/are payable: [ ]
- (19) Change of Interest Basis Option [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Interest Basis Option Period: [ ] Business Days
- (ii) Change of Interest Basis Option Period Date: [ ]/Each Interest Payment Date
- (iii) Initial Interest Basis: [ ] in respect of the period from (and including) to (but excluding) [ ]
- (iv) Subsequent Interest Basis: [ ] in respect of the period from (and including) to (but excluding) [ ]

**PROVISIONS RELATING TO REDEMPTION**

- (20) Issuer Call: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption [ ]  
Date(s):
- (ii) Optional Redemption [ ] per Calculation Amount  
Amount(s):
- (iii) If redeemable in part:
- (a) Minimum Redemption [ ] per Calculation Amount  
Amount:
- (b) Maximum Redemption [ ] per Calculation Amount  
Amount:
- (iv) Notice period (if other than [ ] (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent) as set out in the Conditions):
- (21) Investor Put: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption [ ]  
Date(s):
- (ii) Optional Redemption [ ] per Calculation Amount  
Amount(s):
- (iii) Notice period (if other than [ ] (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent) as set out in the Conditions):
- (22) Regulatory Call: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Minimum percentage of the outstanding nominal amount of the Notes for the purposes of Condition 7(e): [100 per cent./specify other]
- (ii) Optional Redemption Date(s): [ ]

(iii) Optional Redemption [ ] per Calculation Amount  
Amount(s):

(iv) Notice Period (if other than as [ ] (N.B. If setting notice periods which are different to  
set out in the Conditions): those provided in the Conditions, the Issuer is advised to  
consider the practicalities of distribution of information  
through intermediaries, for example, clearing systems and  
custodians, as well as any other notice requirements  
which may apply, for example, as between the Issuer and  
the Agent)

(23) Final Redemption Amount [[ ]per Calculation Amount]

(24) Early Redemption Amount(s) per [ ]  
Calculation Amount payable on  
redemption for taxation reasons or  
on event of default and/or the  
method of calculating the same (if  
required):

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

(25) Form of Notes: [Temporary Global Note exchangeable for a Permanent  
Global Note which is exchangeable for Definitive Notes  
only upon the occurrence of an Exchange Event and in  
case of a Temporary Global Note deposited with  
Euroclear Nederland only in the limited circumstances, as  
described in the Dutch Securities Giro Transfer Act (*Wet  
giraal effectenverkeer*) (as amended from time to time)]

[Temporary Global Note exchangeable for a Permanent  
Global Note which is not exchangeable for Definitive  
Notes upon the occurrence of an Exchange Event.]\*

[Temporary Global Note exchangeable for Definitive  
Notes on and after the Exchange Date.]\*\*

[Permanent Global Note exchangeable for Definitive  
Notes only upon the occurrence of an Exchange Event  
and in case of a Permanent Global Note deposited with  
Euroclear Nederland only in the limited circumstances, as  
described in the Dutch Securities Giro Transfer Act (*Wet  
giraal effectenverkeer*) (as amended from time to time)]

[Permanent Global Note not exchangeable for Definitive  
Notes]\*\*\*

- (26) New Global Note form: [Applicable/Not Applicable] [*Please refer to item 40(v) if applicable*]
- (27) Form of Definitive Notes [Standard Euromarket]
- (28) Additional Financial Centre(s) or other special provisions relating to payment Dates: [Not Applicable/give details]  
Note that this item relates to the date and place of payment and not Interest Period end dates to which items 15(ii) and 16(ii) relate
- (29) Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- (30) Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- (31) Redenomination: [Applicable/Not Applicable]  
(i) Day Count Fraction applicable to Redenomination calculation: [ ]
- (32) Whether Condition 8 first paragraph under (a) of the Notes applies (in which case Condition 7(b) of the Notes will not apply) or whether Condition 8 first paragraph under (b) of the Notes applies (in which case Condition 7(b) of the Notes will apply): [Condition 8 first paragraph under (a) applies and Condition 7(b) does not apply] [Condition 8 first paragraph under (b) applies and Condition 7(b) applies]
- (33) Stabilising Manager (if any): [Not Applicable/give legal name]

#### **OTHER PROVISIONS**

- (34) Whether TEFRA D or TEFRA C rules [TEFRA D/TEFRA C]
- (35) Listing  
(i) Listing [NYSE Euronext in Amsterdam/Luxembourg Stock Exchange]  
(ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [NYSE Euronext in Amsterdam/Luxembourg Stock Exchange] with effect from [\_\_\_], [Not Applicable]. (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)]

- [ ]]
- (iii) Estimate of total expenses related to admission to trading: [ ]
- (36) Ratings: The Notes to be issued have [not] been rated:  
 [S & P: [ ]]  
 [Moody's: [ ]]  
 [Fitch: [ ]]  
 [[Other]: [ ]]  
 [[Insert the full legal name of credit rating agency] is established in the European Union and registered under Regulation (EC) No 1060/2009.]
- [Include here a brief explanation of the meaning of the ratings if this deviates from the explanations given in 'General Information' published by the rating provider.]
- (37) Notification The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) ("**AFM**") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Prospectus has been drawn up in accordance with the Prospectus Directive as implemented in The Netherlands.]
- (38) Interests of Natural and Legal Persons Involved in the Issue [Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]
- (39) Yield (Fixed Rate Notes only) [ ]  
 Indication of yield: It is not an indication of future yield.
- (40) Operational Information
- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) WKN Code: [ ] [Not Applicable]
- (iv) Other relevant code: [ ] [Not Applicable/give name(s) and numbers(s)]
- (v) New Global Note intended to [Yes. Note that the designation "yes" simply means that

be held in a manner which would allow Eurosystem eligibility:

the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

- (vi) Offer Period: [The offer of the Notes is expected to open at [ ] hours ([ ] time) on [ ] and close at [ ] hours ([ ] time) on [ ] or such earlier or later date or time as the Issuer may determine, following consultation with the relevant Dealer where practical,] (and announce)] [Not Applicable]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Payment: Method and time limits of paying up the Notes – *to be included if any agreement in this respect is entered into between Issuer and Manager(s)*
- (ix) Settlement Procedure: [Method of settlement procedure]
- (x) Clearing System: [Euroclear / Clearstream Luxembourg/ Euroclear Nederland / other alternative clearing system]
- (41) Name and address of Additional paying agent (if any): [[ ]/ Not Applicable]
- (42) Use of proceeds: [General corporate purposes][*specify other*]

### Responsibility

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so

far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

By:

Duly authorised

Duly authorised

Notes:

- \* Do not use for Temporary Global Note deposited with Euroclear Nederland.
- \*\* If selected in combination with Euroclear Nederland as clearing system, further legal advice is required.
- \*\*\* Do not use for Permanent Global Note deposited with Euroclear Nederland.

## CHAPTER 3: NOTES ISSUED BY SNS REAAL

### PART 1: TERMS AND CONDITIONS

*The following are the Terms and Conditions of Notes to be issued by SNS REAAL which will be incorporated by reference into each global Note and which will be endorsed on (or, if permitted by the rules of the relevant stock exchange and agreed between SNS REAAL and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note in the standard euromarket form. Reference should be made to 'Form of the Notes' above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a series of Notes issued by SNS REAAL N.V. (the "**Issuer**", which expression shall include any Substituted Debtor pursuant to Condition 17) pursuant to the Agency Agreement (as defined below). References herein to the "**Notes**" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated on or about 7 May 2014 (as supplemented from time to time, the "**Agency Agreement**") and made between the SNS Bank N.V., SNS REAAL N.V., Banque Internationale à Luxembourg SA ("**BIL**") as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to "**Noteholders**" shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective deposits held by Euroclear Nederland or one of its participants.

References in these Terms and Conditions to 'Coupons' will include references to Coupon sheets where applicable.

The Final Terms for this Note are endorsed hereon, attached hereto, applicable hereto or incorporated by reference herein and supplement these Terms and Conditions.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranche of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement and the applicable Final Terms are available at the specified offices of each of the Agent and the other Paying Agents save that Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant



Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

#### *General Definitions*

In these Terms and Conditions the following expressions shall have the following meanings.

<b>Additional Financial Centre</b>	any financial centre, specified as such, in the applicable Final Terms.
<b>Accrual Yield</b>	the accrual yield specified as such in the applicable Final Terms.
<b>Additional Business Centre</b>	any business centre, specified as such, in the applicable Final Terms.
<b>Amortised Face Amount</b>	has the meaning specified in Condition 7.(e)(iii).
<b>Broken Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Business Day</b>	a day which is both: (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and (B) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Business Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating. In these Conditions, "TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.
<b>Business Day Convention</b>	The Following Business Day Convention, Modified Following Business Day Convention, No Adjustment or the Preceding Business Day Convention as specified in the applicable Final Terms.
<b>Calculation Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Change of Interest Basis Option</b>	has the meaning specified in Condition 5.(e).
<b>Change of Interest Basis Option Date</b>	the date specified as such in the applicable Final Terms.

<b>Clearstream, Luxembourg</b>	Clearstream Banking, société anonyme.
<b>Day Count Fraction</b>	in respect of the calculation of an amount of interest for any Interest Period: any day count fraction specified as such in the applicable Final Terms calculated in accordance with the method set out in Condition 5.(a) or 5.(b) as applicable.
<b>Determination Period</b>	means the period from and including an Interest Payment Date in any year to, but excluding, the next Interest Payment Date; and if "30/360" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30- day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
<b>Dual Currency Note</b>	a Note in respect of which payments of interest and/or principal (as indicated in the applicable Final Terms) will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the exchange rate ("Rate of Exchange") used to calculate payments of interest or principal will be indicated in the applicable Final Terms.
<b>Early Redemption Amount</b>	an amount calculated in accordance with Condition 7.(e).
<b>Established Rate</b>	the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty.
<b>EURIBOR</b>	the Euro-zone inter-bank offered rate.
<b>euro</b>	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty on the functioning of the European Union, as amended from time to time, and as defined in article 2 of Council Regulation (EC) no.974/98 of 3 May 1998 on the introduction of the euro as amended from time to time.
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Event of Default</b>	has the meaning specified in Condition 10.
<b>Exchange Notice</b>	has the meaning specified in Condition 4.(a).
<b>Extraordinary Resolution</b>	means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions in the Agency Agreement contained by a majority consisting of not less than 75 per cent. of the persons voting thereat upon

	a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll.
<b>Final Redemption Amount</b>	an amount specified as such in the applicable Final Terms.
<b>Fixed Coupon Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Fixed Rate(s) of Interest</b>	the Fixed Rate(s) of Interest specified as such in the applicable Final Terms.
<b>Fixed Rate Note</b>	any Note to which a Fixed Rate of Interest applies as specified in the applicable Final Terms.
<b>Floating Rate Convention</b>	has the meaning specified in Condition 5.(b)(i)(B).
<b>Floating Rate Note</b>	any Note to which a Floating Rate applies as specified in the applicable Final Terms.
<b>Following Business Day Convention</b>	has the meaning specified in Condition 5.(a) or 5.(b) as applicable.
<b>Initial Interest Basis</b>	the initial interest basis as specified in the applicable Final Terms.
<b>Instalment Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Instalment Date(s)</b>	the date(s) specified as such in the applicable Final Terms.
<b>Instalment Note</b>	a Note that may be redeemable in instalments as specified in the applicable Final Terms.
<b>Interest Amount</b>	has the meaning specified in Condition 5.(b)(iv).
<b>Interest Basis Option Period</b>	the interest basis option period as specified in the applicable Final Terms.
<b>Interest Commencement Date</b>	the Issue Date unless otherwise specified in the applicable Final Terms.
<b>Interest Determination Date</b>	means the applicable interest determination date as specified in the applicable Final Terms.
<b>Interest Payment Date(s)</b>	means the applicable interest payment date(s) as specified in the applicable Final Terms.
<b>Interest Period</b>	means the applicable interest period as specified in the applicable Final Terms.
<b>ISDA Determination</b>	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.(b)(ii)(a).
<b>Issue Date</b>	the issue date specified as such in the applicable Final Terms.
<b>Issue Price</b>	the issue price of the Notes specified as such in the applicable Final Terms.
<b>Issuer</b>	SNS Reaal N.V. and any Substituted Debtor pursuant to Condition 17).
<b>LIBOR</b>	the London inter-bank offered rate.
<b>Long Maturity Note</b>	has the meaning specified in Condition 6.(b).
<b>Margin</b>	the margin applicable to the Notes specified as such in the applicable Final Terms.
<b>Material Subsidiary</b>	means any subsidiary, direct or indirect, of the Issuer which is a bank or an insurer within the meaning of the Wft and is supervised by the Dutch Central Bank.

<b>Maturity Date</b>	the date of maturity of the Notes as specified in the applicable Final Terms.
<b>Maximum Rate of Interest</b>	the maximum rate of interest specified as such in the applicable Final Terms.
<b>Maximum Redemption Amount</b>	the maximum redemption amount specified as such in the applicable Final Terms.
<b>Minimum Rate of Interest</b>	the minimum rate of interest specified as such in the applicable Final Terms or if no such rate is stated the Minimum Rate of Interest shall be deemed zero.
<b>Minimum Redemption Amount</b>	the minimum redemption amount specified as such in the applicable Final Terms.
<b>Modified Following Business Day Convention</b>	has the meaning specified in Condition 5.(a) or 5.(b) as applicable.
<b>Optional Redemption Amount</b>	an amount (if any) specified as such in the applicable Final Terms.
<b>Optional Redemption Date(s)</b>	if specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event Redemption at the Option of the Issuer is applicable) or by the Noteholders to the Issuer (in the event Redemption of Notes at the Option of the Noteholders is declared applicable).
<b>Part Payment Amount</b>	means the amount specified as such in the applicable Final Terms.
<b>Part Payment Date</b>	means the date specified as such in the applicable Final Terms.
<b>Payment Day</b>	has the meaning specified in Condition 6.(c).
<b>Preceding Business Day Convention</b>	has the meaning specified in Condition 5.(a) or 5.(b) as applicable.
<b>Rate of Exchange</b>	means the exchange rate specified as such in the applicable Final Terms.
<b>Rate(s) of Interest</b>	either the Fixed Rate of Interest or Floating Rate of Interest as specified in the applicable Final Terms.
<b>Redeemed Notes</b>	has the meaning specified in Condition 7.(c).
<b>Redenomination Date</b>	means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which in case of (i) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (ii) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender.
<b>Reference Price</b>	the reference price specified as such in the applicable Final Terms.
<b>Reference Rate</b>	the rate specified as such in the applicable Final Terms being either EURIBOR or LIBOR.
<b>Relevant Date</b>	has the meaning specified in Condition 8.

<b>Relevant Screen Page</b>	such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms.
<b>Relevant Time</b>	the time specified as such in the applicable Final Terms.
<b>Senior Note</b>	any Note issued by the Issuer that will constitute unsecured and unsubordinated obligations of the Issuer and that will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.
<b>Screen Rate Determination</b>	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.(b)(ii)(b).
<b>Selection Date</b>	has the meaning specified in Condition 7.(c).
<b>Specified Currency</b>	the currency of the Notes specified as such in the applicable Final Terms.
<b>Specified Denomination</b>	the denomination of the Notes specified as such in the applicable Final Terms.
<b>Specified Interest Payment Date</b>	the interest payment date indicated as such in the applicable Final Terms.
<b>Specified Period</b>	has the meaning specified in Condition 5.(b)(i)(B).
<b>Subordinated Notes</b>	any Note issued by the Issuer that will constitute unsecured subordinated obligations of the Issuer. Subordinated Notes of one Series will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.
<b>Subsequent Interest Basis</b>	subject to the conditions set out in Condition 5.(e) the interest basis indicated as such in the applicable Final Terms that shall commence to apply upon exercise of the the Change of Interest Basis Option.
<b>sub-unit</b>	means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.
<b>Treaty</b>	means the Treaty on the functioning of the European Union, as amended from time to time.
<b>Zero Coupon Notes</b>	notes during the term of which no interest shall become due and payable. The applicable Final Terms will specify whether the Tranche constitutes Zero Coupon Notes or not.

1. **Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the Specified Form(s) save that in the case of any Note the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of the issue of the Notes).

Each Note is a Senior Note or a Subordinated Note, as indicated in the applicable Final Terms.

Each Note is either a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Note or an Instalment Note or a combination of any of the foregoing, as indicated in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, (unless otherwise indicated in the applicable Final Terms) unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. For Notes held by Euroclear Nederland, deliveries will be made in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer, "Wge"*) (as amended from time to time). Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of a manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depositary for Euroclear or Clearstream, Luxembourg or by a common safekeeper will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Nederland.

## 2. **Status of the Senior Notes and Negative Pledge**

### (a) *Status of the Senior Notes*

The Senior Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.

### (b) *Negative Pledge*

This Condition 2(b) applies only to Senior Notes (unless otherwise specified in the applicable Final Terms). So long as any Senior Note remains outstanding (as defined in the Agency Agreement), the Issuer will not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of any person without at the same time or prior thereto securing the Senior Notes equally and rateably therewith or providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In this Condition:

**"Relevant Indebtedness"** means:

- (a) any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock or certificate in physical form which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and
- (b) any guarantee or indemnity in respect of any such indebtedness.

**"Permitted Encumbrance"** means (i) an Encumbrance over any asset in the form as specified under Relevant Indebtedness, whether arising under any plan of securitisation or repackaging of the Issuer or any subsidiary thereof and (ii) an Encumbrance created or permitted to subsist by SNS Bank N.V. or its subsidiaries over mortgage loans and mortgage receivables of the Issuer or its subsidiaries.

**"Encumbrance"** means any mortgage, charge, pledge, lien or other encumbrance.

**"Material Subsidiary"** means any subsidiary, direct or indirect, of the Issuer which is a bank or an insurer within the meaning of the Wft and is supervised by the Dutch Central Bank.

## 3. **Status and Characteristics relating to Subordinated Notes**

The Subordinated Notes and the relative Receipts and Coupons constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.

The claims of the holders of the Subordinated Notes of each Series and the relative Receipts and Coupons (the "**Subordinated Holders**") against the Issuer are (i) in the event of the liquidation or bankruptcy of the Issuer and for so long as such situation is in force (such situation being hereinafter referred to as a *Moratorium*), subordinated to (a) unsubordinated claims with respect to the repayment of borrowed money and (b) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Holder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a *Moratorium* with respect to the Issuer, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of the Issuer resulting from unsubordinated claims with respect to the repayment of borrowed money, other unsubordinated claims and subordinated claims not being claims or distributions under Subordinated Notes have been satisfied.

#### **4. Redenomination**

##### *(a) Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes, the Receipts and the Coupons denominated in the Specified Currency (or Specified Currencies) (each the "**Old Currency**") shall be redenominated in another currency (the "**New Currency**") being either euro, or, in the event of redenomination upon the occurrence of a Convertibility Event, a currency other than euro, as the case may be.

The election will have effect as follows:

- (i) the Notes, the Receipts and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of euro 0.01, or its equivalent in another currency, with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into the New Currency at the Established Rate provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01 or its equivalent in another currency;
- (iii) if definitive Notes are required to be issued after the Redenomination Date they shall be issued at the expense of the Issuer in denominations of €100,000, or any of its equivalents in another currency, and such other denominations (of at least €100,000) as the Agent shall, in consultation with the Issuer, determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which



the Issuer gives notice (the "**Exchange Notice**") to the Noteholders in accordance with Condition 14 that replacements of Old Currency denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent, in consultation with the Issuer, may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (v) on or after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Notes to the Specified Currency were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 5(a)), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Notes are Floating Rate Notes, the Issuer may adjust the reference rate of the Notes to any of LIBOR or EURIBOR and, if required, any or all Interest Payment Dates as it deems necessary in accordance with the then pertaining market practice taking into account the redenomination and in order to preserve the economic equivalent of the obligations of the Issuer in respect of interest under such Notes; and
- (viii) the applicable Final Terms will specify the exact date on which the redenomination will occur in case the Notes were issued in a currency other than euro and in a currency in which the TARGET2 System does not apply.

(b) *Definitions*

In these Conditions, the following expressions have the following meanings:

**"Convertibility Event"** means the determination by the national government of the country in the currency of which the Notes were issued, that such currency is substituted by another currency.

**"Established Rate"** means the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community

regulations) shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty;

"**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty and as defined in article 2 of Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;

"**Redenomination Date**" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which in case of (i) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (ii) the New Currency being a currency other than euro shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender; and

"**Treaty**" means the Treaty on the functioning of the European Union, as amended from time to time.

## **5. Interest**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date (if that does not fall on an Interest Payment Date).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date or the Maturity Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (ii) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (iii) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (iv) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Calculation Period**"), such interest shall be calculated by applying the fixed Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

For the purposes of these Conditions, "**Fixed Day Count Fraction**" means:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms, it means:
  - (a) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (b) where the Calculation Period is longer than one Determination Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including an Interest Payment Date in any year to but excluding the next Interest Payment Date; and

- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

Calculation of interest amount: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

"**Calculation Amount**" has the meaning ascribed to it in the Final Terms;

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year; or
- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention is specified:

- (1) in any case where Specified Periods are specified in accordance with Condition 5 (b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (5) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Business Centre, which if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof;

(ii) Rate of Interest

The rate of interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(a) *ISDA Determination For Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;

- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words 'are open for' in the second line before the word 'general' and (iii) "Euro-zone" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

When this sub-paragraph (a) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (a).

(b) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. The following summarizes the most relevant provisions of the Agency Agreement with regard to this matter. In such an event the Agent shall request the principal London office of each of the Reference Banks (as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

The expression "**Reference Banks**" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes in respect of each Calculation Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

"**Floating Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/Actual ISDA**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if "**30E/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;



- (vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

- (vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (b) by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, if

applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) Interest on Dual Currency Notes**

In the case of Dual Currency Notes, payments by the Issuer of interest and/or principal (as indicated in the applicable Final Terms) will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the exchange rate ("**Rate of Exchange**") used to calculate payments of interest or principal will be indicated in the applicable Final Terms.

**(d) Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

**(e) Change of Interest Basis Option**

If "Change of Interest Basis Option" is specified as applicable in the applicable Final Terms, after having given notice to the stock exchange where the Notes are listed, the Issuer will have to give:

- (1) notice to the Noteholders in accordance with Condition 14, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Change of Interest Basis Option shall be effective; and
- (2) notice to the Agent, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Change of Interest Basis Option shall be effective, (both of which notices shall be irrevocable) exercise the Change of Interest Basis Option upon which exercise the Interest Basis of the Notes changes from the Initial Interest Basis (which shall cease to apply) to the Subsequent Interest Basis (which shall commence to apply), effective as of the Change of Interest Basis Option Date immediately following the date on which the notice referred to above is given.

**6. Payments**

**(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, in case of Australian dollars, shall be Sydney, in case of New Zealand dollars, shall be

- Wellington, in the case of Hong Kong dollars, shall be Hong Kong and in the case of Japanese yen, shall be Tokyo); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

*(b) Presentation of Notes, Receipts and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States but for certain limited circumstances described below.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note (as defined below) in definitive form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long

Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note to or to the order of any Paying Agent. On each occasion on which a payment of principal or interest is made in respect of a Classic Global Note, the payment is noted in a schedule thereto and in respect of a New Global Note the payment is entered pro rata in the record of Euroclear and Clearstream, Luxembourg.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note. Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(c) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes "Payment Day" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Financial Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## 7. **Redemption and Purchase**

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date or by instalments in the Instalment Amount(s) and on the Instalment Date(s) specified in the applicable Final Terms (in the case of a Note redeemable in instalments, an "**Instalment Note**").

(b) *Redemption for Tax Reasons*

- (i) Subject as provided in paragraph (f) below and subject in the case of Subordinated Notes of any Series to the consent of the Dutch Central Bank Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Specified Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if, on the

occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

- (ii) Subject as provided in paragraph (f) below Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if it becomes or will within 21 days become unlawful for the Issuer to have Notes outstanding or make payments on the Notes as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any change in the application of official interpretation of such laws or regulations or in the position of any regulator, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

*(c) Redemption at the Option of the Issuer*

If the Issuer is specified in the applicable Final Terms as having an option to redeem, the Issuer may, subject as provided in paragraph (f) below and having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or the Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor of a reduction in principal amount at their discretion) and/or Euroclear Nederland, in the case of Redeemed Notes represented by a global Note, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes

outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

Redemption of the Subordinated Notes will be subject to the approval of the Dutch Central Bank.

*(d) Redemption of Notes at the Option of the Noteholders*

Subject as provided in paragraph (e) below, if the Noteholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note its holder must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

*(e) Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;
- (iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the product of:
  - (A) the Reference Price; and
  - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of  $x$ , where " $x$ " is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day

year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Notes become due and repayable and the denominator of which is 360.

*(f) Instalments*

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Date. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

*(g) Purchases*

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

*(h) Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

*(i) Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 14.

**8. Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental



charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons; or

- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction;

except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
- (ii) by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iv) in The Netherlands; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## **9. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the Relevant Date (as defined in Condition 8).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

#### **10. Events of Default**

If (in the case of an issue of Senior Notes) any one or more of the following events or (in the case of an issue of Subordinated Notes) any one or more of the events specified in (iv) (b) and (v) (b) (each an "**Event of Default**") shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or principal in respect of the Notes;  
or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) (a) any indebtedness for money borrowed or raised (in an aggregate principal amount equal to or greater than euro 20,000,000 or its equivalent in other currencies) of the Issuer or any Material Subsidiary is not paid when due or, as the case may be, within any originally applicable grace period, (b) any such indebtedness of the Issuer or any Material Subsidiary in an aggregate principal amount as aforesaid becomes, or becomes capable of being declared, due and payable prior to its stated maturity other than at the option of the Issuer or any such Material Subsidiary or (c) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any guarantee or indemnity given by it in respect of any indebtedness for money borrowed or raised in an aggregate principal amount as aforesaid; or
- (iv) (a) the Issuer or any Material Subsidiary is declared bankrupt, or a declaration in respect of the Issuer or any Material Subsidiary is made as referred to in Part 3.5.5 of the Wft;  
(b) the Issuer is declared bankrupt or a declaration in respect of the Issuer under Article 3:163(1)(b) of the Wft is made by a competent court; or
- (v) (a) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer or any Material Subsidiary unless this is done in connection with a merger, consolidation or other form of combination or this involves a solvent liquidation of a Material Subsidiary,  
(b) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination or this involves a solvent liquidation.

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind provided that repayment of Subordinated Notes under this Condition will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank.

**11. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

**12. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent;
- (iv) there will at all times be a Paying Agent with a specified office situated outside The Netherlands; and
- (v) the Issuer will ensure that it maintains a paying agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive. EU Savings Directive means the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such EU Savings Directive.

In addition, the Issuer shall forthwith appoint a paying agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

**13. Exchange of Talons**

On and after the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the

Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

#### **14. Notices**

All notices regarding the Notes shall be published (i) if and for so long as the Notes are listed on NYSE Euronext in Amsterdam in at least one daily newspaper of wide circulation in The Netherlands, and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication in a daily newspaper will be made in *Het Financieele Dagblad*. Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made or on the date of publication on the website of the Luxembourg Stock Exchange.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the global Note(s) is or are held in its or their entirety with a depository or a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (after consultation with the relevant Stock Exchange (where relevant)) give notice individually to such holders in lieu of publication as provided above, except that, so long as the Notes are listed on NYSE Euronext in Amsterdam and the rules of such stock exchange so require, such notices will also be published in a daily newspaper of general circulation in The Netherlands.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such meetings may be convened by the Issuer or Noteholders holding not less than 5% in a nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 % in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at

any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payments on the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **17. Substitution of the Issuer**

- (a) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal or interest on any of the Notes is in default and after written approval of the Dutch Central Bank, in case of Subordinated Notes, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Notes and the relative Receipts and Coupons provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relevant Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Noteholder and each holder of the relative Receipts and Coupons the payment of all

sums (including any additional amounts payable pursuant to Condition 8) payable in respect of the Notes and the relative Receipts and Coupons;

- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
- (iv) each stock exchange which has Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Notes would continue to be listed on such stock exchange;
- (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Notes, Receipts and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent;
- (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent; and
- (vii) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent.

- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the relative Receipts and Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 of the Terms and Conditions.
- (d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of DNB by notice to the Noteholders given in accordance with Condition 14, at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Notes and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and the relative Receipts and Coupons save that any claims under the Notes and the relative Receipts and Coupons prior to release shall inure for the benefit of Noteholders and Couponholders.
- (f) The Documents shall be deposited with and held by the Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Notes or the relative Receipts and Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

**18. *Governing Law and Submission to Jurisdiction***

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of The Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, The Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.



## PART 2: FORM OF FINAL TERMS

### FORM OF FINAL TERMS

Copies of the Final Terms will be provided by the Issuer upon request. [In addition, in case of Notes listed on NYSE Euronext in Amsterdam, the Final Terms will be displayed on the website of Euronext Amsterdam (\_\_\_\_\_) and in case of Notes listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (\_\_\_\_\_)].

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

#### Final Terms

SNS REAAL N.V.

(incorporated under the laws of The Netherlands with limited liability and having its corporate seat in Utrecht)

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**") issued under the Debt Issuance Programme of SNS Bank N.V. and SNS REAAL N.V.

dated [•]

This document constitutes the Final Terms of the issue of Notes under the Debt Issuance Programme (the "**Programme**") of SNS Bank N.V. and SNS REAAL N.V. (the "**Issuer**"), described herein for the purposes of article 5.4 of Directive 2003/71/EC, (the "**Prospectus Directive**" which term includes amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent implemented in a relevant Member State of the European Economic Area to which is referred) as implemented in The Netherlands. It must be read in conjunction with the base prospectus pertaining to the Programme, dated 7 May 2014 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained (free of charge). Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there.

These Final Terms are to be read in conjunction with the Terms and Conditions of the Notes (the "**Terms and Conditions**") set forth in Chapter 3, Part 1 of the Prospectus. The Terms and Conditions as supplemented by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein will have the same meaning as in the Terms and Conditions. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in Chapter 3, Part 1 of the Prospectus.

*[The following language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date:* This document constitutes the Final Terms of the issue of Notes under the Debt Issuance Programme (the "**Programme**") of SNS Bank N.V. and SNS REAAL N.V. (the "**Issuer**"), described herein for the purposes of article 5.4 of Directive 2003/71/EC, (the "**Prospectus Directive**" which term includes amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent implemented in a relevant host Member State of the European Economic Area to which is referred or in The Netherlands. It must be read in conjunction with the base prospectus pertaining to the Programme, dated 7 May 2014 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base

prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions (as defined below) which are extracted from the prospectus dated 14 June 2012, 11 July 2011, 9 July 2010, 8 June 2009, 18 April 2008 or 25 June 2007 (each as supplemented by the relevant supplements thereto) and which are incorporated by reference and form part of the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained (free of charge). Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained there.

These Final Terms are to be read in conjunction with the Terms and Conditions (the "**Terms and Conditions**") set forth in the prospectus published by the Issuer dated [●], as supplemented by [● – *specify relevant supplements, if any*]. The Terms and Conditions as supplemented by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein will have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Terms and Conditions which are not defined therein will have the meaning set forth in these Final Terms. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in the Prospectus.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any final terms, consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of 2 business days.]*

*[Consider whether a drawdown prospectus is necessary in order to issue fungible Notes where the first tranche was issued pursuant to a previous information memorandum/base prospectus. This could arise in circumstances where, for example, the Final Terms for the original tranche included information which is no longer permitted to be included in final terms under the Prospectus Directive or pursuant to guidance issued by ESMA]*

- |     |                                   |   |
|-----|-----------------------------------|---|
| (1) | Issuer:                           | SNS REAAL N.V.  |
| (2) | (i) Series Number:                | [ ]   |
|     | (ii) Tranche Number:              | [ ]<br>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)                   |
| (3) | Specified Currency or Currencies: | [ ]   |
| (4) | Aggregate Nominal Amount          | [ ]   |
|     | (i) Tranche:                      | [Up to]   |
|     | (ii) Series:                      | [Up to]   |
| (5) | Issue Price of Tranche:           | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |

- (6) (i) Specified Denominations: [ ]
- (Notes may not be issued in denominations less than €100,000 or the equivalent thereof in another currency).*
- (Note – Please use the following sample wording: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (ii) Calculation Amount [ ] (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations).
- (7) (i) Issue Date: [ ]
- (ii) Interest Commencement Date [ ]  
(if different from the Issue Date):
- (8) Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]
- (9) Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] %. Floating Rate]  
[Dual Currency Interest]  
[Zero Coupon]  
[Non Interest Bearing]  
(further particulars specified below)
- (10) Redemption/Payment Basis: [Redemption at par]  
[Dual Currency Redemption]  
[Instalment]

- (11) Change of Interest Basis: [Applicable/Not Applicable]  
 [The Interest Basis shall change from [Floating Rate/Zero Coupon/Non Interest Bearing/Fixed Rate] to [Floating Rate/Zero Coupon/Non Interest Bearing/Fixed Rate] following the exercise of Change of Interest Basis Option]  
 (further particulars specified below)
- (12) Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]
- (13) Status of the Notes: [Senior/Subordinated]
- (14) Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- (15) Fixed Rate Note Provisions [Applicable/Not Applicable] [(If not applicable, delete the remaining sub-paragraphs of this paragraph)]
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year [(NB: This will need to be amended in the case of long or short coupons)]
- (iii) Interest Period: [ ]
- (iv) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (v) Broken Amount(s): [per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]
- (vi) Business Day Convention  
 - Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/No adjustment/Preceding Business Day Convention]  
 - Adjustment or [Adjusted] or [Unadjusted]  
 Unadjustment for Interest Period
- (vii) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (16) Floating Rate Note Provisions [Applicable/Not Applicable]  
 [(If not applicable, delete the remaining sub-paragraphs of this paragraph)]
- (i) Specified Period(s): [ ]

[only applicable if no Specified Interest Payment Dates are set out]

- (ii) Specified Interest Payment Dates:
- (iii) Business Day Convention
  - Business Day Convention Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/No Adjustment/Preceding Business Day Convention]
  - Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (iv) Additional Business Centre(s):
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate of Interest and interest Amount (if not the Agent):
- (vii) Screen Rate Determination: [Applicable/Not Applicable]  
(if not applicable, delete the remaining sub-paragraphs of this paragraph)
  - Reference Rate: [LIBOR/EURIBOR]
  - Interest Determination Date(s):   
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET2 System is operating prior to the start of each Interest Period if EURIBOR, euro LIBOR or any other inter-bank offered rate prevailing in a country which the TARGET2 System does not apply))
  - Relevant Screen Page:   
  
(subject to the fall-back provisions set out in Condition 5(b))  
  
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate)
  - Relevant Time:   
(For example, 11.00 a.m. London time/Brussels time)

- (viii) ISDA Determination: [Applicable/Not Applicable]  
 - Floating Rate Option: [ ]  
 - Designated Maturity: [ ]  
 - Reset Date: [ ]
- (ix) Margin(s) [+/-][ ] per cent. per annum
- (x) Minimum Rate of Interest [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Floating Day Count Fraction: Actual/Actual (ISDA)  
 Actual/365 (Fixed)  
 Actual/360  
 30/360 or 360/360 or Bond Basis  
 30E/360 or Eurobond Basis  
 30E/360 (ISDA)
- (17) Zero Coupon Note Provisions [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (18) Dual Currency Note Provisions [Applicable/Not Applicable] [(If not applicable, delete the remaining sub paragraphs of this paragraph)]
- (i) Rate of Exchange: [Give details]
- (ii) Name and address of Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [ ]
- (iii) Person at whose option Specified Currency(ies) is/are payable: [ ]
- (19) Change of Interest Basis Option [Applicable/Not Applicable]  
 (If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Interest Basis Option Period: [ ] Business Days
- (ii) Change of Interest Basis Option Period Date: [ ]/Each Interest Payment Date
- (iii) Initial Interest Basis: [ ] in respect of the period from (and including) to (but excluding) [ ]
- (iv) Subsequent Interest Basis: [ ] in respect of the period from (and including) to (but excluding) [ ]

**PROVISIONS RELATING TO REDEMPTION**

- (20) Issuer Call: [Applicable/Not Applicable] [(If not applicable, delete the remaining sub-paragraphs of this paragraph)]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period (if other than as set out in the Conditions): [ ] [(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]
- (21) Investor Put: [Applicable/Not Applicable] [(If not applicable, delete the remaining sub-paragraphs of this paragraph)]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [ ] [(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]
- (22) Final Redemption Amount [[ ] per Calculation Amount]
- (23) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required): [ ]
- (24) Additional provisions applicable in case of redemption of Dual Currency Notes: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Provisions in case business [ ]  
 day final redemption differs  
 from Interest Payment Date  
 final coupon

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- (25) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event and in case of a Temporary Global Note deposited with Euroclear Nederland only in the limited circumstances, as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) (as amended from time to time)]
- [Temporary Global Note exchangeable for a Permanent Global Note which is not exchangeable for Definitive Notes upon the occurrence of an Exchange Event.]\*
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]\*\*
- [Permanent Global Note exchangeable for Definitive Notes only upon the occurrence of an Exchange Event and in case of a Permanent Global Note deposited with Euroclear Nederland only in the limited circumstances, as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) (as amended from time to time)]
- [Permanent Global Note not exchangeable for Definitive Notes]\*\*\*
- (26) New Global Note [Applicable/Not Applicable] [Please refer to item 51(v) if applicable]
- (27) Form of Definitive Notes [Standard Euromarket]
- (28) Name and address of Additional Financial Centre(s) or other special provisions relating to payment Dates: [Not Applicable/give details] [Note that this item relates to the date and place of payment and not Interest Period end dates to which items 15(ii) and 16(ii) relate]
- (29) Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- (30) Details relating to Instalment Notes; [Not Applicable/give details]



amount of each instalment, date on which each payment is to be made:

- (31) Redenomination: [Applicable/Not Applicable]  
(i) Day Count Fraction applicable to Redenomination calculation: [ ]
- (32) Whether Condition 8 first paragraph under (a) of the Notes applies (in which case Condition 7(b) of the Notes will not apply) or whether Condition 8 first paragraph under (b) of the Notes applies (in which case Condition 7(b) of the Notes will apply): [Condition 8 first paragraph under (a) applies and Condition 7(b) does not apply] [Condition 8 first paragraph under (b) applies and Condition 7(b) applies]
- (33) Stabilising Manager (if any): [Not Applicable/give legal name]

#### OTHER PROVISIONS

- (34) Whether TEFRA D or TEFRA C rules [TEFRA D/TEFRA C]
- (35) Listing  
(i) Listing [NYSE Euronext in Amsterdam/Luxembourg Stock Exchange]  
(ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [NYSE Euronext in Amsterdam/Luxembourg Stock Exchange] with effect from [\_\_\_], [Not Applicable]. [(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.) [\_\_\_]]  
(iii) Estimate of total expenses related to admission to trading: [ ]
- (36) Ratings: The Notes to be issued have [not] been rated:  
[S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]  
[Include here a brief explanation of the meaning of the ratings if this deviates from the explanations given in "General Information" published by the rating provider.]  
[[Insert the full legal name of credit rating agency] is 170 established in the European Union and registered under Regulation (EC) No 1060/2009.]

- (37) Notification The Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, "AFM") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Prospectus has been drawn up in accordance with the Prospectus Directive as implemented in The Netherlands.]
- (38) Interests of Natural and Legal Persons Involved in the Issue [Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]
- (39) Yield (Fixed Rate Notes only)
- (i) Indication of yield: [ ] It is not an indication of future yield.
- (40) Operational Information
- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) WKN Code: [ ] [Not Applicable]
- (iv) Other relevant code: [ ] [Not Applicable/give name(s) and numbers(s)]
- (v) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /
- [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life.

Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

- (vi) Offer Period: [The offer of the Notes is expected to open at [ ] hours ([ ] time) on [ ] and close at [ ] hours ([ ] time) on [ ] or such earlier or later date or time as the Issuer may determine, following consultation with the relevant Dealer where practical,] (and announce)] [Not Applicable]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Payment: [Method and time limits of paying up the Notes – to be included if any agreement in this respect is entered into between Issuer and Manager(s)]
- (ix) Settlement Procedure: [Method of settlement procedure]
- (x) Clearing System: [Euroclear /Clearstream Luxembourg/ Euroclear Nederland/other alternative clearing system]
- (41) Name and address of Additional paying agent (if any): [[ ]/ Not Applicable]
- (42) Use of proceeds: [General corporate purposes][*specify other*]

### Responsibility

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

By:

Duly authorised

Notes:

- \* Do not use for Temporary Global Note deposited with Euroclear Nederland.
- \*\* If selected in combination with Euroclear Nederland as clearing system, further legal advice is required.
- \*\*\* Do not use for Permanent Global Note deposited with Euroclear Nederland.

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