SNS Bank

Press Release

INTERIM FINANCIAL REPORT

Utrecht, the Netherlands, 25 August 2011

First half 2011 net result of SNS Bank NV improves to € 8 million

Highlights first half year 2011

REBOUND NET RESULT

- Net profit SNS Bank of € 126 million; net loss at Property Finance narrows to € 118 million
- Net profit SNS Bank includes € 6 million impact from impairment of Greek Government bonds
- Net profit at SNS Bank up significantly, supported by higher net interest income
- Lower net loss Property Finance due to lower loan impairments and absence of goodwill impairment

NET LOSS PROPERTY FINANCE OF € 118 MILLION

- Narrowing loss at Property Finance driven by sharp decline of impairment charges
- Total commitments reduced by € 0.8 billion to € 6.0 billion (-12%) compared to year-end 2010
- Reduction of international commitments by € 0.6 billion to € 2.5 billion (-20%)
- Further substantial reduction in commitments expected for the second half of 2011

CAPITAL POSITION

- Core Tier 1 ratio increased to 8.4% (year-end 2010: 8.1%)
- Risk-weighted assets reduced by € 0.7 billion to € 21.4 billion (-3%) compared to year-end 2010
- Commitments of SNS SME reduced by € 1.0 billion (-13%) to € 6.4 billion compared to year-end 2010

Contents

1 Key figures

TABLE 1: KEY FIGURES

In € millions	1st half year 2011	1st half year 2010	Change	2nd half year 2010	Change
Result					
SNS Retail Bank [1,2]	92	66	39%	73	26%
SNS SME [1]	34	43	(21%)	30	13%
SNS Bank [1,2]	126	109	16%	103	22%
Property Finance [1]	(118)	(219)	46%	(424)	72%
SNS Bank NV [2]	8	(110)	107%	(321)	102%
Total income	490	499	(2%)	486	1%
Total expenses	476	618	(23%)	899	(47%)
Result before tax	14	(119)	112%	(413)	103%
Taxation	6	(9)	167%	(92)	107%
Net result discontinued operations and minority interests	—	—	—	—	—
Net result for the period	8	(110)	107%	(321)	102%
Balance Sheet					
Total assets	80,275	82,484	(3%)	78,918	2%
Investments	4,180	4,492	(7%)	4,249	(2%)
Loans and advances to customers	65,393	68,294	(4%)	65,013	1%
Total equity	1,807	2,258	(20%)	1,836	(2%)
Savings	30,426	26,557	15%	27,398	11%
Ratios					
Return on shareholders' equity (ROE)	0.9%	(9.4%)		(31.4%)	
Efficiency ratio	58.8%	56.1%		60.9%	
Core Tier 1 ratio [3]	8.4%	8.6%		8.1%	
Tier 1 ratio [3]	11.3%	11.1%		10.7%	
BIS ratio [3]	15.7%	14.5%		16.7%	

1) As of 1 January 2011, the business units Property Finance and SNS Bank have been re-grouped. SNS Bank comprises the sub segments SNS Retail Bank and SNS SME. Comparative figures have been adjusted accordingly. For more information see section Basis of Preparation on page 22.

2) The result of SNS Retail Bank and SNS Bank differ from the result in the SNS REAAL press release. Please refer to the changes in presentation, page 22.

3) Figures are calculated based on Basel II, taking into account the 80% floor of Basel I.

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Financial analysis SNS Bank NV

2.1 NET RESULT

2.1.1 Results first half of 2011 compared to first half of 2010

For the first half of 2011, SNS Bank NV reported a net profit of € 8 million, compared to a net loss of € 110 million for the first half of 2010. This improvement was driven by the absence of a goodwill impairment and a smaller loss at Property Finance due to sharply lower impairments.

SNS Bank's net profit increased significantly due mainly to increased net interest income, higher results from the buy-back of own funding paper and lower loan impairments.

At Property Finance, the net loss narrowed sharply, partly driven by the absence of the goodwill impairment which had impacted the first half year 2010 result adversely. The result adjusted for this one-off item also improved due to lower loan impairments more than compensating for lower net interest income.

TABLE 2: NET RESULT SNS BANK NV

In € millions	1st half year 2011	1st half year 2010	2nd half year 2010
Net interest income	404	425	446
Net fee and commission income	46	52	40
Other income	40	22	—
Total income	**490**	**499**	**486**
Total operating expenses	288	280	296
Impairment charges	184	270	603
Impairment charges goodwill	—	68	—
Result assets and liabilities held for sale	4	—	—
Total expenses	**476**	**618**	**899**
Result before tax	**14**	**(119)**	**(413)**
Taxation	6	(9)	(92)
Minority interests	—	—	—
Net result for the period at SNS Bank NV	**8**	**(110)**	**(321)**
Impact one-off items at SNS Bank	—	—	—
Impact one-off items at Property Finance	—	(68)	—
Total one-off items	**—**	**(68)**	**—**
Adjusted net result for the period at SNS Bank	126	109	103
Adjusted net result for the period at Property Finance	(118)	(151)	(424)
Total adjusted net result for the period [1]	**8**	**(42)**	**(321)**

1) Net result excluding impact one-off items.

Income

Total income in the first half of 2011 amounted to € 490 million, down € 9 million compared to the first half of 2010 (€ 499 million).

At SNS Bank, total income was up compared to the first half of 2010. Higher net interest income and higher gains on the buy-back of own funding paper more than compensated for lower realised results on the fixed-income portfolio and lower trading results.

At Property Finance, total income declined sharply, as a declining loan portfolio and higher internal funding costs put pressure on net interest income.

Expenses

Total expenses in the first half of 2011 declined to € 476 million, € 142 million lower compared to the first half of 2010, due mainly to sharply lower impairments.

Operating expenses

Total operating expenses were up € 8 million compared to the first half of 2010. Adjusting the base of comparison for SNS Retail Bank's share in the savings guarantee scheme and expenses related to the winding down of the portfolio at Property Finance, total operating expenses decreased by € 10 million (–4%). This decrease was driven by € 7 million lower expenses at SNS Bank and € 3 million lower expenses at Property Finance.

At SNS Retail Bank, the targeted annual cost savings from the new distribution strategy of € 35 million have been largely realised by end June 2011.

TABLE 3: **TOTAL OPERATING EXPENSES SNS BANK NV**

In € millions	1st half year 2011	1st half year 2010	Change	2nd half year 2010	Change
Total operating expenses SNS Bank NV	288	280	3%	296	(3%)
Adjustments					
Restructuring charge at SNS Bank (SNS SME)	—	—		4	
SNS Retail Bank's share in savings guarantee scheme DSB	6	—		—	
Expenses related to winding down portfolio Property Finance	23	11		25	
Total adjustments	29	11	—	29	—
Total adjusted operating expenses SNS Bank NV	259	269	(4%)	267	(3%)

Impairment charges

Total impairment charges of SNS Bank NV were sharply lower compared to the first half of 2010, due mainly to the absence of the goodwill impairment and lower loan impairments at Property Finance. At SNS Bank, Greek government bonds were impaired to market value by € 8 million and impairments on loans were stable.

2.1.2 Results first half of 2011 compared to second half of 2010

For the first half of 2011, SNS Bank NV reported a net profit of € 8 million, compared to a net loss of € 321 million for the second half of 2010. The main factor behind this rebound was the sharply lower net loss at Property Finance, following the exceptionally high level of impairments in the second half of 2010. The net loss at Property Finance decreased by € 306 million. At SNS Bank, net profit for the first half of 2011 increased strongly compared to the second half of 2010.

At SNS Retail Bank, net profit improved due to an increased result on financial instruments, driven by higher buy-back results on own funding paper and lower operating expenses. At SNS SME, net profit was up slightly due to lower operating expenses and impairments compensating for lower net interest income and a lower result on financial instruments. In the second half of 2010 impairment charges at SNS SME were relatively high due to additions to the IBNI provision and operating expenses were impacted by a redundancy provision. The decrease in net interest income was due mainly to the harmonisation of funding cost allocation between SNS Retail Bank and SNS SME and a declining loan portfolio.

At Property Finance, the net loss for the first half of 2011 decreased strongly compared to the second half of 2010 due mainly to sharply lower impairment charges, partially offset by lower net interest income. Net interest income was sharply lower due to a reduced loan portfolio and higher funding costs. Result on financial instruments was less negative due to lower sales of non-provisioned loans at a discount. Total operating expenses were slightly lower compared to the second half of 2010, with both periods impacted by costs related to the phasing out of the loan portfolio.

2.2 CAPITAL MANAGEMENT

Solvency

TABLE 4: **SOLVENCY SNS BANK NV**

In percentages	June 2011	December 2010	June 2010	December 2009	June 2009	December 2008
Core Tier 1 ratio [1]	8.4%	8.1%	8.6%	8.3%	8.2%	8.1%
Tier 1 ratio [1]	11.3%	10.7%	11.1%	10.7%	10.6%	10.5%
BIS ratio [1]	15.7%	16.7%	14.5%	13.9%	13.8%	14.0%

1) Figures are calculated based on Basel II, taking into account the 80% floor of Basel I.

In the first half of 2011, the solvency ratios for the Banking activities improved. At the end of June 2011, the Tier 1 ratio stood at 11.3% (year-end 2010: 10.7%) and the core Tier 1 ratio at 8.4% (year-end 2010: 8.1%). This improvement was due mainly to the decline in risk-weighted assets, driven by the decline of commitments at Property Finance and SNS SME. At the end of June 2011, risk-weighted assets amounted to € 21.4 billion compared to € 22.1 billion at year-end 2010.

The BIS ratio decreased from 16.7% at year-end 2010 to 15.7% as a result of redemptions of Tier 2 capital in the first half of 2011. In anticipation of these redemptions, SNS Bank had attracted € 500 million of Tier 2 capital in the fourth quarter of 2010.

At the end of July 2011, the core Tier 1 ratio of the Banking activities was slightly higher at 8.5%.

Investment portfolio

SNS Bank impaired its Greek sovereign bonds classified as available for sale to market value and recognised the related cumulative unrealised losses of € 8 million as other impairment charges in the income statement. The Greek bonds mature in the first half of 2012. The exposures to Ireland (4%) and Spain (1%) were limited and slightly lower compared to year-end 2010. The exposure to Italy (17%) represented a higher percentage but was reduced substantially compared to year-end 2010 (22%). The majority of sovereign debt exposure remained to the Netherlands, Germany, Austria and France.

TABLE 5: **SOVEREIGN EXPOSURE FIXED-INCOME PORTFOLIO**

In € millions	June 2011	June 2011	December 2010	December 2010
Ireland	133	4%	156	4%
Greece	43	1%	47	1%
Spain	29	1%	57	2%
Italy	601	17%	762	22%
The Netherlands	827	24%	791	22%
Germany	639	18%	728	21%
France	372	11%	390	11%
Austria	487	14%	405	11%
Belgium	307	9%	200	6%
Other	27	1%	8	0%
Total	**3,465**	**100%**	**3,544**	**100%**

In July 2011, the Banking activities of SNS REAAL reported on the EU-wide stress testing exercise coordinated by the European Banking Authority (EBA). As a result of the assumed baseline scenario, the estimated consolidated core Tier 1 capital ratio of the Banking activities would change to 10.6% in 2012 compared to 8.4% as of end of 2010. As a result of the assumed shock under the adverse scenario, the estimated consolidated core Tier 1 capital ratio would change to 7.0% in 2012 compared to 8.4% as of end of 2010. The stress test results do not take into account nor reflect any future releases from the capital release plan which was announced in November 2010. Nor do they reflect other potential mitigating management actions.

New regulation

In December 2010 and June 2011, the Basel Committee published final documents aimed at strengthening global capital and liquidity regulations (Basel III). These documents covered areas such as the (quality of the) capital base, a countercyclical capital framework, the leverage ratio and minimum liquidity standards. On 20 July, the European Commission issued proposals amending the Capital Requirements Directive (CRD IV), broadly in line with the proposals from the Basel Committee. However, the interaction between Basel III, CRD IV and other potential national and international regulatory changes means that there is still uncertainty on several issues.

These regulatory changes will lead to higher capital and liquidity requirements. Discretionary power at a national level within Pillar 2, coupled with the mentioned uncertainties such as the treatment of systemically important financial institutions could add further to the requirements. SNS REAAL has recently presented its first Basel III migration plan to the supervisor. Based on the current requirements, this plan indicates that no immediate measures are necessary for SNS REAAL to comply with the new requirements.

2.3 FUNDING ACTIVITIES

During the first half of 2011, SNS Bank NV's new wholesale funding activities were negligible as it was able to fund its activities entirely by retail funding. Savings deposits rose by € 3.0 billion (+ 11%) compared to year-end 2010 due to a strong inflow of new deposits, while retention rates remained high. Bank savings, part of the total savings deposits, grew by € 330 million to € 1,033 million. As a result, the loan-to-deposit ratio of the Banking activities improved from 172% at year-end 2010 to 160%.
Total liquidity of the Banking activities increased from € 11.9 billion at year-end 2010 to € 12.7 billion due to a higher cash position, driven by the increase in savings in combination with a limited growth in mortgages and the reduction of commitments at SNS SME and Property Finance.

TABLE 6: **DEVELOPMENT LIQUIDITY POSITION SNS BANK NV**

In € millions	June 2011	December 2010	June 2010
Cash	4,078	2,980	3,594
Liquid assets [1]	8,626	8,939	9,358
Total liquidity position	**12,704**	**11,919**	**12,952**

1) Definition of liquid assets has been changed to assets which are ECB eligible and readily available. Comparative figures have been adjusted accordingly.

In the first half of 2011, Moody's downgraded its credit ratings for SNS REAAL and its subsidiaries by 1 notch, while replacing the negative outlook with a stable outlook. Also, Fitch downgraded its rating for SNS Bank, while raising the outlook to stable. The main reason for the downgrades was the downswing of results at Property Finance in 2010. Consequently, funding costs may be negatively impacted in the first half of 2011, the downgrades did not have a material impact on funding costs, given the negligible amount of new wholesale funding.

2.4 RISK MANAGEMENT

2.4.1 Market risk

During the first half of 2011 markets have been impacted the debt crisis in Southern European countries. During this period, SNS Bank NV has continued to reduce its exposure to these countries.

The crisis has led to an increased volatility of interest rate markets. The interest rate risk of the Banking activities is managed mainly through the duration of equity. The duration of equity was held at low levels between 2 and 4 during the first half of 2011. At the end of the first half of 2011, the duration of equity was 3.6 (year-end 2010: 2.3).

The average Value at Risk (VaR) with a confidence level of 99% stood at € 225 million compared to an average of € 288 million over 2010. By the end of June 2011, the VaR stood at € 239 million versus € 173 million at year-end 2010.

The Earnings at Risk (EaR) measures the sensitivity of net interest income to a limited set of extreme interest rate scenarios. In the first half of 2011 the average EaR was € 11 million. By the end of June 2011, the EaR was € 8 million compared to € 11 million at the end of 2010.

2.5 OUTLOOK

Macroeconomic indicators point at a fragile state of the Dutch economy. Consumers' purchasing power is expected to decrease in 2011 but unemployment remains low.

The sovereign debt crisis will continue to affect the stability on the financial markets and could therefore have an impact on impairments of assets. Interest rates may remain volatile and as a consequence, unrealised mark-to-market results may also influence net profit in the second half year. We expect conditions in real estate development and investments, both in domestic and international markets, to remain difficult. Although sharply lower than 2010, impairments on property finance loans are expected to remain at high levels in the second half of 2011.

We will continue to make progress on our strategic priorities. We will press ahead with the run-off of Property Finance's portfolio. We will focus on increasing solvency levels where possible and executing our plans to free up capital however, volatility of interest rates, credit spreads and equities may continue to impact our solvency position.

Cost levels will come down further. We will strive to attract new customers and to further improve customer satisfaction, allowing us to retain existing customers and strengthen our franchise.

3 SNS Bank

As of 1 January 2011, the activities of SNS Bank comprise two business segments: SNS Retail Bank and SNS SME. These segments are discussed separately below.

TABLE 7: NET RESULT SNS BANK

In € millions	1st half year 2011	1st half year 2010	Change	2nd half year 2010	Change
Result					
SNS Bank	126	109	16%	103	22%
SNS Retail Bank	92	66	39%	73	26%
SNS SME	34	43	(21%)	30	13%

SNS Retail Bank

HIGHLIGHTS SNS RETAIL BANK

- *Considerable improvement in net profit to €92 million*
- *Market share savings continues to trend up to 10.2%*
- *Impairment on Greek government bonds of €6 million net*
- *Operating expenses flat; adjusted operating expenses 3% lower*
- *Additional provision of €6 million for savings guarantee scheme related to DSB Bank*

TABLE 8: SNS RETAIL BANK

In € millions	1st half year 2011	1st half year 2010	Change	2nd half year 2010	Change
Result					
Net interest income	296	270	10%	296	0%
Net fee and commission income	42	48	(13%)	37	14%
Investment income	13	34	(62%)	13	0%
Result on financial instruments	34	(3)	1.233%	12	183%
Other operating income	2	1	100%	—	
Total income	387	350	11%	358	8%
Impairment charges to loans and advances	27	33	(18%)	26	4%
Other impairment charges	8	—		4	100%
Total operating expenses	229	229	0%	230	0%
Total expenses	264	262	1%	260	2%
Result before tax	123	88	40%	98	26%
Taxation	31	22	41%	25	24%
Minority interests	—	—		—	
Net result for the period	92	66	39%	73	26%
Efficiency ratio	59.2%	65.4%		64.2%	
Impairment charges to loans and advances as a % of gross outstanding loans to customers [1]	0.10%	0.12%		0.10%	
Risk-weighted assets Basel I (80%) [2]	11,986			11,555	4%
Savings	30,426	26,557	15%	27,398	11%
Loans and advances to customers	53,850	53,935	0%	52,030	3%

1) Half year figures annualised for comparative reasons.
2) RWA for the re-grouped segments are for first half of 2010 not available.

4.1 RESULT

4.1.1 Results for the first half of 2011 compared to the first half of 2010

SNS Retail Bank's net profit increased by € 26 million to € 92 million (+39%), due mainly to higher total income (+11%) and lower loan impairments. The increase of total income was driven by markedly higher net interest income and higher buy-back results on own funding paper. This more than compensated for an impairment on Greek government bonds, lower realised gains on bonds and lower net fee and commission income.

4.1.2 Income

Interest income increased markedly by € 26 million (+10%). Interest income from savings improved. Net interest income from mortgages was relatively stable. The sale of first loss pieces and the sale of a mortgage portfolio to REAAL as part of the capital release programme in the fourth quarter of 2010 had a negative impact on interest income. Interest income also benefitted from a harmonisation of funding costs between SNS Retail Bank, SNS SME and Property Finance.

Interest income from savings was up in the first half of 2011, due to a marked increase of the savings portfolio by € 3.0 billion compared to year-end 2010 (+11%). This included the continued growth of bank savings balances by € 330 million to € 1,033 million at end June 2011. SNS Retail Bank's market share in savings increased to 10.2% (2010: 9.5%). As part of the overall marketing campaign, SNS Bank introduced a savings campaign in the fourth quarter of 2010 which includes alerting customers about new SNS Bank savings products with higher interest rates compared to those on SNS Bank products already held by the customer. This, as well as SNS Bank's competitive interest rates and the excellent performance of ASN Bank, contributed to a steady inflow of savings.

SNS Retail Bank's residential mortgage portfolio of € 51.9 billion was up € 2.6 billion compared to year-end 2010 (€ 49.3 billion). Of this € 2.6 billion, € 2.2 billion was caused by the transfer of securitised retail mortgages from DBV as at 1 January 2011. On the other hand, at the end of June 2011, € 0.5 billion of the mortgage portfolio of SNS Retail Bank was transferred to the Insurance activities. This consisted of REAAL's first half year production of new SNS Retail Bank mortgages covered by the Dutch Mortgage Guarantee scheme. Organically, SNS Retail Bank's residential mortgage portfolio grew by € 0.9 billion, supported by high retention rates.

SNS Retail Bank's market share of new residential mortgages in the first half of 2011 was 6.4%, stable compared to 2010 as a whole. In the first half of 2011, the proportion of new mortgages covered by the Dutch Mortgage Guarantee scheme was again substantial at 67%. Net interest income from mortgages was relatively stable, despite the impact from the sale of first loss pieces (e-notes) and the transfer of € 0.9 billion of retail mortgages to the Insurance activities in the fourth quarter of 2010. The transfer of the securitised DBV retail mortgages did not have a material impact on net interest income.

As a result of the strong growth in savings and the relatively limited growth in mortgages, the loan-to-deposit ratio of SNS Retail Bank improved from 156% at year-end 2010 to 148%.

Net fee and commission income decreased, due mainly to lower fees on insurance products and some positive incidental items in the first half of 2010. In the first half of 2011, assets under management increased by € 1.6 billion to € 6.4 billion, driven by the rebranding of € 1.2 billion of AXA investment funds to ASN and SNS investment funds and good net inflows, partly offset by lower market values. Assets under management at SNS Fundcoach decreased by 9% to € 698 million due to lower market values of equities.

Investment income decreased sharply due to lower realised results on the fixed-income portfolio and negative fair value movements on the DBV mortgage portfolio. The latter is hedged and was compensated by positive results on derivatives included in result on financial instruments.

The result on financial instruments increased by € 37 million, largely driven by higher buy-back results on own funding paper and higher results on derivatives which more than compensated for negative fair value movements of the DBV mortgage portfolio aforementioned.

4.1.3 Expenses

Total operating expenses were flat. Excluding SNS Retail Bank's share in the savings guarantee scheme related to DSB (€ 6 million), total operating expenses decreased by 3% due to the reduction in the number of staff. SNS Retail Bank has completed its 'Visie and Vlag' programme. The targeted annual cost savings from the new distribution strategy of € 35 million were largely realised by end June 2011, and will have a full-year impact in 2012. As a result of the flat operating expenses in combination with higher total income, the efficiency ratio improved to 59.2%.

Impairment charges to loans and advances declined by € 6 million and as a percentage of outstanding gross loans stood at 10 basis points, a decrease of 2 basis points compared to the first half of 2010.

On 21 July, the European Union announced an initiative to support Greece. SNS Bank has impaired its Greek government bonds classified as available for sale to market value and recognised the related cumulative unrealised losses of € 8 million as other impairment charges in the income statement.

4.2 CREDIT RISK

Housing prices in the Netherlands remained weak (down 0.9% year-to-date) throughout the first half of 2011. The price index of existing home sales fell 1.9% year-on-year and the number of homes sold was down 3% year-on-year in the first half of 2011. The weak housing market lengthens the recovery period of loans in default and lowers the recovery amount on mortgages.

A new code of conduct for banks operating in the Netherlands is in effect as of 1 August 2011. The code limits new residential mortgages to 104% (plus taxes, currently 2%) of the purchase price, instead of the previous limit of 112% (106% of the purchase price plus 6% tax). It also requires, in addition to a more thorough assessment of the financial capacity of the borrower, a compulsory redemption of 50% of the market value during the maturity of 30 years. The code is expected to keep activity on the mortgage market subdued. Furthermore, the uncertain economic outlook may deter potential buyers from the purchase of a new home. However, the Government's recent decision to temporarily reduce transaction tax on housing sales from 6% to 2% may stimulate activity in the housing market.

At SNS Bank, 67% of the new mortgage production was covered by the Dutch Mortgage Guarantee Scheme (NHG), contributing to the quality of the Dutch mortgage portfolio. Of the total mortgage portfolio, 17.3% is now covered by NHG. The weighted average indexed LtFV stood at 90% as at end-June 2011 compared to 88% at year-end 2010.

5 SNS SME

HIGHLIGHTS SNS SME

- *Lower net profit of € 34 million, influenced by higher impairment charges and lower income*
- *Loan portfolio reduced by € 0.8 billion (-12%) compared to year-end 2010*
- *Limited decline in net interest income*
- *Total operating expenses slightly lower*
- *Efficiency ratio increased to 30.0% due to lower total income*

TABLE 9: SNS SME

In € millions	1st half year 2011	1st half year 2010	Change	2nd half year 2010	Change
Result					
Net interest income	78	82	(5%)	86	(9%)
Net fee and commission income	4	4	0%	3	33%
Investment income	—	—		—	
Result on financial instruments	(2)	—		—	
Other operating income	—	2	(100%)	1	
Total income	80	88	(9%)	90	(11%)
Impairment charges to loans and advances	11	5	120%	21	(48%)
Other impairment charges	—	—		—	
Total operating expenses	24	25	(4%)	28	(14%)
Total expenses	35	30	17%	49	(29%)
Result before tax	45	58	(22%)	41	10%
Taxation	11	15	(27%)	11	0%
Minority interests	—	—		—	
Net result for the period	34	43	(21%)	30	13%
Efficiency ratio	30.0%	28.4%		31.1%	
Impairment charges to loans and advances as a % of gross outstanding loans to customers1	0.35%	0.13%		0.58%	
Risk-weighted assets Basel I (80%) 2	4,568			5,314	(31%)
Loans and advances to customers	6,352	7,579	(16%)	7,199	(12%)

1) Half year figures annualised for comparative reasons.
2) RWA for the re-grouped segments are for the first half of 2010 not available.

5.1 RESULT

5.1.1 Results for the first half of 2011 compared to the first half of 2010

SNS SME posted a net profit of € 34 million compared to € 43 million for the first half of 2010. This decrease was largely driven by lower interest income and higher impairment charges. In the first half of 2010, impairment charges had been below normalised levels due to releases of provisions. Furthermore, other operating income and the result on financial instruments were somewhat lower in the first half of 2011.

5.1.2 Income

SNS SME's total income declined by € 8 million due to lower other operating income and a lower result on financial instruments. Net interest income showed a limited decline as the impact of harmonisation of funding cost allocation between SNS Retail Bank and SNS SME and a lower loan portfolio were only partly compensated by higher income from a higher SME savings portfolio.

The SME savings portfolio, included in 'Other amounts due to customers', increased from € 3.7 billion as at year-end 2010 to € 3.9 billion as at 30 June 2011.

The negative result on financial instruments was due to the sale of non-provisioned loans at a small discount. Other operating income was nil, whereas the first half of 2010 had benefitted from some gains on the sale of lease objects.

5.1.3 Expenses

Total operating expenses decreased by € 1 million supported by a reduction in the number of staff. However, as a result of the decrease in total income, the efficiency ratio increased from 28.4% to 30.0%.

Impairment charges to loans and advances increased by € 6 million. In the first half of 2010, impairment charges had been positively influenced by releases of provisions. Impairment charges as a percentage of outstanding gross loans in the first half of 2011 were 35 basis points compared to 13 basis points in the first half of 2010.

TABLE 10: **OVERVIEW PORTFOLIO SNS SME**

In € millions	PF SME [1]	SNS Retail Bank SME [1]	SNS SME
Total portfolio June 2011			
Commitments	4,817	1,598	6,415
Undrawn commitments	(20)	—	(20)
Outstanding loan portfolio (gross)	4,837	1,598	6,435
Loan provision	14	69	83
Outstanding loan portfolio	4,823	1,529	6,352
Property projects	10	—	10
Held for sale	—	—	—
Total exposure	4,833	1,529	6,362
Non performing loans	17	203	220
Non performing loans as % of loans outstanding	0.4%	12.7%	3.4%
Coverage ratio	82.4%	34.0%	37.7%

OVERVIEW PORTFOLIO SNS SME (continued)

In € millions	PF SME [1]	SNS Retail Bank SME [1]	SNS SME
Total portfolio December 2010			
Commitments	5,714	1,661	7,375
Undrawn commitments	97	—	97
Outstanding loan portfolio (gross)	5,617	1,661	7,278
Loan provision	11	68	79
Outstanding loan portfolio	5,606	1,593	7,199
Property projects	11	—	11
Held for sale	27	—	27
Total exposure	**5,644**	**1,593**	**7,237**
Non performing loans	12	205	217
Non performing loans as % of loans outstanding	0.2%	12.3%	3.0%
Coverage ratio	91.7%	33.2%	36.4%

1) Portfolios based on old business-unit structure.

As part of SNS REAAL's capital release programme, commitments at SNS SME (gross loans including undrawn commitments) were reduced from € 7.4 billion at the end of 2010 to € 6.4 billion (-13%). Outstanding loans, net of provisions, declined from € 7.2 billion at year-end 2010 to € 6.4 billion. The decline in total commitments was higher than the decline in outstanding loans due to drawdowns on existing commitments. The decline of outstanding loans was due to redemptions and the sale of a number of loans.

Due to the sales in the first half of 2011, assets held for sale decreased from € 27 million as at year-end 2010 to nil. Property projects remained stable at € 11 million.

5.2 CREDIT RISK

Total non-performing loans remained almost stable. In the Property Finance SME loan portfolio, non-performing loans increased slightly but remained very limited at € 17 million as at end June 2011, only 0.4% of loans outstanding. At former SNS Retail Bank's SME portfolio, non-performing loans decreased slightly compared to year-end 2010.

In combination with a lower loan portfolio, this meant that total non-performing loans as a percentage of gross loans outstanding increased from 3.0% at year-end 2010 to 3.4%.

The average LtV of the former Property Finance loan portfolio included in SNS SME increased slightly from 70.2% at year-end 2010 to 72.6% as collateral values were updated based on a reappraisal of a representative part of the portfolio. Although recent valuations reflect careful interpretations of comparable transactions, valuation ranges remain relatively wide.

Property Finance

HIGHLIGHTS PROPERTY FINANCE

- *Net loss narrows to €118 million, driven by lower impairment changes*
- *Net interest income sharply lower due to a lower portfolio and higher funding costs*
- *Operating expenses impacted by costs related to phasing out loan portfolio*
- *Total commitments declined by €0.8 billion to €6.0 billion compared to year-end 2010 (-12%)*
- *Coverage ratio non-performing loans slightly lower at 37% (year-end 2010: 41%) with non-performing loans decreasing by €0.2 billion*

TABLE 11: **PROPERTY FINANCE**

In € millions	1st halfyear 2011	1st halfyear 2010	Change	2nd halfyear 2010	Change
Result					
Net interest income	30	73	(59%)	64	(53%)
Investment income	1	(1)	200%	1	0%
Result on financial instruments	(5)	(3)	67%	(26)	(81%)
Other operating income	(3)	(8)	(63%)	(1)	200%
Total income	23	61	(62%)	38	(39%)
Total operating expenses	35	26	35%	38	(8%)
Result assets and liabilities held for sale	4	—		—	
Impairment charges	138	232	(41%)	552	(75%)
Impairment charges goodwill	—	68	(100%)	—	
Total expenses	177	326		590	
Result before tax	(154)	(265)	(42%)	(552)	(72%)
Taxation	(36)	(46)	(22%)	(128)	(72%)
Net result for the period	(118)	(219)	(46%)	(424)	(72%)
One-off items	—	(68)	(100%)	—	
Adjusted net result for the period	(118)	(151)	(22%)	(424)	(72%)
Efficiency ratio	152.2%	42.6%		100.0%	
Impairment charges as a % of gross outstandings to customers [1]	4.34%	5.96%		15.62%	
Risk-weighted assets Basel I (80%) [2]	4,826			5,261	(8%)
Loans and advances	5,191	6,780	(23%)	5,784	(10%)
Property projects	561	581	(3%)	456	23%
Held for sale	21	—		94	(78%)

1) Half year figures annualised for comparative reasons.
2) RWA for the re-grouped segments are for the first half of 2010 not available.

6.1 RESULT

6.1.1 Results for the first half of 2011 compared to the first half of 2010

Property Finance posted a net loss of € 118 million compared to a net loss of € 219 million for the first half of 2010. Adjusted for the goodwill impairment of € 68 million in 2010, the net loss decreased from € 151 million to € 118 million. This decrease was fully due to lower impairments, more than compensating for the lower net interest income and higher operating expenses.

6.1.2 Income

Total net interest income declined by 59% compared to the first half of 2010. Approximately one third of the decline was due to the harmonisation of funding costs between the banking units. Furthermore, the decline of the loan portfolio reduced interest income substantially. The run-off of the loan portfolio also led to lower interest-related fee and commission income including in the net interest income, as in some cases fees were waived to clients refinancing their loans elsewhere.
Although still negative, the result on financial instruments improved due to lower sales of non-provisioned loans at a discount. Other operating income improved due to lower negative results on participations.

6.1.3 Expenses

Operating expenses increased by € 9 million to € 35 million, as advisory costs related to winding down the portfolio rose to € 23 million compared to € 11 million in the first half of 2010. Adjusted for these costs, operating expenses declined by € 3 million due to a decrease in FTEs.

Impairment charges decreased by € 94 million to € 138 million (–41%) and as a percentage of total gross outstanding loans, property projects and participations decreased from 596 basis points in the first half of 2010 to 434 basis points in the first half of 2011, both on an annualised basis. Impairment charges in the first half of 2011 consisted of € 113 million of impairments on loans, € 33 million of impairments on property projects and € 8 million reversal of earlier impairments on participations. An amount of € 51 million of the provision on loans was used for the reduction of the loan portfolio during the first half year. Compared to year-end 2010, the loan provision decreased by € 153 million to € 575 million due to the foreclosure and reclassification to Property projects and Assets held for sale of non-performing loans with relatively high coverage ratios.

In the international portfolio, impairment charges decreased from € 200 million in the first half of 2010 to € 90 million. This decrease related to loans and property projects in North America and Europe.
Impairment charges in the Dutch portfolio amounted to € 48 million in the first half of 2011 compared to € 32 million in the first half of 2010.

Losses related to the sale of projects classified as held for sale led to a € 4 million negative result from assets and liabilities held for sale.

6.2 PORTFOLIO DEVELOPMENT

6.2.1 Total portfolio

Total commitments declined from € 6.8 billion at the end of 2010 to € 6.0 billion (–12%), corresponding to a decline in risk-weighted assets by € 0.6 billion. Total outstanding loans, net of provisions, declined from € 5.8 billion at year-end 2010 to € 5.2 billion (–10%).

Compared to year-end 2010, property projects (real estate projects in which Property Finance has taken control) increased from € 456 million to € 561 million due mainly to new foreclosures, partly compensated by impairments. The foreclosures in the first half of 2011 largely consisted of projects in the USA and Spain.

Held for sale, consisting of projects expected to be sold in the near future, decreased from € 94 million at year-end 2010 to € 21 million. This mainly related to the sale of the 55 West project in the USA.

Total non-performing loans decreased by € 191 million to € 1,570 million due mainly to the sale of non-performing loans and the foreclosure of non-performing loans, resulting in a reclassification from loans to property projects of € 345 million gross and € 138 million net. This was partly offset by new inflow, which was almost equal for Dutch and international loans. Total non-performing loans as a percentage of gross loans outstanding remained stable at 27%.

The coverage ratio decreased from 41% to 37% due mainly to the foreclosure on non-performing loans in the United States and Spain with relatively high coverage ratios, which were reclassified to Property projects and Assets held for sale. Without this reclassification, the coverage ratio would have remained stable at 41%.

TABLE 12: OVERVIEW PORTFOLIO PROPERTY FINANCE

In € millions	June 2011	December 2010
Total Portfolio		
Commitments	5,985	6,840
Undrawn commitments	219	328
Outstanding loan portfolio (gross)	5,766	6,512
Loan provision	575	728
Outstanding loan portfolio	5,191	5,784
Property projects	561	456
Held for sale	21	94
Total exposure	5,773	6,334
Non-performing loans	1,570	1,761
Non-performing loans as % of loans outstanding	27.2%	27.0%
Coverage ratio	36.6%	41.3%
Average loan-to-value (LtV)	95.7%	96.4%
Dutch portfolio		
Commitments	3,540	3,763
Undrawn commitments	112	216
Outstanding loan portfolio (gross)	3,428	3,547
Loan provision	272	222
Outstanding loan portfolio	3,156	3,325
Property projects	7	—
Held for sale	—	—
Total exposure	3,163	3,325
Non-performing loans	962	788
Non-performing loans as % of loans outstanding	28.1%	22.2%
Coverage ratio	28.3%	28.2%
Average loan-to-value (LtV)	98.9%	95.8%

OVERVIEW PORTFOLIO PROPERTY FINANCE (continued)

In € millions	June 2011	December 2010
International portfolio		
Commitments	2,445	3,077
Undrawn commitments	107	112
Outstanding loan portfolio (gross)	2,338	2,965
Loan provision	303	506
Outstanding loan portfolio	2,035	2,459
Property projects	554	456
Held for sale	21	94
Total exposure	2,610	3,009
Non-performing loans	608	973
Non-performing loans as % of loans outstanding	26.0%	32.8%
Coverage ratio	49.8%	52.0%
Average loan-to-value (LtV)	91.3%	97.6%

6.2.2 Dutch portfolio

Total commitments declined from € 3.8 billion at year-end 2010 to € 3.5 billion (–6%). Net of provisions, loans outstanding declined from € 3.3 billion at year-end 2010 to € 3.2 billion (–5%), mainly through redemptions.

Non-performing Dutch loans increased by € 174 million in the first half of 2011 due mainly to new inflow of non-performing loans as the outflow was limited. Due to the increase of non-performing loans, total non-performing loans as a percentage of gross loans outstanding increased from 22% at year-end 2010 to 28%.

The coverage ratio remained stable at 28% due to the strengthening of the loan provision to € 272 million.

6.2.3 International portfolio

International commitments declined from € 3.1 billion at year-end 2010 to € 2.4 billion (–21%). Net of provisions, loans outstanding declined from € 2.5 billion at year-end 2010 to € 2.0 billion (–17%).
The international loan portfolio was reduced through redemptions, the sale of a limited number of loans, movements in foreign exchange rates (–€ 79 million) and reclassifications from loans to property projects.

6.3 CREDIT RISK

Non-performing international loans decreased by € 365 million in the first half of 2011. The decrease was due mainly to the sale of loans, foreclosures and reclassifications to property projects and movements in foreign exchange rates, partly offset by new inflow of non-performing loans. New inflow in the first half of 2011 related fully to North America and Germany. Due to the decrease of international non-performing loans, as a percentage of gross loans outstanding they decreased from 32.8% at year-end 2010 to 26.0%.

Due to the transfer of highly provisioned non-performing loans in the United States and Spain to Property projects the coverage ratio declined from 52% to 50%.

Circumstances in real estate markets remain generally difficult, keeping real estate values under pressure, especially in the international real estate markets where Property Finance is active. This is reflected in a level of impairments that remained high, although sharply lower than in the second half of 2010. These impairments reflect the changes in the expected cash flows of the underlying assets. Expected cash flows are driven by projections, based on defined exit plans, of rental income, price per square metre, construction costs, interest costs and exit values as reflected in reports provided by professional appraisers.

The average LtV of the total loan portfolio decreased from 96.4% at year-end 2010 to 95.7% at the end of June 2011. The average LtV of the international portfolio decreased from 97.6% to 91.3%, due mainly to the foreclosure on non-performing loans in the United States and Spain with relatively high LtVs. In contrast to the international portfolio, the average LtV of the Dutch portfolio increased from 95.8% to 98.9%, due mainly to lower prices. Collateral values have been updated based on reappraisal of a representative part of the portfolio. Market circumstances have led to a reduction of recent and comparable transactions, with recent transactions sometimes reflecting sellers in financial difficulties. Although recent valuations reflect careful interpretations of comparable transactions, valuation ranges remain remain relatively wide.

7 Interim Financial Statements

7.1 STATEMENT OF THE MANAGEMENT BOARD

The condensed consolidated interim financial statements of SNS Bank NV have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted within the European Union.

To the best of our knowledge, the condensed consolidated interim financial statements in this interim financial report for the first half year of 2011 give a true and fair view of the assets, liabilities, composition of equity, financial position as per 30 June 2011 and financial result of SNS Bank NV and the undertakings included in the consolidation as a whole.

The interim financial report gives, to the best of our knowledge, a fair review of the information required pursuant to section 5:25d (8) and (9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

The Management Board

Rien Hinssen, Chief Executive Officer
Ference Lamp, Chief Financial Officer
Henk Kroeze, member of the board and Chief Executive Officer SNS Retail Bank
Dick Okhuijsen, member of the board

7.2 GENERAL INFORMATION

7.2.1 Group structure

SNS Bank NV, incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. SNS Bank NV's registered office is located at Croeselaan 1, 3521 BJ Utrecht. SNS Bank NV is a wholly owned subsidiary of SNS REAAL NV, and a group entity of SNS REAAL. The condensed consolidated interim financial statements of SNS Bank NV comprise the accounts of all the companies controlled by SNS Bank NV and the interests of SNS Bank NV in associated subsidiaries and entities.

The consolidated financial statements of SNS Bank NV for the financial year 2010 are available on request at the registered office of the company at the address Croeselaan 1, P.O. Box 8444, 3503 RK Utrecht, or via www.snsreaal.nl.

These condensed consolidated interim financial statements were approved by the Supervisory Board on 24 August 2011. The condensed consolidated interim financial statements have not been audited and neither has a review been performed on these condensed consolidated interim financial statements.

7.2.2 Related parties

Parties are considered to be related if one party can exert control or significant influence over the other party in deciding financial or operational matters. As part of its ordinary operations, SNS Bank NV maintains various sorts of ordinary business relations with related companies and parties, particularly in the areas of insurance, banking, and asset management. Other parties related with SNS Bank NV are subsidiaries, associated companies, joint ventures, managers in key positions and their close family members. In the first half of 2011 an amount of € 518 million of mortgages (face value € 504 million) was sold by SNS Retail Bank to REAAL Life as part of its Responsible living program, leading to a € 14 million (gross) result.

The main related-party transactions for this reporting period are the transfer of part the core Tier 1 capital securities held by SNS REAAL as a contribution of share premium in the equity of SNS Bank NV. The transfer concerns the core Tier 1 securities capital of Stichting Beheer SNS REAAL pushed through to SNS Bank NV. The transaction took place on 1 January 2011.

7.3 BASIS OF PREPARATION

7.3.1 Statement of IFRS compliance

SNS Bank NV prepares the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted within the European Union (EU).

Main accounting principles for financial reporting

The same accounting principles, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of the SNS Bank NV's financial statements for the year ended 31 December 2010, except for the impact of the adoption of the IFRS Standards and Interpretations described below. The changes in presentation and accounting principles as set out in the accounting principles are applied to the comparative figures in these condensed consolidated interim financial statements.

Changes in published Standards and Interpretations effective in 2011

New or amended standards become effective on the date specified by IFRS, but may allow early adoption. In 2011, the following standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee respectively became mandatory and have been adopted by the EU. Unless stated otherwise, the changes will have no material effect on the condensed consolidated interim financial statements of SNS Bank NV.

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters'.
- Revision of IAS 24 Related Party Disclosures.
- Amendments to IAS 32 Financial Instruments: Presentation – 'Classification of Rights Issues'.
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.
- Improvements to IFRSs 2010.

7.3.2 Changes in principles, estimates and presentation

Changes in presentation

Business Unit Property Finance will be split into two separate units as from 1 January 2011. Property Finance will retain its international loan portfolio and part of its Dutch loan portfolio. This 'run-off' unit will be phased out over the next two to four years. The remaining part of Property Finance's Dutch portfolio will be combined with the existing small and medium-sized enterprise (SME) activities of SNS Bank in the new unit called SNS SME.
For adjusted figures see table 22-25.

As a result of the formation of the SNS SME business unit, the name of the primary segment SNS Retail Bank has been changed to SNS Bank, which now comprises the subsegments SNS Retail Bank and SNS SME.

With effect from January 2011, SNS REAAL changed its presentation of the segment information to align it to the way management assesses the segments' performance. Corrections to one-off, Group-directed intercompany transactions for which eliminations and/or corrections in the consolidated results are required, are incorporated directly in the segment in question. Formerly, these corrections were made in the Eliminations column.

Due to this change in presentation the segment information shown at the SNS REAAL press release differs from the information in the separate financial statements of SNS Bank NV as shown in this press release. The SNS Retail Bank net result in the press release of SNS Bank NV is € 5 million higher, as net interest income is € 2 million (gross) higher and result on financial instruments is € 5 million (gross) higher. These differences consist of the sale of € 0.5 billion of mortgages of SNS Retail Bank to the Insurance activities resulting in a net profit of € 10 million and a negative effect of € 5 million due to the presentation of an intercompany hedge accounting transaction in the segmented report.

TABLE 13: CONSOLIDATED BALANCE SHEET

Before result appropriation and in €millions	June 2011	December 2010
Assets		
Cash and cash equivalents	4,533	3,833
Loans and advances to banks	2,336	1,681
Loans and advances to customers	65,393	65,013
Derivatives	1,823	2,317
Investments	4,180	4,249
Investment properties	1	1
Property projects	571	467
Investments in associates	17	6
Property and equipment	106	110
Intangible assets	161	164
Deferred tax assets	270	267
Corporate income tax	83	102
Other assets	780	587
Assets held for sale	21	121
Total assets	**80,275**	**78,918**
Equity and liabilities		
Savings	30,426	27,398
Other amounts due to customers	10,560	10,482
Amounts due to customers	40,986	37,880
Amounts due to banks	2,995	3,096
Debt certificates	28,996	29,523
Derivatives	2,461	2,880
Deferred tax liabilities	286	323
Corporate income tax	17	—
Other liabilities	1,157	1,317
Other provisions	38	41
Participation certificates and subordinated debt	1,532	2,022
Share capital	381	381
Other reserves	1,262	1,630
Retained earnings	8	(431)
Shareholders' equity	1,651	1,580
Equity attributable to securityholders	156	256
Minority interests	—	—
Total equity	1,807	1,836
Total equity and liabilities	**80,275**	**78,918**

TABLE 14: CONSOLIDATED INCOME STATEMENT

In €millions	1st half year 2011	1st half year 2010
Income		
Interest income	1,415	1,229
Interest expense	1,011	804
Net interest income	404	425
Fee and commission income	72	72
Fee and commission expense	26	20
Net fee and commission income	46	52
Share in the result of associates	(2)	(7)
Investment income	14	33
Result on financial instruments	27	(6)
Other operating income	1	2
Total income	490	499
Expenses		
Staff costs	128	127
Depreciation and amortisation of fixed assets	15	18
Other operating expenses	145	135
Impairment charges	184	338
Result assets and liabilities held for sale	4	—
Total expenses	476	618
Result before tax	14	(119)
Taxation	6	(9)
Net result continued operations	8	(110)
Net result discontinued operations	—	—
Net result for the period	8	(110)
Net result attributable to shareholders	8	(106)
Net result attributable to securityholders	—	(4)
Net result attributable to shareholders and securityholders	8	(110)
Net result attributable to minority interests	—	—
Net result for the period	8	(110)

TABLE 15: **EARNINGS PER SHARE / SECURITY**

	1st half year 2011	1st half year 2010
Earnings per ordinary share from continued operations	8.82	(126.10)
Earnings per ordinary share from discontinued operations	—	—
Earnings per ordinary share	8.82	(126.10)
Earnings per security issued to the Stichting Beheer SNS REAAL from continued operations	—	(4.08)
Earnings per security issued to the Stichting Beheer SNS REAAL from discontinued operations	—	—
Earnings per security issued to the Stichting Beheer SNS REAAL	—	(4.08)
Earnings per security issued to the Dutch State from continued operations	—	—
Earnings per security issued to the Dutch State from discontinued operations	—	—
Earnings per security issued to the Dutch State	—	—
Diluted earnings per ordinary share from continued operations	7.82	(126.10)
Diluted earnings per ordinary share from discontinued operations	—	—
Diluted earnings per ordinary share	7.82	(126.10)

TABLE 16: CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In €millions	1st half year 2011	1st half year 2010
Net result for the period	8	(110)
Change in revaluation reserve	—	—
Change in cash flow hedge reserve	(16)	31
Change in fair value reserve	(22)	(88)
Change in profit sharing reserve	—	—
Change in other reserves	1	—
Other comprehensive income (after tax)	(37)	(57)
Total comprehensive income	(29)	(167)
Attribution:		
Total comprehensive income to shareholders	(29)	(167)
Total comprehensive income to security holders	—	—
Total comprehensive income to shareholders and security holders	(29)	(167)
Total comprehensive income to minority interests	—	—
Total comprehensive income	(29)	(167)

TABLE 17: CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In € millions	Issued share capital ordinary shares	Share premium reserve ordinary shares	Revaluation reserve	Cash flow hedge reserve	Fair value reserve	Other reserves	Retained earnings	Equity attributable to shareholders	Securities capital	Minority interests	Total equity
Balance as at 1 January 2010	381	838	3	25	12	1,005	(99)	2,165	260	9	2,434
Transfer of net result 2009	—	—	—	—	—	(95)	99	4	(4)	—	—
	—	—	—	—	—	(95)	99	4	(4)	—	—
Unrealised revaluations	—	—	—	29	(79)	—	—	(50)	—	—	(50)
Realised revaluations through income statement	—	—	—	2	(9)	—	—	(7)	—	—	(7)
Other changes	—	—	—	—	—	—	—	—	—	(9)	(9)
Amounts charged directly to total equity	—	—	—	31	(88)	—	—	(57)	—	(9)	(66)
Net result first half year 2010	—	—	—	—	—	—	(110)	(110)	—	—	(110)
Total result first half year 2010	—	—	—	31	(88)	—	(110)	(167)	—	(9)	(176)
Transactions with shareholders and securityholders	—	—	—	—	—	—	—	—	—	—	—
Total changes in equity first half year 2010	—	—	—	31	(88)	(95)	(11)	(163)	(4)	(9)	(176)
Balance as at 30 June 2010	381	838	3	56	(76)	910	(110)	2,002	256	—	2,258

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (continued)

In € millions	Issued share capital ordinary	Share premium reserve ordinary shares	Revaluation reserve	Cash flow hedge reserve	Fair value reserve	Other reserves	Retained earnings	Equity attributable to shareholders	Securities capital	Minority interests	Total equity
Balance as at 1 July 2010	381	838	3	56	(76)	910	(110)	2,002	256	—	2,258
Unrealised revaluations	—	—	(1)	(26)	(64)	—	—	(91)	—	—	(91)
Realised revaluations through income statement	—	—	—	(3)	(5)	—	—	(8)	—	—	(8)
Other changes	—	—	—	—	—	(2)	—	(2)	—	—	(2)
Amounts charged directly to total equity	—	—	(1)	(29)	(69)	(2)	—	(101)	—	—	(101)
Net result second half year 2010	—	—	—	—	—	—	(321)	(321)	—	—	(321)
Total result first half year 2010	—	—	(1)	(29)	(69)	(2)	(321)	(422)	—	—	(422)
Transactions with shareholders and securityholders	—	—	—	—	—	—	—	—	—	—	—
Total changes in equity first half year 2010	—	—	(1)	(29)	(69)	(2)	(321)	(422)	—	—	(422)
Balance as at 31 December 2010	381	838	2	27	(145)	908	(431)	1,580	256	—	1,836

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (continued)

In € millions	Issued share capital ordinary	Share premium reserve ordinary shares	Revaluation reserve	Cash flow hedge reserve	Fair value reserve	Other reserves	Retained earnings	Equity attributable to shareholders	Securities capital	Minority interests	Group equity
Balance as at 1 January 2011	381	838	2	27	(145)	908	(431)	1,580	256	—	1,836
Transfer of net result 2010	—	—	—	—	—	(410)	431	21	(21)	—	—
	—	—	—	—	—	(410)	431	21	(21)	—	—
Deferred interest income from cash flow hedges	—	—	—	(15)	—	—	—	(15)	—	—	(15)
Unrealised revaluations	—	—	—	—	(22)	—	—	(22)	—	—	(22)
Impairments	—	—	—	—	6	—	—	6	—	—	6
Realised revaluations through income statement	—	—	—	(1)	(5)	—	—	(6)	—	—	(6)
Other changes	—	—	—	—	(1)	1	—	—	—	—	—
Amounts charged directly to total equity	—	—	—	(16)	(22)	1	—	(37)	—	—	(37)
Net result first half year 2011	—	—	—	—	—	—	8	8	—	—	8
Total result second half year 2011	—	—	—	(16)	(22)	1	8	(29)	—	—	(29)
Transactions with shareholders and securityholders	—	79	—	—	—	—	—	79	(79)	—	—
Total changes in equity second half year 2011	—	79	—	(16)	(22)	(409)	439	71	(100)	—	(29)
Balance as at 30 Juni 2011	381	917	2	11	(167)	499	8	1,651	156	—	1,807

TABLE 18: COMPREHENSIVE CONSOLIDATED CASH FLOW STATEMENT

In €millions	1st half year 2011	1st half year 2010
Cash and cash equivalents as at 1 January	3,833	2,554
Net cash flow from operating activities	3,417	884
Net cash flow from investment activities	13	218
Net cash flow from financing activities	(2,730)	(199)
Cash and cash equivalents as at 30 June	4,533	3,457

TABLE 19: **BALANCE SHEET BY SEGMENT**

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
June 2011					
Assets					
Intangible assets	113	48	—	—	161
Property and equipment	100	—	6	—	106
Investments in associates	—	1	16	—	17
Investment properties	1	—	—	—	1
Investments	4,180	—	—	—	4,180
Derivatives	1,823	—	—	—	1,823
Deferred tax assets	261	3	6	—	270
Property projects	—	10	561	—	571
Loans and advances to customers	53,850	6,352	5,191	—	65,393
Loans and advances to banks	12,964	19	—	(10,647)	2,336
Corporate income tax	40	—	43	—	83
Other assets	614	3,789	437	(4,060)	780
Cash and cash equivalents	4,508	480	79	(534)	4,533
Assets held for sale	—	—	21	—	21
Total assets	**78,454**	**10,702**	**6,360**	**(15,241)**	**80,275**
Equity and liabilities					
Equity attributable to shareholders	830	506	315	—	1,651
Equity attributable to securityholders	156	—	—	—	156
Minority interests	—	—	—	—	—
Total equity	986	506	315	—	1,807
Participation certificates and subordinated debt	916	616	—	—	1,532
Debt certificates	28,996	—	—	—	28,996
Other provisions	33	3	2	—	38
Derivatives	2,461	—	—	—	2,461
Deferred tax liabilities	278	2	6	—	286
Savings	30,426	—	—	—	30,426
Other amounts due to customers	6,072	4,305	183	—	10,560
Other amounts due to banks	3,504	4,873	5,799	(11,181)	2,995
Corporate income tax	2	15	—	—	17
Other liabilities	4,780	382	55	(4,060)	1,157
Total equity and liabilities	**78,454**	**10,702**	**6,360**	**(15,241)**	**80,275**

BALANCE SHEET BY SEGMENT (continued)

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
December 2010					
Assets					
Intangible assets	116	48	—	—	164
Property and equipment	109	1	—	—	110
Investments in associates	—	1	5	—	6
Investment properties	1	—	—	—	1
Investments	4,249	—	—	—	4,249
Derivatives	2,317	—	—	—	2,317
Deferred tax assets	258	—	9	—	267
Property projects	—	11	456	—	467
Loans and advances to customers	52,030	7,199	5,784	—	65,013
Loans and advances to banks	14,050	10	—	(12,379)	1,681
Corporate income tax	97	(46)	53	(2)	102
Other assets	530	182	828	(953)	587
Cash and cash equivalents	3,813	768	209	(957)	3,833
Assets held for sale	—	27	94	—	121
Total assets	77,570	8,201	7,438	(14,291)	78,918
Equity and liabilities					
Equity attributable to shareholders	823	325	432	—	1,580
Equity attributable to securityholders	256	—	—	—	256
Minority interests	—	—	—	—	—
Total equity	1,079	325	432	—	1,836
Participation certificates and subordinated debt	1,858	164	—	—	2,022
Debt certificates	29,523	—	—	—	29,523
Other provisions	35	3	3	—	41
Derivatives	2,880	—	—	—	2,880
Deferred tax liabilities	313	3	7	—	323
Savings	27,398	—	—	—	27,398
Other amounts due to customers	5,942	4,350	190	—	10,482
Other amounts due to banks	7,071	2,576	6,785	(13,336)	3,096
Corporate income tax	2	—	—	(2)	—
Other liabilities	1,469	780	21	(953)	1,317
Total equity and liabilities	77,570	8,201	7,438	(14,291)	78,918

TABLE 20: **INCOME STATEMENT BY SEGMENT**

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
1st half year 2011					
Income					
Interest income	1,254	256	105	(200)	1,415
Interest expense	958	178	75	(200)	1,011
Net interest income	296	78	30	—	404
Fee and commission income	68	4	—	—	72
Fee and commission expense	26	—	—	—	26
Net fee and commission income	42	4	—	—	46
Share in result of associates	—	—	(2)	—	(2)
Investment income	13	—	1	—	14
Result on financial instruments	34	(2)	(5)	—	27
Other operating income	2	—	(1)	—	1
Total income	387	80	23	—	490
Expenses					
Staff costs	100	13	15	—	128
Depreciation and amortisation of fixed assets	15	—	—	—	15
Other operating expenses	114	11	20	—	145
Impairment charges / (reversals)	35	11	138	—	184
Result assets and liabilities held for sale	—	—	4	—	4
Total expenses	264	35	177	—	476
Result before tax	123	45	(154)	—	14
Taxation	31	11	(36)	—	6
Net result continued operations	92	34	(118)	—	8
Net result discontinued operations	—	—	—	—	—
Net result for the period	92	34	(118)	—	8
Minority interests	—	—	—	—	—
Net result attributable to shareholders and securityholders	92	34	(118)	—	8

INCOME STATEMENT BY SEGMENT (continued)

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
1st half year 2010					
Income					
Interest income	1,041	198	121	(131)	1,229
Interest expense	771	116	48	(131)	804
Net interest income	270	82	73	—	425
Fee and commission income	68	4	—	—	72
Fee and commission expense	20	—	—	—	20
Net fee and commission income	48	4	—	—	52
Share in result of associates	—	—	(7)	—	(7)
Investment income	34	—	(1)	—	33
Result on financial instruments	(3)	—	(3)	—	(6)
Other operating income	1	2	(1)	—	2
Total income	350	88	61	—	499
Expenses					
Staff costs	104	13	10	—	127
Depreciation and amortisation of fixed assets	17	1	—	—	18
Other operating expenses	108	11	16	—	135
Impairment charges / (reversals)	33	5	300	—	338
Total expenses	262	30	326	—	618
Result before tax	88	58	(265)	—	(119)
Taxation	22	15	(46)	—	(9)
Net result continued operations	66	43	(219)	—	(110)
Net result discontinued operations	—	—	—	—	—
Net result for the period	66	43	(219)	—	(110)
Minority interests	—	—	—	—	—
Net result attributable to shareholders and securityholders	66	43	(219)	—	(110)

TABLE 21: **DISTRIBUTION FINANCIAL INSTRUMENTS AT FAIR VALUE**

	Based on published stock prices in an active market (Level 1)		Based on observable market data (Level 2)		Not based on observable market data (Level 3)		Total	
In € millions	June 2011	Dec. 2010	June 2011	Dec. 2010	June 2011	Dec. 2010	June 2011	Dec. 2010
Financial assets								
Investments:								
- Fair value through profit or loss: held for trading	12	35	122	120	—	14	134	169
- Fair value through profit or loss: designated	105	68	20	24	—	—	125	92
- Available for sale	3,385	3,478	522	522	15	—	3,922	4,000
Derivatives	—	13	1,823	2,305	—	—	1,823	2,318
Loans and advances to customers	—	—	2,329	—	—	—	2,329	—
Financial liabilities								
Debt certificates	—	—	1,749	—	—	—	1,749	—
Derivatives	—	42	2,462	2,838	—	—	2,462	2,880

Compared to the previous financial year, no movements have occured between the levels 1,2 and 3 instruments.

TABLE 22: **REPORTED 2010 BALANCE SHEET BANKING ACTIVITIES BY SEGMENT**

In € millions	SNS Retail Bank	Property Finance	Eliminations	Total
December 2010				
Assets				
Intangible assets	116	48	—	164
Property and equipment	109	1	—	110
Investments in associates	—	6	—	6
Investment properties	1	—	—	1
Investments	4,249	—	—	4,249
Derivatives	2,317	—	—	2,317
Deferred tax assets	258	9	—	267
Property projects	—	467	—	467
Loans and advances to customers	53,635	11,378	—	65,013
Loans and advances to banks	14,050	10	(12,379)	1,681
Corporate income tax	97	7	(2)	102
Other assets	530	279	(222)	587
Cash and cash equivalents	3,813	977	(957)	3,833
Assets held for sale	—	121	—	121
Total assets	**79,175**	**13,303**	**(13,560)**	**78,918**
Equity and liabilities				
Equity attributable to shareholders	936	644	(4)	1,576
Equity attributable to securityholders	256	—	4	260
Minority interests	—	—	—	—
Total equity	1,192	644	—	1,836
Participation certificates and subordinated debt	2,022	—	—	2,022
Debt certificates	29,523	—	—	29,523
Other provisions	35	6	—	41
Derivatives	2,880	—	—	2,880
Deferred tax liabilities	313	10	—	323
Savings	27,398	—	—	27,398
Other amounts due to customers	10,292	190	—	10,482
Amounts due to banks	4,049	12,383	(13,336)	3,096
Corporate income tax	2	—	(2)	—
Other liabilities	1,469	70	(222)	1,317
Total equity and liabilities	**79,175**	**13,303**	**(13,560)**	**78,918**

TABLE 23: **ADJUSTED 2010 BALANCE SHEET BANKING ACTIVITIES BY SEGMENT**

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
December 2010					
Assets					
Intangible assets	116	48	—	—	164
Property and equipment	109	1	—	—	110
Investments in associates	—	1	5	—	6
Investment properties	1	—	—	—	1
Investments	4,249	—	—	—	4,249
Derivatives	2,317	—	—	—	2,317
Deferred tax assets	258	—	9	—	267
Property projects	—	11	456	—	467
Loans and advances to customers	52,030	7,199	5,784	—	65,013
Loans and advances to banks	14,050	10	—	(12,379)	1,681
Corporate income tax	97	(46)	53	(2)	102
Other assets	530	182	828	(953)	587
Cash and cash equivalents	3,813	768	209	(957)	3,833
Assets held for sale	—	27	94	—	121
Total assets	**77,570**	**8,201**	**7,438**	**(14,291)**	**78,918**
Equity and liabilities					
Equity attributable to shareholders	823	325	432	—	1,580
Equity attributable to securityholders	256	—	—	—	256
Minority interests	—	—	—	—	—
Total equity	1,079	325	432	—	1,836
Participation certificates and subordinated debt	1,858	164	—	—	2,022
Debt certificates	29,523	—	—	—	29,523
Other provisions	35	3	3	—	41
Derivatives	2,880	—	—	—	2,880
Deferred tax liabilities	313	3	7	—	323
Savings	27,398	—	—	—	27,398
Other amounts due to customers	5,942	4,350	190	—	10,482
Amounts due to banks	7,071	2,576	6,785	(13,336)	3,096
Corporate income tax	2	—	—	(2)	—
Other liabilities	1,469	780	21	(953)	1,317
Total equity and liabilities	**77,570**	**8,201**	**7,438**	**(14,291)**	**78,918**

TABLE 24: **REPORTED 2010 INCOME STATEMENT BANKING ACTIVITIES BY SEGMENT**

In € millions	SNS Retail Bank	Property Finance	Eliminations	Total
1st half year 2010				
Income				
Interest income	1,121	239	(131)	1,229
Interest expense	818	117	(131)	804
Net interest income	303	122	—	425
Fee and commission income	72	—	—	72
Fee and commission expense	20	—	—	20
Net fee and commission income	52	—	—	52
Share in result of associates	—	(7)	—	(7)
Investment income	34	(1)	—	33
Result on financial instruments	(3)	(3)	—	(6)
Other operating income	1	1	—	2
Total income	387	112	—	499
Expenses				
Staff costs	110	17	—	127
Depreciation and amortisation of fixed assets	17	1	—	18
Other operating expenses	114	21	—	135
Impairment charges / (reversals)	40	298	—	338
Total expenses	281	337	—	618
Result before tax	106	(225)	—	(119)
Taxation	27	(36)	—	(9)
Net result continued operations	79	(189)	—	(110)
Net result discontinued operations	—	—	—	—
Net result for the period	79	(189)	—	(110)
Minority interests	—	—	—	—
Net result attributable to shareholders and securityholders	79	(189)	—	(110)

TABLE 25: **ADJUSTED 2010 INCOME SHEET BANKING ACTIVITIES BY SEGMENT**

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
1st half year 2010					
Income					
Interest income	1,041	198	121	(131)	1,229
Interest expense	771	116	48	(131)	804
Net interest income	270	82	73	—	425
Fee and commission income	68	4	—	—	72
Fee and commission expense	20	—	—	—	20
Net fee and commission income	48	4	—	—	52
Share in result of associates	—	—	(7)	—	(7)
Investment income	34	—	(1)	—	33
Result on financial instruments	(3)	—	(3)	—	(6)
Other operating income	1	2	(1)	—	2
Total income	350	88	61	—	499
Expenses					
Staff costs	104	13	10	—	127
Depreciation and amortisation of fixed assets	17	1	—	—	18
Other operating expenses	108	11	16	—	135
Impairment charges / (reversals)	33	5	300	—	338
Total expenses	262	30	326	—	618
Result before tax	88	58	(265)	—	(119)
Taxation	22	15	(46)	—	(9)
Net result continued operations	66	43	(219)	—	(110)
Net result discontinued operations	—	—	—	—	—
Net result for the period	66	43	(219)	—	(110)
Minority interests	—	—	—	—	—
Net result attributable to shareholders and securityholders	66	43	(219)	—	(110)

TABLE 26: BREAKDOWN FIXED INCOME PORTFOLIO (GEOGRAPHY)

In € millions	June 2011 Banking activities		December 2010 Banking activities	
Ireland	132	3%	166	4%
Greece	43	1%	47	1%
Portugal	0	0%	0	0%
Italy	643	16%	804	20%
Spain	29	1%	57	1%
Germany	678	17%	767	19%
France	438	11%	473	12%
The Netherlands	1,142	28%	1,068	26%
Austria	519	13%	437	10%
Belgium	307	8%	200	5%
Other	90	2%	74	2%
Total	4,021	100%	4,093	100%

TABLE 27: BREAKDOWN FIXED INCOME PORTFOLIO (SECTOR)

In € millions	June 2011 Banking activities		December 2010 Banking activities	
Sovereign	3,465	86%	3,544	87%
Financials	233	6%	290	7%
Mortgages	0	0%	0	0%
Corporates	55	1%	52	1%
Mortgage backed securities	227	6%	161	4%
Other	41	1%	46	1%
Total	4,021	100%	4,093	100%

TABLE 28: BREAKDOWN FIXED INCOME PORTFOLIO (MATURITY)

In € millions	June 2011 Banking activities		December 2010 Banking activities	
≤ 3 Months	47	1%	96	2%
≤ 1 Year	233	6%	15	0%
≤ 3 Years	174	4%	327	8%
≤ 5 Years	680	17%	807	20%
≤ 10 Years	1,384	34%	1,033	25%
≤ 15 Years	546	14%	447	11%
> 15 Years	946	24%	1,358	33%
No maturity	11	0%	10	0%
Total	4,021	100%	4,093	100%

TABLE 29: **BREAKDOWN FIXED INCOME PORTFOLIO (RATING)**

In € millions	June 2011 Banking activities		December 2010 Banking activities	
AAA	2,516	62%	2,519	61%
AA	356	9%	280	7%
A	922	23%	1,011	25%
BBB	146	4%	199	5%
< BBB	43	1%	51	1%
No Rating	38	1%	33	1%
Total	4,021	100%	4,093	100%

8 Profile

SNS Bank NV is part of SNS REAAL, a listed company and consists of SNS Retail Bank, SNS SME and Property Finance. SNS Bank NV's balance sheet amounts € 80.3 billion. For more information, please visit: www.snsbank.nl.

8.1 SNS BANK

SNS Bank strives to be the best provider of simple financial products and services. The bank does this with a convenient range of products and services for consumers and small- to medium enterprises. With accessible service, assistance and attention, SNS Bank has been close to its customers in a personal way for more than 200 years. This way, SNS Bank wants to play an important role for it's customers in banking, savings, investments, mortgages and insurances.

8.2 REGIOBANK

RegioBank is SNS REAAL's intermediary bank and it operates a franchise network. RegioBank offers its customers a complete package of banking products through a national network of 800 intermediaries. These intermediaries can guarantee a professional and personal service. RegioBank is the best choice for families who need personal financial advice from a permanent advisor with a human approach.

8.3 ASN BANK

ASN Bank is the largest sustainable bank in the Netherlands. For more than 50 years it has been investing the means customers entrust them with exclusively in a sustainable manner. ASN Bank operates in the field of payment services, investments, savings and corporate lending. ASN Bank wants to show how sustainable banking can be successfully accompanied by normal market returns.

8.4 BLG HYPOTHEKEN

BLG Hypotheken is an innovative mortgage lender with 55 years of experience, originating from the province of Limburg in the South of the Netherlands. It specialises in selling tailor-made mortgages through intermediaries, due to the variety of products on offer and BLG Hypotheken's many combination options.

8.5 SNS FUNDCOACH

SNS Fundcoach is the specialist in fund investment. Through SNS Fundcoach, private investors will gain access to the best-performing investment funds of various national and international providers, at very attractive rates.

8.6 SNS SECURITIES

SNS Securities is a specialist in the Dutch securities market. It provides investment and capital markets advice, international brokerage and asset management services. Through its participation in the European Securities Network it provides institutional and private clients direct access to pan-European research on nearly 1,000 listed companies.

8.7 SNS SME

SNS Small- and Medium Enterprises focuses completely on investment finance loans and SME mortgage loans. It thinks along with its customers in a professional manner to strengthen the quality of living, working and shopping, now and in the future. SNS SME completely focuses on the Dutch market. The international property finance portfolio as well as Dutch projects that do not match the desired profile of SNS SME that were part of Property Finance will be phased out over a period of two to four years.

9 Disclaimer

RESERVATION CONCERNING FORWARD LOOKING STATEMENTS

This interim financial report contains forward looking statements concerning future events. Those forward looking statements are based on the current information and assumptions of SNS Bank NV's management concerning known and unknown risks and uncertainties.

Forward looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to SNS Bank NV's expectations regarding such matters as the assessment of market risk or possible acquisitions, or business expansion and premium growth and investment income or cash flow predictions or, more generally, the economic climate and changes in the law and taxation.

SNS Bank NV cautions that expectations are only valid on the specific dates and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like.

DISCLAIMER

This interim financial report contains only factual information and should not be regarded as an opinion or recommendation concerning the purchase or sale of shares or other securities issued by SNS Bank NV. This interim financial report does not contain any value judgement or predictions with respect to the financial performance of SNS Bank NV.