

**SECOND SUPPLEMENT RELATING TO THE PUBLICATION OF THE PRESS RELEASES ON 9 NOVEMBER 2010 WITH RESPECT TO THE TRADING UPDATE THIRD QUARTER 2010 AND THE REPOSITIONING OF SNS PROPERTY FINANCE BY SNS REAAL N.V.**

**DATED 16 NOVEMBER 2010**



**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 their Debt Issuance Programme (the "**Programme**") described in the prospectus dated 9 July 2010, as supplemented by a supplemental prospectus dated 26 August 2010 (together the "**Prospectus**") 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**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined in the Prospectus), if any. Notes may be distributed by way of a public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution and the specific terms and conditions of each relevant series of Notes (a "**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the relevant final terms (the "**Final Terms**").

This supplement (the "**Supplement**") is prepared in connection with the publication of the press releases by SNS REAAL N.V. on 9 November 2010 in relation to the trading update third quarter 2010 and the repositioning of SNS Property Finance (the "**Press Releases**"), and certain other developments, as information included in the Press Releases and such other developments qualify as significant new factors relating to the information included in the Prospectus specified below, which is capable of affecting the assessment of any Notes to be issued.

Subscribers for any Notes to be issued have the right to withdraw such subscription within 2 business days following the publication of this Supplement.

The Press Releases of SNS REAAL N.V. are available on [www.snsreaal.com](http://www.snsreaal.com), on the subpage "investor relations" under the heading "financial press releases 2010".

This Supplement is supplemental to, forms part of and should be read in conjunction with, the Prospectus and any other supplement to the Prospectus issued by the Issuers including the supplement to the Prospectus dated 26 August 2010. Terms defined in the Prospectus shall have the same meaning in this Supplement, unless specified otherwise.

This Supplement has been approved by and filed with the Netherlands Authority for the Financial Markets (the *Stichting Autoriteit Financiële Markten*, the "**AFM**"). The Issuers have requested the AFM to provide the competent authorities in Luxembourg and Italy with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Financial Supervision Act and related regulations which implement Directive 2003/71/EC (the "**Prospectus Directive**") in Dutch law ("**Notification**"). The Issuers may request the AFM to provide competent authorities in additional Member States within The European Economic Area with a Notification.

**The Prospectus the supplemental prospectus dated 26 August 2010 and this Supplement are available on the website of the Issuer at [www.snsreaal.com](http://www.snsreaal.com) as of 16 November 2010 and are available for viewing at the specified office of the Agent (69 Route d'Esch, L-2953 Luxembourg, Luxembourg) and the Other Paying Agent (Croeselaan 18, 3521 CB Utrecht, The Netherlands), the Amsterdam office of the Issuers at Nieuwezijds Voorburgwal 162, Amsterdam, The Netherlands, where copies of the Prospectus, this Supplement and any documents incorporated by reference therein may also be obtained free of charge.**

## AMENDMENTS TO THE PROSPECTUS

The information contained in the Prospectus will be amended and supplemented as further described below.

To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Prospectus, the statements in this Supplement will prevail.

### **The Prospectus (as supplemented) shall be amended as follows:**

1. In the chapter Risk Factors Regarding SNS REAAL and SNS Bank, section “SNS REAAL and SNS Bank have issued guarantees”, on page 24 of the Prospectus and in the chapter SNS REAAL N.V. and SNS BANK N.V., section “Ownership” and section “Board of Directors of SNS REAAL” on page 44 and 45 of the Prospectus, “REAAL Verzekeringen N.V.” will be deleted and will be replaced with “REAAL N.V.”, as REAAL Verzekeringen N.V. has been renamed to REAAL N.V. effective as of 3 September 2010.
2. In the chapter SNS REAAL N.V. and SNS BANK N.V., section “Ownership”, in the diagram on page 45 of the Prospectus, “REAAL Verzekeringen N.V.” will be deleted and will be replaced with “REAAL N.V.” and “BLG Hypotheekbank N.V.” will be deleted, as BLG Hypotheekbank N.V. has as disappearing entity merged with SNS Bank N.V. as acquiring entity effective as of 10 October 2010 whereby BLG Hypotheekbank N.V. has ceased to exist.
3. In the chapter Risk Factors Regarding SNS REAAL and SNS Bank, section “SNS REAAL and SNS Bank have issued guarantees”, on page 24 of the Prospectus “BLG Hypotheekbank N.V.” will be deleted.
4. In the chapter SNS REAAL N.V. and SNS BANK N.V., section “Supervisory Board of SNS REAAL and SNS Bank” on page 46 of the Prospectus, the following changes will be made:
  - the wording “Mr. R. Zwartendijk, chairman, former chairman of Stichting Beheer SNS REAAL” will be deleted and replaced with “Mr. R. Zwartendijk, chairman, former chairman of Stichting Beheer SNS REAAL and former member of the Executive Board of Ahold N.V.”
  - the wording “Mrs. C.M. Insinger, member of the Executive Board of the Erasmus MC” will be deleted and replaced with “Mrs. C.M. Insinger, former member of the Executive Board of the Erasmus MC”
  - the wording “Mr. R.J. van de Kraats, CFO and deputy-chairman of Randstad Holding N.V.” will be deleted and replaced with “Mr. R.J. van de Kraats, Chief Financial Officer and deputy-chairman of Randstad Holding N.V.”
  - the wording “Mr. S.C.J.J. Kortmann, Rector of Radboud University Nijmegen and Professor of Civil Law at the same university” will be deleted

- the wording "Mr. P. Overmars, former member of the Executive Board of ABN AMRO Bank N.V." will be added between the wording in relation to Mr. Lagerweij and Mr. Nijhuis.
  - the wording "Mr. J.A. Nijhuis, President and CEO of the Schiphol Group" will be deleted and replaced with "Mr. J.A. Nijhuis, President and Chief Executive Officer of the Schiphol Group"
  - the wording "Mr. H. Muller, Former Federation Executive and Treasurer of the Trade Union Federation FNV" will be deleted and replaced with "Mr. H. Muller, Former Federation Executive and former Treasurer of the Trade Union Federation FNV"
  - the sentence "The members of the Supervisory Board are also member of the Supervisory Board of REAAL Verzekeringen." will be deleted and replaced with "The members of the Supervisory Board are also member of the Supervisory Board of REAAL."
5. In the chapter SNS REAAL N.V. and SNS BANK N.V., section "Recent Developments" on page 54 of the Prospectus, after the last paragraph the following new paragraphs will be inserted:

"On 28 September 2010 SNS Bank issued a € 1 billion 10 year covered bond. In addition, SNS Bank issued a number of private placements of registered covered bonds and placed securitisations with third parties for an amount of € 600 million in the third quarter of 2010.

On 26 October 2010 SNS Bank raised € 500 million with a lower Tier 2 issue under its Debt Issuance Programme, with an eye on future redemptions.

On 9 November 2010 SNS REAAL N.V. announced a net profit of €63 million for the third quarter of 2010. In the third quarter, SNS REAAL posted a net profit of € 63 million, a sharp increase compared to the level of last year, helped by financial markets. Excluding the international portfolio of SNS Property Finance, the core activities of SNS REAAL made a net profit of € 163 million. The net profit of SNS Retail Bank increased sharply and was also significantly higher compared to the average of the first half of 2010. Net interest margins on mortgages improved on a slightly higher mortgage portfolio, in a still contracting market. At the end of the third quarter, SNS REAAL's market share in new mortgages was 6.5%, compared to 6.7% over the first half year. Net interest income from savings deposits was sharply higher, mainly due to the combination of high retention rates and lower interest rates offered on savings products. Savings balances grew by € 0.3 billion compared to the end of June 2010, to € 26.9 billion. Market share of total Dutch retail savings improved to 9.3% at the end of September (9.0% at the end of June 2010). At the end of the third quarter, bank savings, which are included in the total savings balances, amounted to € 554 million, up € 300 million compared to year end 2009 and up € 132 million in the third quarter. The net loss of SNS Property Finance was higher than in the second half of 2009 and in line with the average for the first half of 2010. Interest income at SNS Property Finance was under further pressure in the third quarter, impacted by the continued decline of the loan portfolio and higher funding costs. Total commitments SNS Property Finance

have been declined by € 0.5 billion in the third quarter and the international commitments have been reduced by 32% whereby the net international loan portfolio has fallen below € 3.0 billion. For SNS REAAL as a whole, turning around the situation at SNS Property Finance and freeing up capital with a view to repaying the capital support from the State and the Foundation remain, next to our customers, our key priorities. At the end of the third quarter, the Tier 1 ratio of SNS Bank stood at 11.0% (end of June 2010: 11.1%) and the Core Tier 1 ratio was 8.5% (end of June 2010: 8.6%). The decline in risk-weighted assets at SNS Property Finance largely compensated for the negative impact of the loss at SNS Property Finance. IFRS solvency of the Insurance activities was 363% (340% at the end of June 2010). Regulatory solvency stood at 196% (end of June 2010: 204%) as interest rates declined further in the third quarter. Declining interest rates led to a marked rise in the fair value reserves and, accordingly, shareholders' equity, which rose to € 6.3 billion at the end of September (end of June 2010: € 5.7 billion). As a result, double leverage at Group level at the end of September was 111.2%, compared to 112.1% at the end of June 2010.

On 9 November 2010 SNS REAAL N.V. further announced that SNS Property Finance will be split into two separate units as from 1 January 2011. SNS Property Finance will retain its international loan portfolio and part of its Dutch loan portfolio. This unit will be phased out in a responsible manner over the next two to four years. The remaining part of SNS Property Finance's Dutch portfolio will be combined with the existing small and medium-sized enterprise ("**SME**") activities of SNS Retail Bank in the new unit SNS SME (*SNS Zakelijk*). The pro forma gross loan portfolio of SNS SME as at the end of September 2010 amounted to approximately € 7.4 billion, predominantly consisting of profitable Dutch investment finance loans of SNS Property Finance and SME mortgage loans of SNS Retail Bank. Approximately € 3 billion in SME savings with SNS Retail Bank will also be transferred to SNS SME. SNS SME will focus on optimising the loan portfolio and improving its funding profile, partly by increasing SME savings. The pro forma gross loan portfolio of SNS Property Finance as at the end of September 2010 amounted to approximately € 6.9 billion, predominantly consisting of international and Dutch project finance loans. SNS Property Finance will focus on phasing out its entire loan portfolio over a period of two to four years."

## **RESPONSIBILITY STATEMENT**

Only the Issuers accept responsibility for the information contained in this Supplement. The Issuers declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

## **NOTICE**

This Supplement should be read and understood in accordance with the Prospectus and with any documents incorporated by reference therein. Full information on the Issuers and

any Series or Tranche of Notes is only available on the basis of the combination of the Prospectus, this Supplement and the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Supplement, the Prospectus, any document incorporated by reference therein, 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.

The Prospectus is valid for 12 months following its Publication Date and this Supplement and any amendment as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Supplement 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 Issuer during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

Neither this Supplement 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 Supplement 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 Issuer) and the information contained or incorporated by reference in this Supplement, the relevant 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 the Prospectus).

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

This Supplement does not constitute an offer or an invitation to subscribe for or purchase the Notes.

This Supplement 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 Supplement may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction other than in certain Member States of the EEA of which the competent authorities have obtained a notification within the meaning of article 18 of the Prospectus Directive, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or any Dealer appointed 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, other than in certain Member States of the EEA.