

FIRST SUPPLEMENTAL PROSPECTUS TO THE BASE PROSPECTUS DATED 19 OCTOBER 2015

# SNS BANK N.V.

**SNS BANK N.V.**

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

Under its Debt Issuance Programme (the “**Programme**”), SNS Bank N.V. (the “**Issuer**” or “**SNS Bank**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer, if any. This first supplemental prospectus (the “**First Supplemental Prospectus**”) is based on Article 5:23 of the Dutch Financial Supervision Act (the “**DFSA**”) and prepared in connection with the issue by the Issuer of Notes and is supplemental to, forms part of, and should be read in conjunction with the prospectus in relation to the Programme dated 19 October 2015 (the “**Base Prospectus**”). The purpose of this First Supplemental Prospectus is to (i) incorporate by reference SNS Bank’s publicly available annual financial statements for the period ended 31 December 2015 into the Base Prospectus and (ii) amend certain sections of the Base Prospectus, both as described in more detail below.

Terms defined elsewhere in the Base Prospectus shall have the same meaning in this First Supplemental Prospectus, unless specified otherwise.

This First Supplemental Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”), which is the Netherlands competent authority for the purpose of Directive 2003/71/EC (the “**Prospectus Directive**” which term includes amendments thereto to the extent implemented in a relevant Member State of the European Economic Area) and relevant implementing measures in the Netherlands, as a supplemental prospectus issued in compliance with the Prospectus Directive, Commission Regulation EC No. 809/2004 (as amended) (the “**Prospectus Regulation**”, which term includes amendments thereto), for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date of the Base Prospectus.

The AFM has been requested by the Issuer to provide the Luxembourg Commission de Surveillance du Secteur Financier (the “**CSSF**”) with a certificate of approval attesting that this First Supplemental Prospectus has been drawn up in accordance with the Prospectus Directive.

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 U.S. 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.

**PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION “RISK FACTORS” IN THE BASE PROSPECTUS.**

This First Supplemental Prospectus is supplemental to, forms part of, and should be read in conjunction and construed together with the Base Prospectus including any documents incorporated by reference therein, (which can be found on <https://www.snsbanknv.nl/en/investor-relations/debt-information/subordinated-debt> and may be obtained by contacting the Issuer by telephone (+31 30 291 42 46) or by email: [jacob.bosscha@sns.nl](mailto:jacob.bosscha@sns.nl) and [kagan.koktas@sns.nl](mailto:kagan.koktas@sns.nl)), and in relation to any Tranche, the Base Prospectus and this First Supplemental Prospectus should be read and construed together with the relevant Final Terms.

## RESPONSIBILITY STATEMENT

SNS Bank accepts responsibility for the information contained in the Base Prospectus and this First Supplemental Prospectus. SNS Bank declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Base Prospectus and this First Supplemental Prospectus 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 the Base Prospectus and this First Supplemental Prospectus or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in the Base Prospectus and this First Supplemental Prospectus or any other information provided by the Issuer in connection with the Programme.

## NOTICE

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

The Issuer has undertaken to the Dealers to furnish a supplement to the Base Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in the Base Prospectus which is capable of affecting the assessment of the Notes and which arises or is noticed between the time when the Base 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 the Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Base Prospectus or this First Supplemental Prospectus, 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 Issuer, the Arranger or any Dealer.

The Base Prospectus (as supplemented by this First Supplemental Prospectus) is valid for 12 months following the date of the Base Prospectus and the Base Prospectus, this First Supplemental Prospectus, any other supplement to the Base Prospectus as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of the Base Prospectus (as supplemented by this First Supplemental 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 Issuer 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.

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 the Base Prospectus and this First Supplemental Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer, the Arranger or any Dealer that any recipient of the Base Prospectus and this First Supplemental 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 Issuer) and the information contained or incorporated by reference in the Base Prospectus, this First Supplemental Prospectus and the applicable Final Terms;
- (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 Base 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 the Base Prospectus, this First Supplemental Prospectus and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus, this First Supplemental Prospectus or any Final Terms come must inform themselves about, and observe, any such restrictions. See "Subscription and Sale" in the Base Prospectus.

The Base Prospectus and this First Supplemental Prospectus may only be used for the purpose for which it has been published.

The Base Prospectus and this First Supplemental Prospectus and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any Notes.

The Base Prospectus, this First Supplemental 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 Issuer, the Arranger and the Dealers represent that the Base Prospectus and this First Supplemental 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.

The Base Prospectus and this First Supplemental Prospectus have been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in the Base Prospectus or this First Supplemental Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the 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, in each case, in relation to such offer.

All offers remain subject to restrictions set out in the section headed "Subscription and Sale" in the Base Prospectus. Neither the Issuer nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

To the extent that there is any inconsistency between (a) any statement in this First Supplemental Prospectus or any statement incorporated by reference into the Base Prospectus by this First Supplemental Prospectus and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements under (a) above will prevail.

Save as disclosed in this First Supplemental Prospectus, there has been no other significant new factor,

material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

## SUPPLEMENTAL INFORMATION

References to page numbers are to page numbers of the Base Prospectus.

- On page 82 under the chapter “**Documents incorporated by reference**” the documents mentioned under (a) and (c) shall be deleted from the list of documents incorporated in the Base Prospectus, and shall be replaced with the following documents:

(a) The Issuer’s publicly available financial statements and auditor’s report for the years ended 31 December 2015 (set forth on pages 194 up to and including 266 and pages 272 up to and including 285 of its 2015 annual report (English translation)); and 31 December 2014 (set forth on pages 109 up to and including 186 and pages 187 up to and including 193 of its 2014 annual report (English translation)); and 31 December 2013 (set forth on pages 70 up to and including 205 and pages 206 and 207 of its 2013 annual report (English translation)).

(c) The transparency statement in respect of the consolidated and company financial statements of the Issuer issued by the Managing Board of the Issuer as set forth on page 180 up to and including 181 of its 2015 annual report and as set forth on page 22 of its 2014 annual report.

- On page 82 the reference to the document mentioned under (i) shall be deleted.
- The following documents shall be added to the list of documents incorporated in, and to form part of, the Base Prospectus:

(k) A press release published by SNS Bank on 29 October 2015 regarding the issue of EUR 500.000.000 Tier 2 transaction Notes; and

(l) Chapter 6 of the Issuer’s 2015 annual report (*Risk, Capital & Liquidity management*) set forth on pages 89 up to and including 165 of its 2015 annual report (English translation).

- On page 22, under “**The Issuer has issued guarantees**” the wording shall be deleted and replaced with the following wording:

The Issuer has provided guarantees as referred to in Book 2, Section 403 of the Dutch Civil Code (the “403- guarantee”) (exemption from filing and publishing financial statements).

The Issuer has issued 403-guarantees for ASN Bank N.V., RegioBank N.V., Pettelaar Effectenbewaardrijf N.V., SNS Mortgage Receivables B.V., SNS Global Custody B.V., Holland Woningfinanciering N.V., and SNS Securities N.V.

In the 403-guarantee the Issuer 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, the

Issuer may be held liable under these guarantees and therefore may have to pay to that creditor of the relevant subsidiary.

On 7 August 2014, SNS REAAL, the former holding company of the Issuer, withdrew the 403-guarantee for the Issuer. Any remaining liabilities on the basis of this 403-guarantee prior to 7 August 2014 will remain in full force and effect until SNS REAAL terminates this remaining liability in accordance with the relevant statutory proceedings for such termination. For the avoidance of doubt, Noteholders will therefore not be able to invoke a claim against SNS REAAL on the basis of a 403-guarantee with respect to a claim of such Noteholder against the Issuer as these have been issued after the date of withdrawal of the 403-guarantee.

Following the transfer of the shares of SNS Property Finance B.V. (renamed to Propertize B.V., "Propertize") via the Dutch State to NLF1 on 31 December 2013, the Issuer withdrew the 403-guarantee for Propertize on 31 December 2013. It also terminated the remaining liability pursuant to Article 2:404 of the Dutch Civil Code. The Issuer also withdrew the 403-guarantees for four subsidiaries of Propertize on 31 December 2013, and terminated the remaining liability. The Issuer also issued separate guarantees to a number of counterparties of Propertize in the past, certain of which are still outstanding.

The 403-guarantee and remaining liability was irrevocably terminated for all creditors of Propertize, with the exception of two creditors of Propertize. They objected to the termination of the remaining liability of the Issuer during the objection period. On 9 December 2015 the Enterprise Chamber of the Court of Appeal in Amsterdam ruled that the 403-guarantee issued by the Issuer may not be withdrawn against these two creditors. Consequently, the Issuer will remain liable only to the two creditors which have objected to the withdrawal of the 403-guarantee and/or termination of the remaining liability.

Given (i) that Propertize was adequately capitalized at the time of the share transfer and (ii) the statements of Propertize in October 2015 on its financial position (in connection with the announcement of the start of its sales process), the Issuer expects Propertize to be able to meet its obligations towards these creditors. Consequently the Issuer deems the chance that the 403-guarantee will be invoked limited. However, if the Issuer is requested to pay under the 403-guarantee, it can take recourse against Propertize.

Some counterparties of Propertize who conduct legal proceedings against Propertize have thereby also arraigned SNS REAAL and/or SNS Bank. The legal basis of this is unclear and SNS Bank considers the potential success of these claims against SNS Bank to be limited. No specific agreements were made about these claims upon the transfer of Propertize on 31 December 2013. See also section *SNS Bank N.V. under Legal Proceedings - Guarantees pursuant to section 2:403 of the Dutch Civil Code for Propertize et al.*

- On page 45, under "**Managing Board of SNS Bank**" the description of major functions outside SNS Bank performed by the members of the Managing Board shall be deleted and replaced with the following wording:

## Managing Board of SNS Bank

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

Mr. M.B.G.M. Oostendorp Chief Executive Officer

Chairman of the Supervisory Board of ASN Bank N.V., RegioBank N.V. and SNS Securities N.V.

Member of the Supervisory Board at NWB Bank

Member of the Advisory Board at Women in Financial Services (WIFS)

Member of the Supervisory Board of Propertize B.V.

Member of the Supervisory Board of SRH N.V.

Mr. R.G.J. Langezaal Chief Commercial Officer

Member Supervisory Board of ASN BANK N.V. and RegioBank N.V. and SNS Securities N.V.

Member Supervisory Board of SNS Beleggingsfondsen N.V.

Member Consumer Affairs Committee Dutch Banking Association

Mr. V.A. Baas Chief Operations Officer

Member Supervisory Board of ASN BANK N.V. and RegioBank N.V.

Chairman Advisory Board HBO-i (Higher Professional Education - ICT programmes)

Member of the Board of the Dutch Payment Association

Mrs. A.T.J. van Melick Chief Financial Officer

Member Supervisory Board ASN Bank N.V., RegioBank N.V. and SNS Securities N.V.

Member Supervisory Board Council Radio Netherlands Worldwide

Member Regulatory Matters Committee of the Dutch Banking Association

Mr. M. Wissels Chief Risk Officer

Member Supervisory Board ASN Bank N.V. and RegioBank N.V.

Member of Programme Advisory Board for a supervisory board training programme of Nyenrode University

The members of the Managing Board of SNS Bank also hold management and supervisory functions with other entities within the SNS Bank group (other than at SNS Holding B.V.).

All members of the Managing Board of SNS Bank have full time positions and have elected domicile at the registered office of SNS Bank.

- On page 45-46, "**Supervisory Board of SNS Bank**" the description of major functions outside SNS Bank performed by the members of the Supervisory Board shall be deleted and replaced with the following wording:



## Supervisory Board of SNS Bank

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

Mr. J.C.M. van Rutte, Chairman

Member Supervisory Board ORMIT Holding B.V.

Member Supervisory Board Royal Theatre the Hague ("Koninklijke Schouwburg Den Haag")

Member Supervisory Board of Foundation Health Center Hoenderdaal

Member of the Board of ABN AMRO Foundation

Ms. C.M. Insinger

Independent management consultant and interim manager

Member Supervisory Board of Ballast Nedam

Member supervisory council of Air traffic control Nederland ("Luchtverkeersleiding Nederland")

Member of the Strategic Audit Committee of the Dutch Ministry of Foreign Affairs

Member of the Supervisory Board of SRH N.V.

Chairman Supervisory Board of World Expo Rotterdam 2025 Foundation

Mr. J.A. Nijhuis

President of the Schiphol Group

Member Supervisory Board Aon Groep Nederland B.V.

Member Supervisory Board/ Non-executive board member of Aéroports de Paris S.A.

Member Supervisory Board Brisbane Airport Corporation PTY Ltd

Member Supervisory Board of the Dutch National Opera and Ballet Foundation

Mr. L. Wijngaarden

Chairman Supervisory Board of Oasen N.V.

Member Supervisory Board of the residential building cooperative Rochdale

Member Executive Board of DAK

Member advisory Board of PBLQ

Member advisory Board of the Dutch Data Protection Authority

Mrs. M.R. Milz

Professional supervisor and management consultant

Member Supervisory Board Amsterdam University of Applied Sciences

Chairman Green Deal Board

- On page 46, under the heading "**Audit Committee**" the following wording shall be deleted:

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

Mr. J. Nijhuis (chairman)

Mr. L. Wijngaarden

Mr. J.C.M. van Rutte

Ms. C.M. Insinger

and replaced with:

The Audit Committee of SNS Bank currently consists of three members, all members of the Supervisory Board of SNS Bank:

Mr. J. Nijhuis (chairman)

Mr. J.C.M. van Rutte

Mr. L. Wijngaarden

- On page 47, under “**Independent Auditors**” the wording shall be deleted and replaced with the following wording:

Ernst & Young Accountants LLP has been appointed as independent auditor to SNS Bank. All audit partners of Ernst & Young Accountants LLP involved in the audit of the financial statements of SNS Bank are a member of the Netherlands Institute of Chartered Accountants (“Nederlandse Beroepsorganisatie van Accountants”, “**NBA**”). For the avoidance of doubt, KPMG Accountants N.V. has audited the financial statements of SNS Bank for the financial year 2015. As of 1 January 2016, Ernst & Young Accountants LLP became the new external auditor to audit the financial information of SNS Bank as a consequence of the mandatory audit firm rotation pursuant to the Dutch Audit Profession Act (*Wet op het accountantsberoep*).

- On page 47, table 1 (with respect to **Long term credit ratings** only) shall be deleted and replaced with the following table (reflecting the change in outlook from ‘negative’ to ‘positive’ by S&P and reflecting the change in outlook from ‘positive’ to ‘stable’ by Moody’s Investor Service for SNS Bank’s long-term credit rating):

Long term credit ratings	S&P	Moody’s	Fitch
SNS Bank	BBB (positive)	Baa2 (stable)	BBB+ (stable)

- On page 47, table 2 (with respect to **Short term credit ratings** only) shall be deleted and replaced with the following table (reflecting the change in Short term credit ratings from Fitch Ratings from ‘F3’ to ‘F2’).

Short term credit ratings	S&P	Moody’s	Fitch
SNS Bank	A2	P-2	F2

- On page 49, under “**SNS Securities**” the wording shall be deleted and replaced with the following wording:

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 securities services to high-net-worth private investors (for assets from €250,000).

On 6 November 2014, it was announced that SNS Bank was going to investigate the strategic options for SNS Securities. On 18 December 2015, NIBC Bank N.V. and SNS Bank reached an agreement on the acquisition of SNS Securities. The transaction is expected to close in the second quarter of 2016 and is subject to approval of regulatory authorities and works councils. The sale has resulted in a €22 million loss compared to the book value of SNS Securities. This loss has been accounted for in the 2015 full year result of SNS Bank.

- On page 49, under the paragraph **“Supervision”**, which forms part of the **“Company profile”** and begins on page 48, the following wording shall be deleted:

'Risk Factors regarding the Issuer - Amendments to regulatory framework and/or regulations governing the Issuer's business'

and replaced with:

'Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding'.

- On page 49, under **“Recent developments”** the wording of the paragraph *“2014 Annual Results SNS Bank”* shall be deleted.
- On page 53, under **“Recent developments”** the wording of the paragraph *“SNS Securities”* shall be deleted and replaced with the following wording:

On 6 November 2014 it was announced that the Issuer was going to investigate the strategic options for SNS Securities, the bank's securities specialist. On 18 December 2015 NIBC Bank N.V. and SNS Bank reached an agreement on the acquisition of SNS Securities. The transaction is expected to close in the second quarter of 2016 and is subject to approval of regulatory authorities and works councils.

The sale has resulted in a €22 million loss compared to the book value of SNS Securities. This loss has been accounted for in the 2015 full year result of SNS Bank.

- On page 54, after the paragraph *“Appointment of new Chairman of the Managing Board and new Chairman of the Supervisory Board”*, which forms part of the chapter **“Recent developments”**, the following paragraphs shall be added:

#### *Tier 2 transaction*

On 29 October 2015, SNS Bank placed EUR 500,000,000 subordinated (Tier 2) notes due 2025 with a wide range of institutional investors. The issue of the Tier 2 notes contributes to the strengthening and diversification of SNS Bank's capital base.

#### *AFM investigation into Interest Rate Derivatives*

SNS Bank has a small portfolio of interest rate derivatives entered into with customers. It stopped entering into these interest rate derivatives as of 2010. At the request of the AFM, SNS Bank reassessed its customers' interest rate derivatives in 2014 and 2015 in order to establish whether customers had been adequately advised in the past. This reassessment pertained to interest rate derivatives that had not yet expired on 1 April 2014. The reassessment was completed at the beginning of 2015 to the satisfaction of the AFM. SNS Bank personally informed the customers concerned of the assessment results in mid-2015.

On 4 December 2015, the AFM informed SNS Bank that a further reassessment of the interest rate derivatives may have to be carried out. Since then, SNS Bank has been in close contact with the AFM to discuss this matter. On 1 March 2016, the AFM and the Minister of Finance announced the appointment of three independent experts who will set up a uniform recovery framework in collaboration with the banks. According to the AFM and the Minister of Finance, this framework will define how the new reassessments are to be conducted and what corrective action should be taken. This reassessment may also include certain interest rate derivatives already terminated on 1 April 2014. SNS Bank has agreed to this approach. As the exact magnitude and scope of the uniform recovery framework is still unclear, no reliable estimate can be made as to a potential provision.

#### *2015 Annual Results SNS Bank*

On 3 March 2016, SNS Bank published a press release regarding its 2015 full-year results and subsequently it published its 2015 annual report on 24 March 2016. In the aforementioned 2015 annual report the following highlights were included.

During the year, SNS Bank posted positive commercial results. The different brands of SNS Bank jointly welcomed 254,000 new customers. On a net basis, the number of customers rose by 119,000 and by year-end 2015 the total number of customers had passed the 3 million milestone.

In line with SNS Bank's ambition to gradually increase its market share in retail mortgages, new production increased to € 2.1 billion from € 1.6 billion in 2014 (+35%). SNS, BLG Wonen and RegioBank all contributed to this increase. In a growing market for new mortgages, total market share was up only slightly to 4.1% (2014: 3.7%), still below our 5-8% target range. However, in the second half of 2015, our market share in new mortgage production gained momentum, supported by a higher production in long term fixed-rate mortgages as a result of more competitive pricing.

The total retail mortgage loan portfolio decreased by € 1.5 billion to € 45.0 billion (-3%) due to a high volume of (early) redemptions, which increased to € 3.5 billion, from € 2.9 billion in 2014. In the current market environment, with the level of redemptions expected to remain high, it will remain a challenge to grow the retail mortgage loan portfolio. SNS Bank aims at increasing retention through intensified contact with mortgage customers.

Retail savings balances increased to € 36.9 billion, up 3% from € 35.7 billion at yearend 2014. In a growing market, SNS Bank's market share in savings of 10.9% was up slightly and in line with our target of above 10%.

In 2015, SNS Bank posted a sharply higher net profit of € 348 million, up € 197 million compared to the 2014 net profit of € 151 million. One-off items explain € 156 million of this increase. In 2015, one-off items were € 13 million positive, consisting of a €35 million unrealised gain on former DBV mortgages and related derivatives and a book loss of € 22 million on the sale of SNS Securities. In 2014, one-off items had amounted to € 143 million negative, consisting of an impairment of goodwill related to RegioBank and a charge related to SNS Bank's share in the resolution levy on Dutch banks for the nationalisation of SNS REAAL.

Adjusted for one-off items, net profit of SNS Bank increased from € 294 million in 2014 to € 335 million (+14%). The main factors behind the increase were lower impairment charges on loans and, to a lesser extent, a higher result on financial instruments. These positive factors were partly offset by higher operating expenses and lower net interest income. Based on net profit excluding one-off items, return on equity was 10.7%, in line with the level in 2014. The increase in operating expenses resulted in an efficiency ratio, adjusted for one-off items and regulatory levies of 53.4%, up compared to 2014 (44.7%).

Due to profit retention and a decrease in risk-weighted assets, the Common Equity Tier 1 (CET1) ratio increased to 25.3% from 18.3% (on a stand-alone basis) at year-end 2014. The Tier 1 ratio equals the CET1 ratio as SNS Bank has no outstanding additional Tier 1 capital. SNS Bank's leverage ratio increased to 4.7%, from 3.8% at year-end 2014 (on a standalone basis). In anticipation of developments in non-risk weighted capital requirements, SNS Bank intends to further strengthen and diversify its capital base.

Following the disentanglement from SNS REAAL and taking into consideration its reported profit and solid capital position, SNS Bank proposes to pay a final dividend over 2015 of € 100 million to NLF.

Minimum requirement for own funds and eligible liabilities (MREL)

The European Bank Recovery and Resolution Directive (BRRD) came into force on 1 January 2015 and was implemented in Dutch legislation on 26 November 2015. At the same time, the Dutch Bankruptcy Act was amended, now giving priority to deposits of natural persons and SMEs over ordinary claims in the event of bankruptcy. The implementation of the bail-in framework results in the introduction of a Minimum Requirement for own funds and Eligible Liabilities (MREL) as a buffer to absorb losses. The MREL entered into force on 1 January 2016.

- On page 54 under "**Legal Proceedings**" the wording of the paragraph "*Proceedings following the nationalization*" shall be deleted and replaced with the following wording:

*General*

Various former holders of the in 2013 expropriated securities and capital components have initiated legal proceedings to seek compensation for damages. At the time that the 2015 financial statements were drawn up, no court proceedings had (yet) been initiated against SNS Bank other than those stated below. Currently, it is not possible to make an estimate of the probability that possible legal proceedings of former holders or other parties affected by the nationalisation may result in a liability, or the level of the financial impact on SNS Bank. For this reason, at year-end 2015 no provisions were made in respect of possible legal actions by former 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 cannot be ruled out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of SNS Bank.

#### *Inquiry proceedings by Dutch Investors' Association*

In November 2014, the Dutch Investors' Association (Vereniging van Effectenbezitters; 'VEB') filed a petition with the Enterprise Chamber of Amsterdam for an inquiry into the management of SNS REAAL, currently SRH, SNS Bank and the former SNS Property Finance, currently Propertize, for the period 2006 – present. SRH, SNS Bank and Propertize disputed the authority to file a petition for an inquiry. The Enterprise Chamber granted the request related to SRH and rejected the request related to Propertize. The decision related to SNS Bank has so far been deferred by the Enterprise Chamber. SRH appealed against the decision to grant the request in October 2015. SNS Bank and Propertize joined this application for cassation. Only if the VEB's request is found to be admissible, the substantive grounds of the request can be assessed.

#### *Guarantees pursuant to section 2:403, Volume 2 of the Dutch Civil Code for Propertize et al.*

These proceedings are not directly related to the expropriation decree but ensue from the subsequent transfer of Propertize BV. In the context of this transfer, SRH and SNS Bank have withdrawn the 403 Guarantees issued for Propertize et al. in the past. The expiry of the objection period made this withdrawal irrevocable for all creditors, with the exception of two parties that assert to have claims against Propertize et al., being Commerzbank and – briefly put – the receivers in the bankruptcies of the 2SQR companies, former Propertize clients. In January 2015, the objection that these parties had raised against the withdrawal of the 403 Guarantees was declared well-founded by the District Court. SRH, SNS Bank and Propertize lodged an appeal against this at the Enterprise Section of the Amsterdam Court of Appeal. At the end of December 2015, the Enterprise Section also declared the objection well-founded. SRH and SNS Bank have instituted an appeal in cassation. The outcome of these objection proceedings as such will not have any material significance for the balance sheet of SNS Bank. No provisions have been made for the underlying asserted claims that Propertize disputes. The receivers in the bankruptcies of the 2SQR companies have now commenced proceedings at the District Court regarding the claim they assert to have against Propertize – for which they hold SNS Bank liable pursuant to the 403 Guarantee. The asserted claim is thus subject to substantive assessment in these proceedings.

Furthermore, some counterparties of Propertize who are conducting legal proceedings against Propertize have also summoned SNS Bank to appear. The legal basis of this is unclear and SNS Bank consider the chance of success of these claims against SNS Bank to be limited.

- On page 55 under “**Legal Proceedings**” the wording within the paragraph “*Other proceedings relevant to SNS Bank*” shall be deleted:

The judgment of the Enterprise Chamber is expected in December 2015. In the event that the Enterprise Chamber ultimately rules - with due observance of the frameworks given in the Supreme Court's ruling of 20 March 2015 - that compensation is due (contrary to what the Minister of Finance has offered), this

compensation must be determined by expert assessment. Any ensuing damages will be paid by the State.

And replaced with:

With due observance of the framework of the Supreme Court's 20 March 2015 ruling, the Enterprise Chamber decided on 26 February 2016 that the value of the expropriated securities and assets, and consequently whether or not any compensation is due, is to be determined by court-ordered expert examination. In this context, the Enterprise Chamber appointed three experts to carry out this examination. It follows from the ruling that the Enterprise Chamber aims to ensure delivery of the expert examination on 1 October 2016. Any ensuing damages arising from these proceedings will be paid by the Dutch State.

- On page 56 under "**Legal Proceedings**" after the paragraph "*Other proceedings relevant to SNS Bank*", the following paragraph shall be added:

*AFM investigation into interest rate derivatives*

SNS Bank has a small portfolio of interest rate derivatives entered into with customers. It stopped entering into these interest rate derivatives as of 2010. At the AFM's request, SNS Bank reassessed its customers' interest rate derivatives in 2014 and 2015 in order to establish whether customers had been adequately advised in the past. This reassessment pertained to interest rate derivatives that had not yet expired on 1 April 2014. The reassessment was completed at the beginning of 2015 to the satisfaction of the AFM. SNS Bank personally informed the customers concerned of the assessment results in mid-2015.

On 4 December 2015, the AFM informed SNS Bank that a further reassessment of the interest rate derivatives may have to be carried out. Since then, SNS Bank has been in close contact with the AFM to discuss this matter. On 1 March 2016, the AFM and the Minister of Finance announced the appointment of three independent experts who will set up a uniform recovery framework in collaboration with the banks. According to the AFM and the Minister of Finance, this framework will define how the new reassessments are to be conducted and what corrective action should be taken. This reassessment may also include certain interest rate derivatives already terminated on 1 April 2014. SNS Bank has agreed to this approach. As the exact magnitude and scope of the uniform recovery framework is still unclear, no reliable estimate can be made as to a potential provision.

- On page 78, under the paragraph "**403-guarantee**", which forms part of the "**General Information**" the wording shall be deleted and replaced with the following wording:

The Issuer has provided guarantees as referred to in Book 2, Section 403 of the Dutch Civil Code (the "403- guarantee") (exemption from filing and publishing financial statements).

The Issuer has issued 403-guarantees for ASN Bank N.V., RegioBank N.V., Pettelaar Effectenbewaardebedrijf N.V., SNS Mortgage Receivables B.V., SNS Global Custody B.V., Holland Woningfinanciering N.V., and SNS Securities N.V.

In the 403-guarantee the Issuer 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, the Issuer may be held liable under these guarantees and therefore may have to pay to that creditor of the relevant subsidiary.

On 7 August 2014, SNS REAAL, the former holding company of the Issuer, withdrew the 403-guarantee for the Issuer. Any remaining liabilities on the basis of this 403-guarantee prior to 7 August 2014 will remain in full force and effect until SNS REAAL terminates this remaining liability in accordance with the relevant statutory proceedings for such termination. For the avoidance of doubt, Noteholders will therefore not be able to invoke a claim against SNS REAAL on the basis of a 403-guarantee with respect to a claim of such Noteholder against the Issuer as these have been issued after the date of withdrawal of the 403-guarantee.

Following the transfer of the shares of SNS Property Finance B.V. (renamed to Propertize B.V., "Propertize") via the Dutch State to NLF1 on 31 December 2013, the Issuer withdrew the 403-guarantee for Propertize on 31 December 2013. It also terminated the remaining liability pursuant to Article 2:404 of the Dutch Civil Code. The Issuer also withdrew the 403-guarantees for four subsidiaries of Propertize on 31 December 2013, and terminated the remaining liability. The Issuer also issued separate guarantees to a number of counterparties of Propertize in the past, certain of which are still outstanding.

The 403-guarantee and remaining liability was irrevocably terminated for all creditors of Propertize, with the exception of two creditors of Propertize. They objected to the termination of the remaining liability of the Issuer during the objection period. On 9 December 2015 the Enterprise Chamber of the Court of Appeal in Amsterdam ruled that the 403-guarantee issued by the Issuer may not be withdrawn against these two creditors. Consequently, the Issuer will remain liable only to the two creditors which have objected to the withdrawal of the 403-guarantee and/or termination of the remaining liability.

Given (i) that Propertize was adequately capitalized at the time of the share transfer and (ii) the statements of Propertize in October 2015 on its financial position (in connection with the announcement of the start of its sales process), the Issuer expects Propertize to be able to meet its obligations towards these creditors. Consequently the Issuer deems the chance that the 403-guarantee will be invoked limited. However, if the Issuer is requested to pay under the 403-guarantee, it can take recourse against Propertize.

Some counterparties of Propertize who conduct legal proceedings against Propertize have thereby also arraigned SNS REAAL and/or SNS Bank. The legal basis of this is unclear and SNS Bank considers the potential success of these claims against SNS Bank to be limited. No specific agreements were made about these claims upon the transfer of Propertize on 31 December 2013. See also section *SNS Bank N.V. under Legal Proceedings - Guarantees pursuant to section 2:403 of the Dutch Civil Code for Propertize et al.*

- On page 78, under the paragraph "**Significant or material adverse change**", which forms part of the "**General Information**" the wording shall be deleted and replaced with the following wording:

There has been no significant change in the financial or trading position of SNS Bank and its



subsidiaries and there has been no material adverse change in the prospects of the Issuer since 31 December 2015, the last day of the financial period in respect of which audited financial statements of SNS Bank have been prepared.