SNS BANK N.V.

Interim financial report first half of 2015

Utrecht, the Netherlands, 27 August 2015

ASN BANK BLG wonen RegioBank SNS Zwitserleven

SNS Bank posts first half 2015 net profit excluding one-off items of € 197 million

Utrecht, the Netherlands, 27 August 2015

COMMERCIAL DEVELOPMENTS FIRST HALF OF 2015

- SNS Bank welcomed 131,000 new customers
- Overall improvement of customer satisfaction levels
- New mortgage production increased to € 0.9 billion (+34%); market share new retail mortgages slightly higher at 3.8%
- Market share retail mortgages based on total portfolio slightly lower at 7.1%, due to higher redemptions
- Retail savings balances increased to € 37.3 billion (+5%); market share retail savings balances stable at 10.7%

FINANCIAL PERFORMANCE FIRST HALF OF 2015

- Higher net profit excluding one-off items of € 197 million (first half of 2014: € 154 million), supported by higher net interest income and lower loan impairment charges
- Adjusted return on equity of 12.9% (first half of 2014: 11.4%)
- Sharply higher net profit of € 244 million (first half of 2014: € 111 million), impacted by substantial one-off gains due to positive fair value movements of mortgages and related derivatives
- Slightly higher adjusted efficiency ratio of 46.6% due to increase in operating expenses
- Improved credit quality retail mortgage portfolio: marked decline in loans in arrears and lower new inflow of loans in default

CAPITAL RATIOS 30 JUNE 2015

- Stand-alone Common Equity Tier 1 ratio of 20.4%, up compared to year-end 2014 (18.3%)
- Increase in stand-alone leverage ratio to 4.3% (year-end 2014: 3.8%)
- Common Equity Tier 1 ratio on a prudential consolidated basis lower at 14.1% (year-end 2014: 15.6%), due to inclusion of book loss at SNS REAAL on sale of VIVAT Verzekeringen

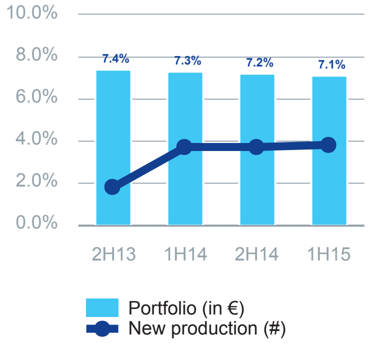
DISENTANGLEMENT SNS REAAL AND TRANSFER SNS BANK TO DUTCH STATE

- Disentanglement process SNS Bank, VIVAT Verzekeringen and SNS REAAL in final phase
- SNS Bank expected to be transferred from SNS REAAL to the Dutch State

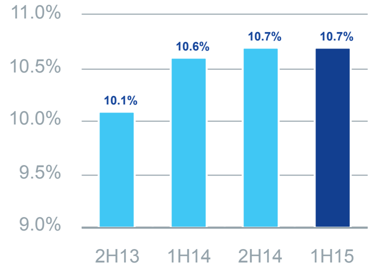
"In the first half of 2015, SNS Bank continued to focus on improving customer services and increasing new mortgage production. Against this background, we posted positive commercial results. Overall, customer satisfaction levels, as measured by net promoter scores, improved and new mortgage production was up. Net profit increased sharply and the solvency of SNS Bank remained strong. The upcoming transfer of SNS Bank from holding company SNS REAAL to the Dutch State will mark the end of the disentanglement process, thereby laying the foundation for our stand-alone future", said Maurice Oostendorp, Chairman of the Managing Board.

Key figures

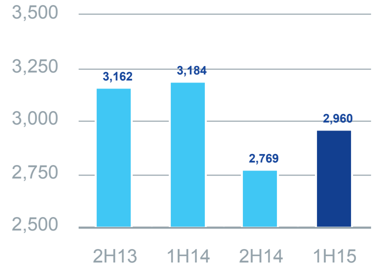
Market share mortgages



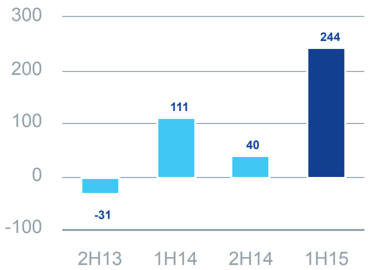
Market share retail savings



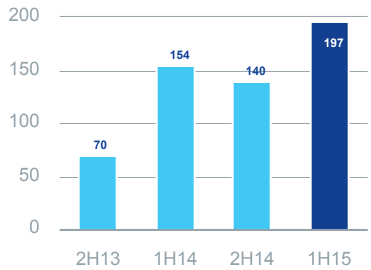
Customers SNS Bank (in 1,000)[1]



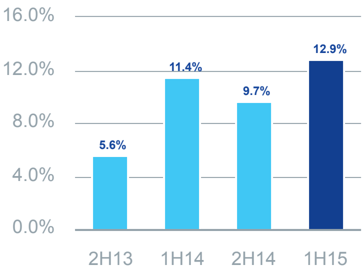
Net result (€m)



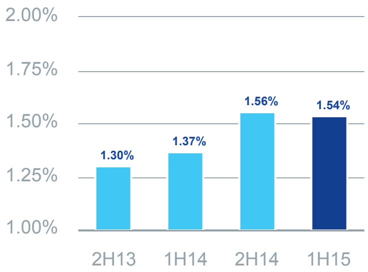
Adjusted net result (€m)[2]



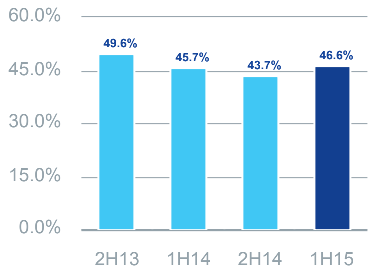
Adjusted return on equity[2]



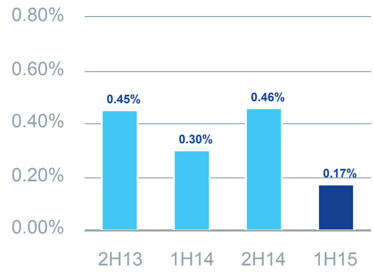
Net interest margin (% average assets)



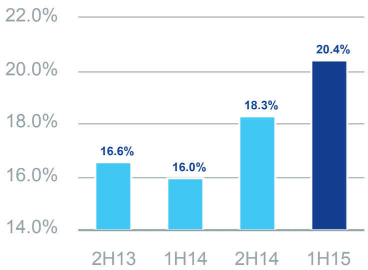
Adjusted efficiency ratio[2]



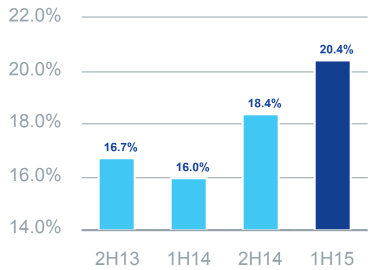
Loan impairments (% average gross loans)



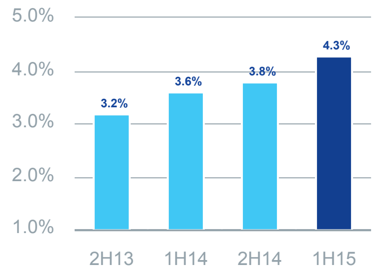
Common Equity Tier 1 ratio (stand-alone)



Total capital ratio (stand-alone)



Leverage ratio (stand-alone)



1 Total number of customers at year-end 2013 and as at end June 2014 is not adjusted for inactive customers and the impact of a customer due diligence project. The number of customers as at end June 2015 include RBD customers for the first time.

2 Adjusted for the impact of one-off items.

Foreword

Positive commercial developments

In the first half of 2015, SNS Bank focused on improving customer services and growing market shares in retail mortgages and current accounts, while maintaining a 10%-plus market share in retail savings balances.

During the reporting period, SNS Bank posted positive commercial results. Together, the different brands of SNS Bank welcomed 131,000 new customers. On a net basis, the number of customers rose by 67,000. At the end of June 2015, the total number of customers had increased to nearly 3.0 million. Furthermore, overall customer satisfaction levels continued to improve. For the first time in its history, RegioBank achieved a positive Net Promoter Score (NPS) and is now, together with ASN Bank, one of three banks in the Netherlands with a positive NPS. At ASN Bank and SNS Bank, customer satisfaction improved slightly compared to year-end 2014. ASN Bank continues to have one of the highest NPS in the industry. Only at BLG Wonen the NPS decreased, mainly due to the first time inclusion of customers from REAAL Bancaire Diensten (RBD), following the transfer of the business activities of RBD from VIVAT Verzekeringen (VIVAT) to BLG Wonen as of 1 January 2015. SNS Bank continues to strive for higher satisfaction scores: the ultimate aim is a positive NPS for every banking brand.

SNS Bank's market share in new current accounts[1] amounted to 22% (first quarter of 2015) compared to 21% in full year 2014.

In the first half of 2015, the main metrics of the Dutch housing market showed a further improvement. House prices rose by 3% year-on-year (2014: +4%) and the number of homes sold was 20% higher year-on-year (2014: +39%). The growth occurred in spite of a number of dampening factors: in 2015 Dutch banks apply lower mortgage cost-to-income ratios (reflecting the maximum portion of income that may be spent on mortgage payments) and the maximum LtV for mortgages dropped by 1%-point to 103% (including 2% property transfer tax). On the other hand, as of 1 of July 2015, the National Mortgage Guarantee maximum has been lowered from € 265,000 to € 245,000, prompting many consumers to close a mortgage in the first half year.

In line with SNS Bank's ambition to gradually increase its market share in retail mortgages, new production increased to € 0.9 billion from € 0.6 billion in the first half of 2014 (+34%). SNS, BLG Wonen and RegioBank all contributed to this increase. However, in a growing market for new mortgages, total market share was up only slightly at 3.8%. The gap with our 5-8% target indicates that there is still work to be done. The total retail mortgage loan portfolio decreased by € 0.7 billion to € 45.8 billion due to the high volume of redemptions, which increased to € 1.5 billion from € 1.2 billion in the first half of 2014. This increase was driven by the current low interest environment resulting in an increased mortgage refinancing market. Furthermore, increased house movements and a general trend towards partial repayments during the term of the mortgage both contributed to the higher level of redemptions. It will remain a challenge to grow the retail mortgage loan portfolio in the coming periods.

Retail savings balances increased to € 37.3 billion from € 35.7 billion, at year-end 2014 (+5%). In a growing market, SNS Bank's market share in savings of 10.7% was stable compared to year-end 2014 and in line with our target of above 10%.

Solid financial performance

In the first half of 2015 SNS Bank posted a sharply higher net profit of € 244 million (first half of 2014: € 111 million), including a € 47 million one-off gain due to fair value movements of former DBV mortgages and related derivatives. The first half of 2014 had included a one-off charge of € 51 million for the resolution levy on Dutch banks related to the nationalisation of SNS REAAL.

1 Market share new current accounts is based on market research; market share Q1 2015 relates to Q2 2014 up and to Q1 2015

Adjusted for one-off items, net profit rose by 28% to € 197 million. This improvement was mainly driven by higher net interest income, lower impairment charges on loans and a higher result on financial instruments.

Net interest income showed a limited increase, mainly due to lower retail funding costs, partly offset by declining customer interest rates on mortgage loans and a slight decrease of the retail mortgage portfolio.

Impairment charges on loans and advances to customers were 45% lower (17 bps of gross outstanding loans, compared to 30 bps in the first half of 2014). This positive development was supported by a further recovery of the Dutch economy and housing market. The credit quality of the retail mortgage portfolio improved, which manifested itself in a decrease in the total number of default mortgage loans and a lower inflow of defaulting loans.

Operating expenses were 11% higher. The increase was mainly driven by cost dis-synergies related to the transfer of employees from holding company SNS REAAL, costs to facilitate increased activities at mortgage operations and investments to improve risk management, operational effectiveness and control. The increase in operating expenses resulted in an efficiency ratio adjusted for one-off items of 46.6%, up slightly compared to previous periods. Including one-off items the efficiency ratio fell to 42.0%. Based on net profit, return on equity (RoE) stood at 16.0% (first half of 2014: 8.0%); based on net profit excluding one-off items, RoE was 12.9%. Currently, both net profit and the RoE ratio benefit from the absence of subordinated debt.

Strong capital ratios on a stand-alone basis

At 30 June 2015, SNS Bank's capital base consisted entirely of common equity. Due to profit retention and a decrease of risk-weighted assets (RWA), the Common Equity Tier 1 (CET1) ratio on a stand-alone basis increased to 20.4% from 18.3% at year-end 2014. The leverage ratio of SNS Bank on a stand-alone basis increased to 4.3%, from 3.8% at year-end 2014. Taking into account the growing importance of non-risk weighted capital ratios, SNS Bank intends to strengthen and diversify its capital base and tap financial markets for subordinated debt after the disentanglement process has been completed.

Disentanglement of SNS REAAL and transfer of SNS Bank to Dutch State

In the first half of 2015, the disentanglement of SNS Bank, VIVAT and SNS REAAL entered its final phase. On 26 July 2015, SNS REAAL completed the sale of VIVAT to Anbang Insurance Group. The original conditions of the sale have been amended, including a decrease of the sales price from € 150 million to € 1. Based on the book value of VIVAT as of 31 December 2014, the sale resulted in a book loss of € 1.8 billion for SNS REAAL.

As long as SNS Bank is a 100% subsidiary of SNS REAAL, SNS Bank is required to report its capital position also based on that of SNS REAAL and its subsidiaries. Already taking into account the impact of the book loss on the sale of VIVAT on the capital position of SNS REAAL as of 30 June 2015, the CET1 ratio of SNS Bank on a prudential consolidated basis was 14.1%. This ratio does not reflect the total impact of the sale of VIVAT: the positive impact of the future repayment of intercompany loans by VIVAT has not yet taken into account.

In order to wholly separate the capital position of SNS Bank from that of SNS REAAL, it is intended that SNS Bank will be transferred to the Dutch State as set out in the letters from the Minister of Finance to Parliament earlier this year. Following such a transfer of SNS Bank to the Dutch State, its consolidated regulatory capital position and capital ratios will be similar to the level of the SNS Bank stand-alone figures.

On 17 August 2015, SNS Bank announced that Maurice Oostendorp was appointed as the new Chairman of the Managing Board effective the same date, while Dick Okhuijsen stepped down as Chairman of the bank. It was also announced that Jan van Rutte was appointed as Chairman of the Supervisory Board. Both appointments are subject to approval of the European Central Bank.

On 22 May 2015, the Minister of Finance informed Dutch parliament that SNS Bank needs to regain a strong independent position within the Dutch banking landscape before he will decide on the future of the bank. The Minister of Finance has requested NLFI to advise on the sale of SNS Bank no sooner than mid-2016.

Outlook

In the second half of 2015, total income is expected to be lower compared to the level in the first half year, due to lower other income. Results on fair value movements of former DBV mortgages and related derivatives are volatile and may be lower compared to the high level in the first half of 2015. In addition, the intended divestment of SNS Securities NV, if and when completed, is expected to result in a substantial loss compared to the book value. At the end of June 2015, the book value of SNS Securities was € 34 million.

Loan impairment charges in the second half of 2015 are expected to be in line with the level in the first half, supported by the improved prospects for economic growth in the Netherlands.

Operating costs will continue to be impacted by dis-synergies related to the disentanglement from SNS REAAL and initiatives to improve operations and risk management. Additional regulatory levies related to the Dutch banking tax, the ex-ante National Resolution Fund contribution and an ex-ante Deposit Guarantee Scheme contribution are expected to amount to approximately € 20 million net in the second half of 2015.

In all, we expect SNS Bank to achieve a satisfactory net result in the second half of 2015, albeit at a lower level than in the first half of 2015.

Financial review

Profit and loss account

in € millions	1st half year 2015	1st half year 2014	Change	2nd half year 2014
Net interest income	515	491	5%	533
Net fee and commission income	24	24	0%	20
Other income	96	23	317%	8
Total income	**635**	**538**	**18%**	**561**
Impairment charges	44	81	-46%	126
Impairment charges goodwill	--	--	0%	67
Total operating expenses	267	241	11%	250
Other expenses	-1	51	-102%	32
Total expenses	**310**	**373**	**-17%**	**475**
Result before tax	**325**	**165**	**97%**	**86**
Taxation	81	54	50%	46
Net result for the period	**244**	**111**	**120%**	**40**
One-off items	47	-43		-100
Adjusted net result for the period	**197**	**154**	**28%**	**140**
Efficiency ratio	42.0%	44.8%		44.6%
Return on Equity (RoE)	16.0%	8.0%		2.7%
Net Interest Margin (NIM) as % of average assets	1.54%	1.37%		1.56%
Operating expenses as % of average assets	0.80%	0.67%		0.73%
Total number of FTEs	3,207	2,321		2,506

Results first half of 2015 compared to first half 2014

Net profit in the first half of 2015 increased to € 244 million from € 111 million in the first half of 2014, partly driven by the impact of one-off items. In the first half of 2015, one-off items consisted of a € 47 million net unrealised gain on a specific mortgage portfolio and related derivatives, which are both measured at fair value with changes through the profit and loss account. These mortgages were purchased as part of the transfer of DBV Finance BV from VIVAT Verzekeringen (VIVAT) as per 28 January 2011 and were accounted for at fair value at that time. At the end of June 2015, this portfolio amounted to € 2.2 billion.

In the first half of 2014, one-off items had amounted to € 43 million negative. They consisted of a € 51 million charge for SNS Bank's share in the resolution levy on Dutch banks related to the nationalisation of SNS REAAL and an € 8 million net unrealised gain due to fair value movements of former DBV mortgages and related derivatives.

Adjusted net result

in € millions	1st half year 2015	1st half year 2014	Change	2nd half year 2014
Net result for the period	**244**	**111**	**120%**	**40**
Impairment charges goodwill	--	--		-67
Resolution levy	--	-51		-25
Fair value movements former DBV mortgages and related derivatives	47	8		-8
Total one-off items	**47**	**-43**		**-100**
Adjusted net result for the period	**197**	**154**	**28%**	**140**
Adjusted efficiency ratio	46.6%	45.7%		43.7%
Adjusted Return on Equity (RoE)	12.9%	11.4%		9.7%

Adjusted for one-off items, SNS Bank's net profit increased from € 154 million to € 197 million (+28%). This increase was due to higher net interest income, a higher result on financial instruments and lower loan impairments, partly offset by higher operating expenses. Realised gains on investments were substantial in both periods.

Income

Breakdown income

in € millions	1st half year 2015	1st half year 2014	Change	2nd half year 2014
Net interest income	515	491	5%	533
Net fee and commission income	24	24	0%	20
Investment income	32	35	-9%	37
Result on financial instruments	63	-16	494%	-30
Other operating income	1	4	-75%	1
Total income	**635**	**538**	**18%**	**561**

Net interest income showed an increase of € 24 million to € 515 million, driven by lower interest rates on retail funding, redemptions on wholesale funding in combination with a smaller liquidity portfolio and substantially higher received prepayment charges on mortgages. This was partly offset by declining interest rates on mortgage loans and a slight decrease of the mortgage loan portfolio. Net interest income as a percentage of average assets increased to 154 basis points (bps) from 137 bps in the first half of 2014.

Net fee and commission income of € 24 million remained at the level of the first half of 2014.

Investment income amounted to € 32 million compared to € 35 million in the first half of 2014. Both periods included substantial realised gains on fixed-income investments, sold as part of asset and liability management and to optimise the investment portfolio. This portfolio is used for liquidity management. Proceeds have largely been reinvested.

The result on financial instruments increased sharply to € 63 million from € 16 million negative. This increase was mainly due to unrealised gains on former DBV mortgages and related derivatives, which are both accounted for at fair value with changes through the profit and loss account. The fair value of these mortgages is influenced by changes in customer mortgage rates and the fair value of related derivatives is mainly influenced by swap rate movements. In the first half of 2015, a general decline in mortgage customer rates in combination with an increased swap rate resulted in a substantial unrealised one-off gain of € 62 million (€ 47 million net).

Furthermore, hedge ineffectiveness results on derivatives related to mortgages were positive and € 16 million higher compared to the first half of 2014. Finally, amortisation expenses related to fair value adjustments of hedged fixed-income investments, of which the hedge no longer met conditions for hedge accounting, were lower, driven by the sale of these investments in the previous year.

Other operating income decreased from € 4 million to € 1 million due to the absence of proceeds from the sale of SNS Fundcoach.

Expenses

Breakdown impairment charges

in € millions	1st half year 2015	1st half year 2014	Change	2nd half year 2014
Impairment charges on retail mortgage loans	34	66	-48%	80
Impairment charges on other retail loans	1	2	-50%	14
Impairment charges on SME loans	10	14	-29%	30
Total impairment charges on loans and advances	**45**	**82**	**-45%**	**124**
Impairment charges on tangible assets	-1	-1	0%	2
Total impairment charges	**44**	**81**	**-46%**	**126**
Impairment charges on loans and advances as a % of average gross outstanding loans to customers	0.17%	0.30%		0.46%
Impairment charges on retail mortgage loans as a % of average gross outstanding retail mortgage loans	0.15%	0.28%		0.34%
Impairment charges on SME loans as a % of average gross outstanding SME loans	1.71%	2.29%		5.09%

Impairment charges on retail mortgages decreased by € 32 million to € 34 million, equating to 15 bps of gross outstanding retail mortgages compared to 28 bps in the first half of 2014. This decrease was supported by macro-economic developments, most notably higher residential house prices and declining unemployment figures. In addition, improved arrears management contributed to a decline of net inflow of loans in default and an increase in recoveries.

Impairment charges on SME loans decreased by € 4 million to € 10 million, mainly due to a decreasing number of new defaulting loans.

Total impairment charges on loans and advances decreased by € 37 million to € 45 million, 17 bps of gross outstanding loans (first half of 2014: 30 bps).

Adjusted efficiency ratio

in € millions (gross)	1st half year 2015	1st half year 2014	Change	2nd half year 2014
Total income	**635**	**538**	**18%**	**561**
Adjustments (one-off items):				
Fair value movements former DBV mortgages and related derivatives	**62**	**11**		**-11**
Adjusted income	**573**	**527**	**9%**	**572**
Operating expenses	**267**	**241**	**11%**	**250**
Adjustments (one-off items):	--	--		--
Adjusted operating expenses	**267**	**241**	**11%**	**250**
Efficiency ratio	42.0%	44.8%		44.6%
Adjusted efficiency ratio	**46.6%**	**45.7%**		**43.7%**

Total operating expenses increased from € 241 million to € 267 million (+11%). This increase was mainly driven by cost dis-synergies related to the transfer of employees from the SNS REAAL holding company, costs to facilitate increased activities at mortgage operations and investments at the risk and finance departments to improve risk management and increase operational effectiveness and control. Furthermore, expenses in the first half of 2014 had included a release of restructuring provisions formed in prior years. This was partly compensated by the absence of expenses related to the Asset Quality Review (AQR).

The total number of FTEs increased to 3,207 compared to 2,506 at year-end 2014. This increase was mainly driven by the transfer of employees from holding company SNS REAAL in January 2015, following previous transfers in 2014 as a result of the disentanglement process. Furthermore, the total number of FTEs increased due to the transfer of the business activities of REAAL Bancaire Diensten (RBD) from VIVAT to BLG Wonen on 1 January 2015 and due to a higher head count at operations to facilitate the increased mortgage activities.

Due to the higher operating expenses, the ratio of total operating expenses divided by average assets, increased to 80 bps from 67 bps in the first half of 2014.

The efficiency ratio (total operating expenses divided by total income) was 42.0% compared to 44.8% in the first half of 2014, positively impacted by one-off items. The efficiency ratio adjusted for one-off items was 46.6%, up compared to 45.7% in the first half of 2014. The increase was driven by higher operating expenses, which was not wholly compensated by higher adjusted total income.

Other expenses of € 1 million negative consisted of a gain due to refunds of previous years' banking tax. Other expenses in the first half of 2014 of € 51 million had consisted entirely of a charge for SNS Bank's share in the resolution levy on Dutch banks related to the nationalisation of SNS REAAL.

Taxation

The effective tax rate in the first half of 2015 was 25%. In the first half of 2014, the effective tax rate had been relatively high (33%) as the resolution levy was not tax deductible.

Results first half of 2015 compared to second half of 2014

Compared to the second half of 2014, net profit increased sharply from € 40 million to € 244 million. One-off items explain € 147 million of this increase. In the first half of 2015, one-off items amounted to € 47 million positive, compared to € 100 million negative in the second half of 2014. In this period, one-off items consisted of a € 67 million goodwill impairment of RegioBank, a € 25 million charge related to the third and final tranche of SNS Bank's share in the resolution levy on Dutch banks and an unrealised loss of € 8 million related to fair value movements of former DBV mortgages and related derivatives.

Adjusted for one-off items, net profit of SNS Bank increased from € 140 million in the second half of 2014 to € 197 million. The main factors behind this increase were lower impairment charges on loans, higher hedge ineffectiveness results on derivatives related to mortgages and the absence of a charge related to the banking taxation.

Net interest income of € 515 million was € 18 million lower compared to the second half of 2014. This was fully driven by the impact of an adjustment of the effective interest calculation of impaired loans. As a result of this adjustment, both net interest income (€ 27 million) and impairment charges on retail mortgage loans (€ 26 million) increased in the second half of 2014.

Loan impairments in the second half of 2014 were negatively influenced by the lengthening of the Loss Identification Period (LIP) for the retail mortgage portfolio and by the adjustment of the effective interest calculation of impaired loans mentioned above.

Customers, mortgages and savings

In the first half of 2015, the SNS Bank brands welcomed 131,000 new customers (on a gross basis) including 75,000 customers who have chosen one of the SNS Bank brands to be their primary bank through a current account. SNS Bank's market share in new current accounts (first quarter of 2015[2]) amounted to 22% (full year 2014: 21%). On a net basis, the number of customers rose by 67,000, of which 51,000 were current account customers. Taking also into account the inclusion of 124,000 customers of RBD, following the transfer from VIVAT to BLG Wonen on 1 January 2015, the total number of customers rose to nearly 3 million at the end of June 2015.

2 Based on market research; market share Q1 2015 relates to Q2 2014 up and to Q1 2015

Customers, mortgages and savings

	June 2015	December 2014	June 2014
Total number of customers (in thousands)[1]	2,960	2,769	3,184
Residential mortgages (in € billions)	45.5	46.2	46.5
Market share new mortgages	3.8%	3.7%	3.7%
Retail savings (in € billions)	37.3	35.7	36.3
Market share retail savings	10.7%	10.7%	10.6%
SME savings (in € billions)	2.8	3.0	3.1
Net Promoter Score by brand			
SNS	-26	-28	-33
ASN Bank	13	12	15
RegioBank	3	-7	-6
BLG Wonen	-40	-14	-11

1 Total number of customers as at end June 2014 is not adjusted for inactive customers and the impact of a customer due diligence project. Total number of customers as at end June 2015 includes RBD customers for the first time.

Overall customer satisfaction levels improved again. RegioBank obtained a positive NPS for the first time in its history. Together with ASN Bank, RegioBank is now one of three banks in the Netherlands with a positive NPS. ASN Bank continued to have one of the highest customer satisfaction rates in the industry and customer satisfaction was slightly higher compared to year-end 2014. At SNS, customer satisfaction also rose slightly and its relative position compared to peers improved further.

At BLG Wonen, serving customers through intermediaries, the NPS included the satisfaction score of RBD customers for the first time and decreased sharply as a result. Excluding RBD, customer satisfaction at BLG Wonen decreased slightly.

In line with SNS Bank's ambition to gradually increase its market share in retail mortgages, new production increased to € 0.9 billion from € 0.6 billion in the first half of 2014. SNS, BLG Wonen and RegioBank all contributed to this increase. In a growing market, total market share of new retail mortgages increased slightly to 3.8%. Market share based on the total retail mortgage loan portfolio was slightly lower at 7.1%.

Mortgage redemptions amounted to € 1.5 billion, up by € 0.3 billion compared to the first half of 2014. In all, the book value of SNS Bank's residential mortgage portfolio decreased to € 45.5 billion (year-end 2014: € 46.2 billion).

Retail savings balances increased to € 37.3 billion from € 35.7 billion at year-end 2014. In a growing market, SNS Bank's share in retail savings balances remained stable at 10.7% and was in line with our 10%-plus target. Bank savings, included in retail savings, remained stable at € 3.1 billion. SME savings, included in Other amounts due to customers, decreased to € 2.8 billion from € 3.0 billion at year-end 2014, against the background of SNS Bank's focus on the retail segment.

Risk and capital management

Credit risk

As a domestic mortgage provider, SNS Bank is primarily exposed to the Dutch economy and residential housing market developments. In the first half of 2015, the Dutch economy showed further signs of recovery. Consumer confidence rose and unemployment figures showed a slight decline. The number of residential real estate transactions increased and at the end of June 2015, the residential house price index was up 2.6% compared to a year ago. These developments contributed to an improvement of the credit quality of both the retail mortgage portfolio and the SME loan portfolio.

Loans and advances to customers

June 2015

in € millions	Gross amount	Specific provision	IBNR provision	Book value loans	Loans in arrears[1]	Non default loans[2]	Impaired default loans	Loans in arrears (%)	Impaired ratio	Coverage ratio
Retail mortgage loans	45,822	-261	-53	45,508	1,826	564	1,262	4.0%	2.8%	20.7%
Retail other loans	225	-50	-2	173	78	12	66	34.7%	29.3%	75.8%
Total retail loans	**46,047**	**-311**	**-55**	**45,681**	**1,904**	**576**	**1,328**	**4.1%**	**2.9%**	**23.4%**
SME loans[3]	1,128	-118	-7	1,003	207	--	207	18.4%	18.4%	57.0%
Other commercial and semi-public loans	2,100	--	--	2,100	--	--	--	--	--	--
Loans to the public sector	921	--	--	921	--	--	--	--	--	--
Total loans and advances to customers	**50,196**	**-429**	**-62**	**49,705**	**2,111**	**576**	**1,535**	**4.2%**	**3.1%**	**27.9%**

1 Retail mortgage loans in arrears exclude loans measured at fair value in the balance sheet of € 35 million
2 A customer is 'in default' if the period in arrears is longer than 90 days or when a customer is deemed unlikely to pay
3 Gross SME loans include mortgage backed loans for a gross amount of € 1,005 million

Loans and advances to customers

December 2014

in € millions	Gross amount	Specific provision	IBNR provision	Book value loans	Loans in arrears[1]	Non default loans[2]	Impaired default loans	Loans in arrears (%)	Impaired ratio	Coverage ratio
Retail mortgage loans	46,556	-266	-60	46,230	2,014	657	1,357	4.3%	2.9%	19.6%
Retail other loans	268	-52	-3	213	85	15	70	31.7%	26.1%	74.3%
Total retail loans	**46,824**	**-318**	**-63**	**46,443**	**2,099**	**672**	**1,427**	**4.5%**	**3.0%**	**22.3%**
SME loans[3]	1,164	-123	-6	1,035	204	--	204	17.5%	17.5%	60.3%
Other commercial and semi-public loans	2,098	--	--	2,098	--	--	--	--	--	--
Loans to the public sector	3,258	--	--	3,258	--	--	--	--	--	--
Total loans and advances to customers	**53,344**	**-441**	**-69**	**52,834**	**2,303**	**672**	**1,631**	**4.3%**	**3.1%**	**27.0%**

1 Retail mortgage loans in arrears exclude loans measured at fair value in the balance sheet of € 34 million
2 A customer is 'in default' if the period in arrears is longer than 90 days or when a customer is deemed unlikely to pay
3 Gross SME loans include mortgage backed loans for a gross amount of € 1,051 million

Compared to year-end 2014, total loans and advances to customers decreased by € 3.1 billion to € 49.7 billion. This was mainly the result of a € 2.3 billion decrease in private and cash loans to the public sector as part of liquidity management and a € 0.7 billion decrease in retail mortgage loans.

In determining the amount of provisions, consideration is given to the actual amount of defaults and the experience that credit losses may also be caused by non-default accounts (Incurred but not Reported, or IBNR). The specific provision for defaults decreased from € 441 million at year-end 2014 to € 429 million as per June 2015 and the IBNR provision from € 69 million at year-end 2014 to € 63 million, reflecting the improved credit quality of the portfolio.

Statement of changes in provision for loans and advances to customers

	June 2015				June 2014			
in € millions	Retail mortgage loans	Retail other loans	SME loans	Total	Retail mortgage loans	Retail other loans	SME loans	Total
Balance as at 1 January	326	55	129	510	306	36	111	453
Usage	-47	-4	-13	-64	-47	-4	-5	-56
Addition	81	3	12	96	104	3	22	129
Release	-46	-2	-3	-51	-38	-1	-8	-47
Balance as at 30 June	**314**	**52**	**125**	**491**	**325**	**34**	**120**	**479**

The total provision for loans and advances to customers decreased to € 491 million from € 510 million at year-end 2014. The balance of additions and releases of € 45 million was significantly lower than in the first half year of 2014 (€ 82 million). Both the retail mortgage portfolio and the SME portfolio contributed to this decrease, reflecting the improved market developments.

Retail mortgage loans

The credit quality of retail mortgage loans improved. The inflow of newly defaulted mortgage loans and impairment charges were lower compared to the first half of 2014. Furthermore, the total amount of default mortgage loans decreased compared to year-end 2014 and the weighted average indexed Loan-to-Value (LtV) ratio improved.

Impaired default retail mortgage loans decreased from € 1,357 million at year-end 2014 to € 1,262 million, driven by a decline of the net inflow of loans in default and an increase of recoveries, supported by a further improvement of the Dutch economy and active management of the portfolio in arrears. Despite these developments, the coverage ratio rose from 19.6% to 20.7%, due to a higher average number of months in arrears of the impaired default loans.

Retail mortgage loans in arrears

in € millions	June 2015		December 2014	
No arrears	**43,961**	97%	**44,508**	96%
1 - 3 months	882	2%	1,026	2%
4 - 6 months	234	1%	254	1%
7 - 12 months	257	1%	260	1%
> 12 months	488	1%	508	1%
Subtotal arrears[1]	**1,861**	4%	**2,048**	4%
Provision	-314	-1%	-326	-1%
Total retail mortgage loans	**45,508**	**100%**	**46,230**	**100%**

1 Including retail mortgage loans calculated at fair value of € 35 million (year-end 2014: € 34 million)

The book value of retail mortgage loans in arrears decreased to € 1,861 million from € 2,048 million at year-end 2014. This decline, which was mainly visible in the 1-3 months bucket, was the result of a combination of a further improvement of the Dutch economy and active management of the portfolio in arrears.

Retail mortgage loans by LtV buckets

in € millions	June 2015		December 2014	
National Mortgage Guarantee scheme (NHG)	12,817	29%	12,656	28%
LtV <= 75%	13,444	30%	13,610	30%
LtV >75 <=100%	7,742	17%	7,775	17%
LtV >100 <=125%	8,556	19%	8,890	20%
LtV > 125%	2,025	5%	2,326	5%
Total	**44,584**	100%	**45,257**	100%
Fair value adjustments from hedge accounting	924		973	
Total retail mortgage loans	**45,508**		**46,230**	

LtV based on indexed market value of the collateral

The weighted average indexed LtV of retail mortgage loans improved to 85% (year-end 2014: 86%), due to a further increase of Dutch house prices.

New mortgage inflow has a relatively low risk profile caused by stricter acceptance criteria and a large part of new mortgages being covered by the Dutch Mortgage Guarantee Scheme (NHG). In the first half of 2015, 61% of mortgage origination was covered by NHG (full year 2014: 67%). Of the total book value of retail mortgage loans, 29% is now covered by NHG.

Retail other loans
In the first half year of 2015, the (gross) retail other loan portfolio decreased to € 225 million from € 268 million at year-end 2014. The loan provision declined from € 55 million to € 52 million reflecting the decrease in the default portfolio.

SME loans
The credit quality of SNS Bank's SME loan portfolio showed cautious signs of improvement in the first half of 2015. Impairment charges on SME loans decreased, mainly due to a decreasing number of new defaults. However, total impaired SME loans increased slightly from € 204 million at year-end 2014 to € 207 million. As economic prospects improved, SNS Bank more frequently decided to restructure loans rather than to foreclose. The loan provision decreased from € 129 million at year-end 2014 to € 125 million. The total gross SME loan portfolio decreased from € 1,164 million at year-end 2014 to € 1,128 million.

The coverage ratio for SME loans decreased slightly to 57.0% compared to 60.3% at year-end 2014.

Interest rate risk banking book

In the first half of 2015, the strategically tolerated bandwidth for the duration of equity was kept at 0 - 8. Based on the interest rate environment, SNS Bank managed the duration of equity to a level of 2.6 at the end of June 2015 (year-end 2014: 3.2). Assuming a scenario of a parallel interest rate shift of 200 bps, the change of the economic value of equity relative to own funds was 11.8% as per 30 June 2015 (year-end 2014: 13.4%), which is well within the 20% regulatory limit.

At the end of June 2015, Earnings at Risk (EaR) amounted to € 26 million, compared to € 30 million at year-end 2014. The decline was mainly caused by floating-rate mortgage customers and 'Plafondrente' mortgage customers converting to fixed-rate mortgages during the first half of 2015, which reduced the sensitivity to short term interest rate movements.

Market risk

SNS Bank has a limited trading portfolio. The market risk resulting from this portfolio is managed on a day-to-day basis by limits on a 1-day Value at Risk (VaR) with a confidence level of 99%. The total VaR limit was € 3 million, reflecting the relatively low risk profile of these activities in terms of actual size.

Capital management, liquidity and funding

Capital management

SNS Bank improved its already solid stand-alone CET1 ratio in the first half of 2015 (and remained compliant with fully-loaded CRD IV/CRR requirements). The capital position strengthened further due to the positive impact of retained earnings and due to changes to required capital adjustments.

As per 30 June 2015, the capital consisted of CET1 capital only. SNS Bank aims to diversify its capital structure after its transfer to the Dutch State and to optimise its capital structure in anticipation of upcoming regulatory requirements.
SNS Bank expects its capital ratios to improve further by means of profit retention and the issuance of subordinated debt in the near future.

Capitalisation SNS Bank stand-alone

	June 2015	Dec 2014	Jun 2014	Jun 2015	Dec 2014	Jun 2014
in € millions	*CRD IV transitional*	*CRD IV transitional*	*CRD IV transitional*	*CRD IV fully phased-in*	*CRD IV fully phased-in*	*CRD IV fully phased-in*
Shareholders' equity SNS Bank	**3,148**	**2,963**	**2,822**	**3,148**	**2,963**	**2,822**
Not included interim profits	-135	-40	--	-135	-40	--
Shareholders' equity SNS Bank for CRD IV purposes	**3,013**	**2,923**	**2,822**	**3,013**	**2,923**	**2,822**
Facility SNS REAAL	-100	-100	-100	-100	-100	-100
Increased equity securitised assets	-20	-22	-21	-20	-22	-21
Cash flow hedge reserve and fair value reserve	-95	-179	-75	-57	-83	-58
Other prudential adjustments	-3	-5	-11	-3	-5	-11
Total prudential filters	**-218**	**-306**	**-207**	**-180**	**-210**	**-190**
Intangible assets	-12	-15	-81	-12	-15	-81
Deferred tax assets	--	-48	-46	--	-239	-230
IRB shortfall	-40	-34	-58	-40	-56	-97
Total capital deductions	**-52**	**-97**	**-185**	**-52**	**-310**	**-408**
Total regulatory adjustments to shareholders' equity	**-271**	**-403**	**-392**	**-232**	**-520**	**-598**
CRD IV Common Equity Tier 1 capital	**2,742**	**2,520**	**2,430**	**2,781**	**2,403**	**2,224**
Additional Tier 1 capital	--	--	--	--	--	--
Tier 1 capital	**2,742**	**2,520**	**2,430**	**2,781**	**2,403**	**2,224**
Eligible Tier 2	--	40	40	--	40	40
IRB shortfall	--	-22	-39	--	--	--
Tier 2 capital	--	18	1	--	40	40
Total capital	**2,742**	**2,538**	**2,431**	**2,781**	**2,443**	**2,264**
Risk-weighted assets	**13,423**	**13,771**	**15,229**	**13,423**	**13,771**	**15,229**
Exposure measure as defined by the CRR	**64,067**	**66,724**	**67,349**	**64,093**	**66,607**	**67,143**
Common Equity Tier 1 ratio	**20.4%**	**18.3%**	**16.0%**	**20.7%**	**17.4%**	**14.6%**
Tier 1 ratio	20.4%	18.3%	16.0%	20.7%	17.4%	14.6%
Total capital ratio	20.4%	18.4%	16.0%	20.7%	17.7%	14.9%
Leverage ratio[1]	4.3%	3.8%	3.6%	4.3%	3.6%	3.3%

1 The average of monthly leverage ratios over the second quarter is 4.0% fully phased-in (2014: 3.6%) and 4.1% transitional (2014: 3.8%)

The above table shows the stand-alone solvency of SNS Bank, on a transitional as well as on a fully phased-in basis. For the solvency calculated on a prudential consolidated basis, we refer to the additional Pillar 3 disclosures on page 37. Following a transfer of SNS Bank to the Dutch State, its (consolidated) regulatory capital position and capital ratios will be similar to the level of the SNS Bank stand-alone figures.

In the first half of 2015, SNS Bank realised a substantial improvement of its capital adequacy. SNS Bank's strong standalone CET1 ratio on a transitional basis increased from 18.3% at year-end 2014 to 20.4%. The fully phased-in CET 1 ratio increased from 17.4% at year-end 2014 to 20.7%.

CET1 capital increased to € 2,742 million from € 2,520 million per year-end 2014, mainly due to profit retention and changes in capital adjustments related to the CRR. Net result for the second half of 2014 of € 40 million (+0.3%-points) and the first quarter of 2015 of € 109 million (+0.8%-points) were added to CET1 capital in the first half of 2015.

The main changes in CRR-related capital adjustments concern the Available For Sale (AFS) revaluation reserve and the deferred tax asset (DTA) related to losses carried forward. At year-end 2014, the positive AFS revaluation reserve was entirely deducted from CET1 capital (0% phased-in), whereas at 30 June 2015, 40% (€ 27 million) of the AFS revaluation reserve, which amounts to € 65 million in total, was added to CET1 capital. The changes related to the DTA are explained on page 26.

On 30 June 2015, the Tier 1 ratio and the Total capital ratio were equal to the CET1 ratio, as SNS Bank has no outstanding subordinated capital instruments. In June 2015, the Tier 2 loan of € 40.25 million from SNS REAAL was repaid at the first call date.

The main unweighted capital ratio, the leverage ratio, increased to 4.3% per the end of June 2015 from 3.8% at year-end 2014 (on a fully phased-in basis to 4.3% from 3.6%).

Risk-weighted assets SNS Bank stand-alone

	June 2015	December 2014	June 2014
in € millions	CRD IV	CRD IV	CRD IV
Credit risk	11,469	11,643	13,142
Operational risk	1,566	1,566	1,516
Market risk	180	279	248
Credit Valuation Adjustment (CVA)	208	283	323
Total	**13,423**	**13,771**	**15,229**

Compared to year-end 2014, risk-weighted assets (RWA) for SNS Bank on a stand-alone basis decreased by € 0.3 billion to € 13.4 billion. RWA related to credit risk, market risk and to a credit valuation adjustment, all declined.

At the end of June 2015, RWA related to credit risk amounted to € 11.5 billion (year-end 2014: € 11.6 billion). RWA density[3] of retail mortgages decreased from 18.4 at year-end 2014 to 17.6%. RWA calculated using the internal ratings-based (IRB) approach declined from € 7.8 billion at year-end 2014 to € 7.5 billion. This was mainly due to decreases in probability of defaults (PDs) and loss given defaults (LGDs) of the retail mortgage portfolio more than compensating for the impact of the termination of a number of securitisation transactions. RWA subject to the standardised approach increased slightly from € 3.9 billion at year-end 2014 to € 4.0 billion. This was mainly due to the conversion of the DTA related to tax losses carried forward into a DTA related to a temporary valuation difference (see page 26).

Risk-weighted assets related to market risk decreased driven by a lower risk-weight of traded debt instruments, which are part of the investment portfolio used for liquidity management. The decrease in risk-weight was driven by a reduction of investments with long maturities and by improved ratings.

3 RWA density is defined as risk-weighted assets divided by the exposure (assets)

Developments regulatory capital requirements

The Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) set the framework for the implementation of Basel III in the European Union (EU). Phase-in of CRD IV and CRR started on 1 January 2014 and will become fully effective by January 2019.

The Bank Recovery and Resolution Directive (BRRD) provides authorities with more comprehensive and effective measures to deal with failing banks. The BRRD came into force in the EU in 2015, implementation into Dutch law is expected in the fourth quarter of 2015, and the bail-in framework will be introduced as of January 2016. The implementation of the bail-in framework results in the introduction of additional loss absorbing mechanisms such as the Minimum Requirement for own funds and Eligible Liabilities (MREL) and Total Loss Absorbing Capacity (TLAC). The implementation of the Basel III framework is expected to lead to, on balance, higher capital requirements.

The Basel Committee on Banking Supervision has presented two consultative papers on a revision of the standardised approach for credit risk and the design of a capital floor framework based on this revised standardised approach for credit risk. This framework may replace the current transitional floor based on the Basel I standard. The aim of the revised capital floor framework is to enhance the reliability and comparability of risk-weighted capital ratios.

Funding and liquidity management

Key liquidity indicators

	June 2015	December 2014
LCR	326%	455%
NSFR	>100%	>100%
Loan-to-Deposit ratio	107%	113%
Liquidity buffer (in € millions)	14,106	13,545

The liquidity and funding position of SNS Bank remained solid in the first half of 2015. The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are above the expected future regulatory requirements of 100%. The LCR declined compared to year-end 2014 due to relatively more cash at central banks instead of short-term cash loans. The corresponding increase in high quality assets was more than offset by an increase in net cash outflows due to lower inflows from maturing short-term cash loans.

The loan-to-deposit (LtD) ratio decreased from 113% at year-end 2014 to 107%, which shows SNS Bank's sound funding composition.

Liquidity buffer composition

in € millions	June 2015	December 2014
Cash position	3,729	2,537
Sovereigns	3,637	4,033
Regional/local governments and supranationals	600	540
Other liquid assets	360	215
Eligible retained RMBS	5,780	6,220
Total liquid assets	**14,106**	**13,545**

The liquidity buffer remained high and increased to € 14.1 billion. Redemptions of wholesale funding amounted to € 2.3 billion in the first half of 2015, which was compensated by retail savings inflows of € 1.6 billion and a decrease of the retail mortgage portfolio by € 0.7 billion. The cash position increased due to a reduction in cash collateral related to securitisations and due to an increase in cash balances at central banks which was also related to a decrease of short-term cash loans. Investments in sovereign bonds and the amount of retained RMBS notes decreased.

Funding

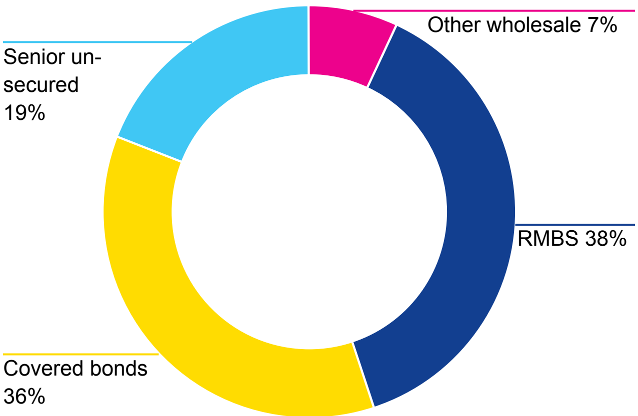
SNS Bank's funding strategy aims at optimising and diversifying the bank's funding sources in order to maintain the targeted long-term funding position and liquidity profile, while complying with regulatory requirements.

SNS Bank aims to meet the targeted funding in an efficient way that ensures access to capital markets. Savings and deposits are the main funding source and comprise a sound core funding base, which is complemented by wholesale funding.

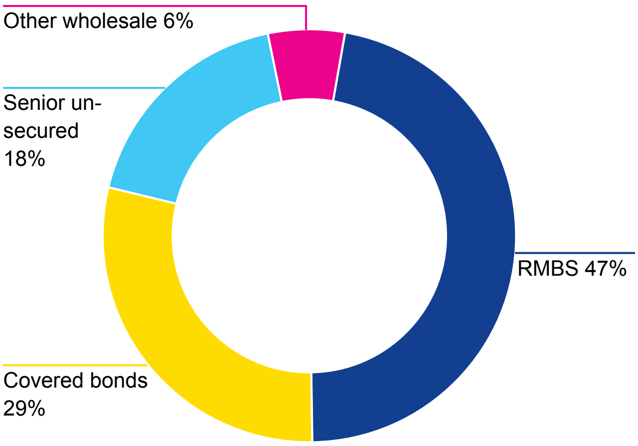
In our funding strategy and planning, we take into account the introduction of the bail-in principle on 1 January 2016. We aim for a diversified capital structure with, as a minimum, sufficient subordinated and senior unsecured funding to ensure that customers with savings balances in excess of € 100,000 are not included in a bail-in. The exact details of the MREL and TLAC regulations, market conditions and the future funding requirement may affect our strategy in respect of funding from both savings and capital markets.

The figure below presents an overview of the outstanding wholesale funding with an original term of more than 1 year at the end of June 2015 and at year-end 2014. In the balance sheet of SNS Bank, this funding is recognised under debt certificates, amounts due to banks and other amounts due to customers. The information presented is based on the nominal value of the funding. The change in the wholesale funding mix in the first half of 2015 mainly results from the redemption of debt certificates issued under the Hermes X and Hermes XV securitisations.

Wholesale funding mix 30 June 2015: € 11.1 billion



Wholesale funding mix year-end 2014: € 13.4 billion



Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the members of the Managing Board state that to the best of their knowledge:

- The condensed consolidated interim financial statements, for the six months period ending on 30 June 2015, give a true and fair view of the assets, liabilities, size and composition of equity, financial position and profit or loss of SNS Bank NV and the companies included in the consolidation; and
- The Interim Financial Report, for the six months period ending on 30 June 2015, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of SNS Bank NV and the companies included in the consolidation.

Utrecht, 26 August 2015

The Managing Board

Maurice Oostendorp, Chief Executive Officer

Annemiek van Melick, Chief Financial Officer

Martijn Wissels, Chief Risk Officer

Rob Langezaal, Chief Commercial Officer

Alexander Baas, Chief Operations Officer

Condensed consolidated interim financial statements

Contents

Consolidated balance sheet

Before result appropriation and in € millions	30-6-2015	31-12-2014
Assets		
Cash and cash equivalents	3,913	1,968
Loans and advances to banks	2,402	2,604
Loans and advances to customers	49,705	52,834
Derivatives	2,198	2,702
Investments	6,055	7,001
Property and equipment	80	86
Intangible assets	12	15
Deferred tax assets	309	450
Corporate income tax	36	66
Other assets	430	284
Assets held for sale	187	149
Total assets	**65,327**	**68,159**
Equity and liabilities		
Savings	37,277	35,666
Other amounts due to customers	10,344	10,542
Amounts due to customers	**47,621**	**46,208**
Amounts due to banks	1,587	2,099
Debt certificates	9,027	11,252
Derivatives	2,507	3,266
Deferred tax liabilities	217	287
Other liabilities	1,074	1,971
Other provisions	54	55
Provision for employee benefits	17	--
Subordinated debts	--	40
Liabilities held for sale	75	18
Total other liabilities	**14,558**	**18,988**
Share capital	381	381
Other reserves	2,523	2,431
Retained earnings	244	151
Shareholders' equity	**3,148**	**2,963**
Minority interests	--	--
Total equity	**3,148**	**2,963**
Total equity and liabilities	**65,327**	**68,159**

Consolidated income statement

in € millions	1st half year 2015	1st half year 2014
Income		
Interest income	961	1,048
Interest expense	446	557
Net interest income	**515**	**491**
Fee and commission income	49	41
Fee and commission expenses	25	17
Net fee and commission income	**24**	**24**
Investment income	32	35
Result on financial instruments	63	-16
Other operating income	1	4
Total income	**635**	**538**
Expenses		
Staff costs	178	97
Depreciation and amortisation of tangible and intangible assets	11	8
Other operating expenses	78	136
Impairment charges	44	81
Other expenses	-1	51
Total expenses	**310**	**373**
Result before taxation	**325**	**165**
Taxation	81	54
Net result for the period	**244**	**111**
Attribution:		
Net result attributable to shareholder	244	111
Net result attributable to minority interests	--	--
Net result for the period	**244**	**111**

Other consolidated statement of comprehensive income

in € millions	1st half year 2015	1st half year 2014
Items that will not be reclassified subsequently to profit or loss		
Other changes in comprehensive income	-2	1
Total items never reclassified to profit or loss	**-2**	**1**
Items that may be reclassified subsequently to profit or loss		
Change in revaluation reserve	1	--
Change in cashflow hedgereserve	-25	10
Change in fair value reserve	-33	118
Total items that may be reclassified subsequently to profit or loss	**-57**	**128**
Change in other comprehensive income (after tax)	**-59**	**129**

Total comprehensive income for the period

in € millions	1st half year 2015	1st half year 2014
Net result continued operations	244	111
Change in other comprehensive income (after tax)	-59	129
Total comprehensive income for the period	**185**	**240**
Attribution:		
Total comprehensive income to shareholder	185	240
Total comprehensive income to minority interests	--	--
Total comprehensive income for the period	**185**	**240**

Condensed consolidated statement of changes in total equity

Condensed consolidated statement of changes in total equity 1st half year 2015

in € millions	Issued share capital[1]	Share premium reserve	Revaluation reserve	Cashflow hedge reserve	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	381	3,787	--	79	97	-1,532	151	2,963
Transfer of net result 2014	--	--	--	--	--	151	-151	--
Amounts charged directly to total equity	--	--	1	-25	-33	-2	--	-59
Net result 2015	--	--	--	--	--	--	244	244
Total result 2015	**--**	**--**	**1**	**-25**	**-33**	**149**	**93**	**185**
Transactions with shareholder	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total changes in equity 2015	**--**	**--**	**1**	**-25**	**-33**	**149**	**93**	**185**
Balance as at 30 June 2015	**381**	**3,787**	**1**	**54**	**64**	**-1,383**	**244**	**3,148**

1 The issued share capital is fully paid and comprises of 840,008 ordinary shares with a nominal value of € 453.79 per share.

Condensed consolidated statement of changes in total equity 1st half year 2014

in € millions	Issued share capital	Share premium reserve	Revaluation reserve	Cashflow hedge reserve	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2014	381	3,787	--	48	-101	-181	-1,352	2,582
Transfer of net result 2013	--	--	--	--	--	-1,352	1,352	--
Amounts charged directly to total equity	--	--	--	10	118	1	--	129
Net result 2014	--	--	--	--	--	--	111	111
Total result 2014	**--**	**--**	**--**	**10**	**118**	**-1,351**	**1,463**	**240**
Transactions with shareholder	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total changes in equity 2014	**--**	**--**	**--**	**10**	**118**	**-1,351**	**1,463**	**240**
Balance as at 30 June 2014	**381**	**3,787**	**--**	**58**	**17**	**-1,532**	**111**	**2,822**

Condensed consolidated statement of changes in total equity 2nd half year 2014

in € millions	Issued share capital	Share premium reserve	Revaluation reserve	Cashflow hedge reserve	Fair value reserve	Other reserves	Retained earnings	Total equity
Balance as at 30 June 2014	381	3,787	--	58	17	-1,532	111	2,822
Amounts charged directly to total equity	--	--	--	21	80	--	--	101
Net result 2014	--	--	--	--	--	--	40	40
Total result 2014	**--**	**--**	**--**	**21**	**80**	**--**	**40**	**141**
Transactions with shareholder	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total changes in equity 2014	**--**	**--**	**--**	**21**	**80**	**--**	**40**	**141**
Balance as at 31 December 2014	**381**	**3,787**	**--**	**79**	**97**	**-1,532**	**151**	**2,963**

Condensed consolidated cash flow statement

in € millions	1st half year 2015	1st half year 2014
Cash and cash equivalents as at 1 January	1,968	5,528
Net cashflow from operating activities	3,727	1,554
Net cashflow from investment activities	404	656
Net cashflow from financing activities	-2,186	-5,045
Cash and cash equivalents as at 30 June	**3,913**	**2,693**

Notes to the condensed consolidated interim financial statements

Accounting principles

General information

SNS Bank NV (SNS Bank), incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. SNS Bank's registered office is located at Croeselaan 1, 3521 BJ Utrecht. SNS Bank 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 comprise the accounts of all the companies controlled by SNS Bank and the interests of SNS Bank in associates. These condensed consolidated interim financial statements were approved by the Supervisory Board on 26 August 2015.

Basis of preparation

Statement of IFRS compliance

SNS Bank 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 accounting principles applied in these condensed consolidated interim financial statements are consistent with the accounting principles applied in the preparation of SNS Bank's financial statements for the year ended 31 December 2014, with the exception of the amendments to the IFRS Standards and Interpretations, and the changes in accounting principles 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 2015

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 changed the requirements for recognition and attribution of contributions from employees or third parties in Defined Benefit Plans. Due to the fact that SNS Bank's Defined Benefit Plans have only so-called dormant participants, the amendment in IAS 19 has no effect on SNS Bank's financial reporting.

Improvements to IFRSs 2012 and Improvements to IFRSs 2013

The improvements to IFRSs 2012 and 2013 result from the Annual Improvements process of the IASB and contain limited amendments to a number of IFRSs and IASs. The amendments do not have a material impact on these condensed consolidated interim financial statements.

Estimates and assumptions

The preparation of the condensed consolidated interim financial statements requires SNS Bank to make estimates and assumptions. These estimates and assumptions have a significant impact on the reported amounts of assets and liabilities and the contingent assets and liabilities at the balance sheet date, and the reported income and expenses for the period.

Although the estimates are made to the best of management's knowledge, actual results may differ from these estimates and the use of different assumptions or data can lead to materially different results.

Estimates and underlying assumptions are reviewed on a regular basis. The resulting impact to accounting estimates is recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods.

The main accounting principles involving the use of estimates concern the methods for determining the provisions for bad debts, determining the fair value of assets and liabilities and determining impairments.

Notes to consolidated balance sheet and the consolidated income statement

Break-up fiscal unity

On 30 June 2015, the fiscal unity for corporate income tax purposes between SNS REAAL NV, SNS Bank NV and REAAL NV was terminated. Directly following the termination, SNS Bank and its subsidiaries will form a new fiscal unity and as such will be subject to corporate income tax.

Tax positions related to the years 2013 and 2014 and the first half of 2015 need to be settled with SNS REAAL NV, the parent company of the fiscal unity up to and including 30 June 2015. The corporate income tax returns for the years up to and including 2010 are final. Corporate income tax returns for the fiscal years 2011 and 2012 were filed in 2014 and for the year 2013 it was submitted in the first half of 2015.

Deferred tax assets

Deferred tax assets (DTA) as at year-end 2014 included an amount of € 239 million related to tax losses carried forward. These tax losses stemmed from the write-off on the real estate finance portfolio of Propertize (formerly SNS Property Finance) in 2013. This DTA was fully recognised by SNS Bank where the commercial losses were borne. Within the fiscal unity, tax losses can be offset against future taxable profits of the fiscal unity in the following eight years. However, against the background of the break-up of the fiscal unity on 30 June 2015, management decided to accelerate the compensation of the remaining tax loss position. This was realised through the release of available taxable profits in the fiscal unity. As a result, as per 30 June 2015, the DTA related to tax losses carried forward, which was deducted from CET1 capital at year-end 2014 for an amount of € 48 million, was converted into a DTA related to a temporary valuation difference, which has a risk-weight of 250%. On balance, the impact of this conversion on the CET1 ratio as per 30 June 2015 was limited.

The realisation of the available taxable profits is based on standard tax provisions and regulations, however, given its impact and size, the realisation of the available taxable profits has been ruled with the Dutch tax authorities. For the underlying transaction a so-called declaration of no objection was requested from and issued by the Dutch Central Bank.

Redemption Tier 2 loan from SNS REAAL

In June 2015, the Tier 2 loan of € 40.25 million from SNS REAAL to SNS Bank was repaid at the first call date. As a result, on 30 June 2015, the Total capital ratio is equal to the CET1 capital ratio, as SNS Bank has no outstanding subordinated capital instruments.

Assets and liabilities held for sale

As at 30 June 2015, all criteria were met to classify the assets and liabilities of SNS Securities as held for sale under IFRS 5. SNS Securities' activities do not meet the definition of 'discontinued operations' and as such there is no change in the presentation of the results of SNS Securities in the income statement.

Contingent liabilities

In the second half of 2015, SNS Bank anticipates an additional operational expense of approximately € 9 million as a result of the Bank Recovery and Resolution Directive, effective as from 1 January 2015 for European banks. The contributions to the Resolution Fund are used to ensure availability of funds in the event of a bank failure. SNS Bank will contribute to the National Resolution Fund over 2015. As from 2016, SNS Bank will contribute to the Single Resolution Fund which is applicable for the European Banking Union. The total annual contribution will consist of two pillars, a basic annual contribution and a bank-specific risk adjustment. The risk adjustment for SNS Bank is based on its relative position to other banks contributing to the fund. The directive is expected to be enacted into law before the end of 2015.

Update on specific legal aspects, procedures and investigations relating to the nationalisation

Inquiry proceedings by Dutch Investors' Association

On 6 November 2014 the Dutch Investors' Association (Vereniging van Effectenbezitters; 'VEB') filed a petition with the Enterprise Chamber of the Amsterdam Court of appeal (Enterprise Chamber) for an inquiry into the management of SNS REAAL, SNS Bank and Propertize (formerly SNS Property Finance) for the period 2006 – present. A preliminary hearing on the VEB's authority and cause of action took place on 19 February 2015. SNS REAAL, SNS Bank and Propertize disputed this authority. On 8 July 2015, the Enterprise Chamber ruled that the VEB is admissible to request an inquiry against SNS REAAL. The petition against SNS Bank has been stayed and against Propertize it has been rejected.

It is possible to lodge an appeal against the decision of the Enterprise Chamber with the Supreme Court of the Netherlands.

As explained in the Annual Report 2014 of SNS Bank, various former holders of expropriated securities and capital components have initiated legal proceedings to seek compensation for damages. At the time that the interim condensed financial statements were drawn up, no court proceedings had (yet) been initiated against SNS Bank (or SNS REAAL which may affect SNS Bank) other than those stated in the annual report and as updated in this paragraph. 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.

Related parties

Positions and transactions between SNS Bank, SNS REAAL and associated companies

	SNS REAAL		Sister companies	
in € millions	**30-6-2015**	31-12-2014	**30-6-2015**	31-12-2014
Positions				
Loans and advances	27	20	1,039	1,056
Corporate income tax (receiveable)	34	54	--	--
Subordinated debt	--	40	--	--
Other liabilities	72	76	2,700	2,681
Transactions				
Change in loans and advances	7	-182	-17	-60
Change in corporate income tax (receiveable)	-20	-153	--	--
Change in subordinated debt	-40	--	--	--
Change in other liabilities	-4	-121	19	-466
Income	--	--	8	11
Other expenses	1	141	43	86

Post balance sheet events

Disentanglement process

Sale of VIVAT Verzekeringen
On 26 July 2015 SNS REAAL completed the sale of VIVAT Verzekeringen (VIVAT) to Anbang Insurance Group. The original conditions of the sale have been amended, leading to a decrease of the sales price from € 150 million to € 1. However, the price adjustment mechanism that was included in the original sale and purchase agreement has been deleted. The € 250 million (intragroup) loan from SNS Bank will be repaid in full no later than 31 December 2015 and the € 302 million intragroup loans from SNS REAAL within 180 days after the completion date of the sale on 26 July 2015. Based on the book value of VIVAT as of 31 December 2014, the sale resulted in a book loss of € 1,809 million for SNS REAAL. This led to a decrease of the CET1 ratio (and Total capital ratio) at the prudential consolidated level (transitional) from 15.6% at year-end 2014 to 14.1% as at end June 2015 and fully phased-in from 15.3% to 15.0%. The leverage ratio on a prudential consolidated basis (transitional) fell from 2.7% to 1.7% due to the decrease of CET1 capital as a result of the book loss, while VIVAT is still included in the risk exposure measured as defined by the CRR. Following the transfer of SNS Bank to the Dutch State, its (consolidated) regulatory capital position and capital ratios will be similar to the level of the SNS Bank stand-alone figures. The CET1 ratio and the leverage ratio on a standalone basis are not impacted by the sale of VIVAT.

As mentioned above, the (intra-group) loan from SNS Bank of € 250 million will be repaid no later than 31 December 2015. This will reduce the amount of RWA of SNS Bank on a stand-alone basis by € 1,250 million. This, in turn, will result in an increase in the CET1 ratio of SNS Bank on a stand-alone basis from 20.4% to 22.5% (fully phased-in from 20.7% to 22.8%). The stand-alone leverage ratio of SNS Bank will not be materially affected.

Separation of SNS REAAL and transfer to Dutch State
In the first half of 2015 SNS Bank focused on finalising the disentanglement process from both its holding company SNS REAAL and VIVAT. In order to wholly separate SNS Bank from SNS REAAL, it is intended that SNS Bank will be transferred to the Dutch State as set out in the letters from the Minister of Finance to Parliament earlier this year.

It is expected that the € 100 million facility between SNS Bank and SNS REAAL will be terminated and be repaid in so far the facility has been used.

Fair value of financial instruments

Fair value accounting of financial assets and liabilities

Fair value of financial assets and liabilities

	30-6-2015		31-12-2014	
in € millions	Fair value	Book value	Fair value	Book value
Financial assets				
Investments				
- Fair value through P&L: held for trading	492	492	817	817
- Fair value through P&L: designated	--	--	--	--
- Available for sale	5,563	5,563	6,184	6,184
Derivatives	2,198	2,198	2,702	2,702
Loans and advances to customers	52,251	49,705	54,839	52,834
Loans and advances to banks	2,402	2,402	2,604	2,604
Other assets	430	430	284	284
Cash and cash equivalents	3,913	3,913	1,968	1,968
Assets held for sale	187	187	149	149
Total financial assets	**67,436**	**64,890**	**69,547**	**67,542**
Financial liabilities				
Subordinated debts	--	--	41	40
Debt certificates	9,422	9,027	11,672	11,252
Derivatives	2,507	2,507	3,266	3,266
Savings	38,010	37,277	36,369	35,666
Other amounts due to customers	10,468	10,344	10,765	10,542
Amounts due to banks	1,625	1,587	2,172	2,099
Other liabilities	1,074	1,074	1,971	1,971
Liabilities held for sale	75	75	18	18
Total financial liabilities	**63,181**	**61,891**	**66,274**	**64,854**

The table above provides information on the fair value of the financial assets and liabilities of SNS Bank. For a number of fair value measurements estimates have been used. This table only includes financial assets and liabilities. Balance sheet items that do not meet the definition of a financial asset or liability are not included. The total of the fair value presented above does not reflect the underlying value of SNS Bank and should, therefore, not be interpreted as such.

The fair values represent the amounts at which the financial instruments could have been sold or transferred at balance sheet date between market parties in an orderly transaction. The fair value of financial assets and liabilities is based on quoted market prices, where observable. If actively quoted market prices are not available, various valuation techniques have been used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and are based on various assumptions, for instance certain discount rates and the timing and size of expected future cash flows. The degree of subjectivity affects the fair value hierarchy, which is discussed in the 'Hierarchy in determining the fair value of financial instruments' section. Wherever possible and available, the valuation techniques make use of observable inputs in relevant markets. Changes in the assumptions can significantly influence the estimated fair values. The main assumptions for each balance sheet item are explained in the section below.

For financial assets and liabilities measured at amortised cost, the fair value is provided excluding accrued interest. Accrued interest related to these instruments is included in other assets or other liabilities.

Notes to the valuation of financial assets and liabilities

The following techniques and assumptions have been used to determine the fair value of financial instruments

Investments

The fair values of shares are based on quoted prices in active markets or other available market data. The fair values of interest-bearing securities, excluding mortgage loans, are also based on quoted market prices or – in the event that actively quoted market prices are not available – on the present value of expected future cash flows. These present values are based on the relevant market interest rate, taking account of the liquidity, creditworthiness and maturity of the relevant investment.

Loans and advances to customers

The fair value of mortgages is determined based on a present value method. The yield curve used to determine the present value of expected cash flows of mortgage loans is the average of the five lowest mortgage rates in the market, adjusted for interest rates that are considered not to be representative ('teaser rates'). These rates may differ for each sub-portfolio due to differences in maturity, LtV class and form of repayment. In determining the expected cash flows, any expected future early redemptions are taken into account.

The fair value of other loans and advances to customers has been determined by the present value of the expected future cash flows. Various surcharges on the yield curve were used for the calculation of the present value. In this respect, a distinction was made by type of loan and customer group to which the loan relates.

Derivatives

The fair values of nearly all derivatives are based on observable market information, such as market rates and foreign exchange rates. For a number of instruments for which not all information is observable in the market, estimates or assumptions are used within a net discounted cash flow model or an option valuation model to determine their fair value. In determining the fair value, the credit risk that a market participant would include in his valuation is taken into account.

Loans and advances to banks

Given the short-term nature of the loans that are classified as loans and advances to banks, the book value is considered to be a reasonable approximation of the fair value.

Other assets

Because of the predominantly short-term nature of other assets, the book value is considered to be a reasonable approximation of the fair value.

Cash and cash equivalents

The book value of the cash and cash equivalents is considered to be a reasonable approximation of the fair value.

Subordinated debt

The fair value of subordinated debt is estimated on the basis of the present value of the expected future cash flows, making use of the prevailing interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding subordinated debt issued by SNS Bank or the entity within SNS Bank whose contractual obligation it is, differentiated to maturity and type of instrument.

Debt certificates

The fair value of debt certificates is estimated on the basis of the present value of the cash flows, making use of the prevailing interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding such instruments issued by SNS Bank.

Amounts due to customers

The fair value of readily available savings and term deposits differs from the nominal value because the interest is not adjusted on a daily basis and because, in practice, customers leave their savings in their accounts for a longer period of time. The fair value of these deposits is calculated based on the net present value of the relevant portfolios' cash flows using a specific discount curve. For savings covered by the Deposit Guarantee Scheme (DGS), the discount curve is based on the average current rates of several Dutch market parties. SNS Bank's Internal Funds Price-curve (IFTP) was used for savings not covered by the DGS.

Amounts due to banks

The fair value of amounts due to banks is estimated on the basis of the present value of the expected future cash flows, using the interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding such instruments issued by SNS Bank, differentiated to maturity and type of instrument. The book value of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Other liabilities

The book value of the other liabilities is considered to be a reasonable approximation of its fair value.

Hierarchy in determining the fair value of financial instruments

A part of the financial instruments is measured in the balance sheet at fair value. In addition, the fair value of the other financial instruments is disclosed. The table below classifies these instruments into level 1, level 2 and level 3. The fair value level classification is not disclosed for financial assets and liabilities where the book value is a reasonable approximation of the fair value.

More detailed explanation of the level classification

For financial instruments measured at fair value on the balance sheet or for which the fair value is disclosed, this fair value is classified into a level. This level depends on the parameters used to determine the fair value and provides further insight into the valuation. The levels are explained below:

Level 1 – Fair value based on published stock prices in an active market

For all financial instruments in this valuation category, stock prices are observable and publically available from stock exchanges, brokers or pricing institutions. In addition, these financial instruments are traded on an active market, which allows for the stock prices to accurately reflect current and regularly recurring market transactions between independent parties. The investments in this category mainly include listed shares and bonds.

Level 2 – Fair value based on observable market data

The category includes financial instruments for which no quoted prices are available but whose fair value is determined using models where the parameters include available market information. These instruments mostly contain privately negotiated derivatives. This category also includes investments for which prices have been issued by brokers, but which are also subject to inactive markets. In that case, the available prices are largely supported and validated using market information, including market rates and actual risk surcharges related to different credit ratings and sector classifications.

Level 3 – Fair value not based on observable market data

A significant part of the financial instruments in this category has been determined using assumptions and parameters that are not observable in the market, such as assumed default rates belonging to certain ratings. The level 3 valuations of investments (shares) are based on quotes from illiquid markets. The derivatives in level 3 are related to some mortgage securitisations and the valuation is partly dependent on the underlying mortgage portfolios and movements in risk spreads.

Hierarchy financial instruments per 30 June 2015

in € millions	Book value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Investments					
- Fair value through P&L: held for trading	492	492	--	--	492
- Fair value through P&L: designated	--	--	--	--	--
- Available for sale	5,563	5,302	250	11	5,563
Derivatives	2,198	--	1,921	277	2,198
Loans and advances to customers[1]	2,187	--	--	2,187	2,187
Assets held for sale	104	4	97	3	104
Other assets measured at fair value					
Loans and advances to customers[2]	47,518	--	--	50,064	50,064
Loans and advances to banks	2,402	--	--	--	--
Other assets	430	--	--	--	--
Cash and cash equivalents	3,913	--	--	--	--
Assets held for sale	83	--	--	--	--
Financial liabilities measured at fair value					
Derivatives	2,507	--	1,979	528	2,507
Debt certificates[2]	1,049	--	--	1,049	1,049
Financial liabilities not measured at fair value					
Subordinated debts	--	--	--	--	--
Debt certificates[2]	7,978	--	--	8,373	8,373
Savings	37,277	--	34,494	3,516	38,010
Other amounts due to customers	10,344	--	10,468	--	10,468
Amounts due to banks	1,587	--	1,625	--	1,625
Other liabilities	1,074	--	--	--	--
Liabilities held for sale	75	--	--	--	--

1 A part of the Loans and advances to customers and Debt certificates is measured at fair value and the remainder at amortised cost.
2 A part of the Loans and advances to customers and Debt certificates is measured at fair value and the remainder at amortised cost.

Hierarchy financial instruments per 31 December 2014

in € millions	Book value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Investments					
- Fair value through P&L: held for trading	817	816	1	--	817
- Fair value through P&L: designated	--	--	--	--	--
- Available for sale	6,184	5,923	250	11	6,184
Derivatives	2,702	--	2,323	379	2,702
Loans and advances to customers[1]	2,206	--	--	2,206	2,206
Assets held for sale	125	1	120	4	125
Other assets measured at fair value					
Loans and advances to customers[1]	50,628	--	--	52,633	52,633
Loans and advances to banks	2,604	--	--	--	--
Other assets	284	--	--	--	--
Cash and cash equivalents	1,968	--	--	--	--
Assets held for sale	24	--	--	--	--
Financial liabilities measured at fair value					
Derivatives	3,266	--	2,589	677	3,266
Debt certificates[1]	1,107	--	--	1,107	1,107
Financial liabilities not measured at fair value					
Subordinated debts	40	--	41	--	41
Debt certificates[1]	10,145	--	--	10,565	10,565
Savings	35,666	--	31,277	5,092	36,369
Other amounts due to customers	10,542	--	10,765	--	10,765
Amounts due to banks	2,099	--	2,172	--	2,172
Other liabilities	1,971	--	--	--	--
Liabilities held for sale	18	--	--	--	--

1 A part of the Loans and advances to customers and Debt certificates is measured at fair value and the remainder at amortised cost.

Change in level 3 financial instruments measured at fair value per 30 June 2015

				Derivatives		
in € millions	Investments available for sale	Loans and advances to customers	Assets held for sale	Assets	Liabilities	Debt certificates
Balance as at 1 January	11	2,206	4	379	677	1,107
Transfers into level 3	--	--	--	--	--	--
Purchases/advances	--	38	--	--	--	--
Unrealised gains or losses recognised in P&L	--	32	--	-90	-137	27
Sale/redemptions	--	-88	-1	--	--	-85
Movement accrued interest	--	--	--	-12	-12	--
Other	--	-1	--	--	--	--
Balance as at 30 June	**11**	**2,187**	**3**	**277**	**528**	**1,049**
Total gains and losses included in profit or loss	--	--	--	--	--	--

Change in level 3 financial instruments measured at fair value per 31 December 2014

in € millions	Investments available for sale	Loans and advances to customers	Assets held for sale	Derivatives Assets	Derivatives Liabilities	Debt certificates
Balance as at 1 January	11	--	--	--	242	--
Transfers into level 3	1	2,206	4	379	386	1,107
Unrealised gains or losses recognised in P&L	--	--	--	--	49	--
Other	-1	--	--	--	--	--
Balance as at 31 December	**11**	**2,206**	**4**	**379**	**677**	**1,107**
Total gains and losses included in profit or loss	--	--	--	--	--	--

Breakdown level 3 financial instruments

in € millions	**30-6-2015**	31-12-2014
Bonds issued by financial institutions	3	4
Equity	11	11
Derivatives	277	379
Loans and advances to customers	2,187	2,206
Total assets	**2,478**	**2,600**
Derivatives	528	677
Debt certificates	1,049	1,107
Total liabilities	**1,577**	**1,784**

Sensitivity of level 3 valuations of financial instruments

Level 3 financial instruments are largely valued using a net discounted cash flow method in which expectations and projections of future cash flows are discounted to a present value on the basis of market data. The models use market observable information, such as yield curves, or information that is not observable in the market, such as assumptions about certain credit risk surcharges or assumptions about customer behaviour. The valuation of a level 3 instrument may change significantly as a result of changes in these assumptions.

Sensitivity non-observable parameters financial instruments level 3 per 30 June 2015

in € millions	Valuation technique	Main assumption	Carrying value	Reasonably possible alternative assumptions: Increase in fair value	Reasonably possible alternative assumptions: Decrease in fair value
Assets					
Loans and advances to customers	Discounted cashflow	Discount curve / pre-payment rate	2,187	58	55
Derivatives	Discounted cashflow	Discount curve / pre-payment rate	277	21	23
Liabilities					
Debt certificates	Discounted cashflow	Discount curve	1,049	8	8
Derivatives	Discounted cashflow	Discount curve / pre-payment rate	528	22	24

The derivatives on the liabilities side of the balance sheet include certain contracts in which fixed pre-payment rates have been agreed with the counterparty. Therefore, these contracts are not sensitive to adjustments.

The main non-market observable parameters for determining the fair value of level 3 instruments are the applied estimate of early redemptions and the discount curve. With regard to the discount curve, the assumptions to determine the credit risk surcharge in particular are not observable in the market. SNS Bank adjusted the discount curve upwards or downwards by 50 bps and had the expectation of early redemptions increased or decreased by 1% in order to calculate sensitivity. It should be noted here that a direct relationship exists between the fair values of the loans and advances to customers, debt certificates and some of the derivatives, as these positions form part of a securitisation structure. As a result, any changes in the value of loans and advances to customers are offset by changes in the value of the debt certificates and derivatives. The other level 3 derivatives also relate to securitisation transactions. Here, too, there is a relationship between the fair values, because the SPVs' derivatives (front swaps) are entered into back-to-back by SNS Bank and the same counterparties (back swaps). As a result, the fair value changes of the front and back swaps are always comparable, but opposite.

Transfers between categories 2015
No significant changes occured during the first half year.

Transfers between categories 2014

in € millions	to Level 1	to Level 2	to Level 3	**Total**
From:				
Based on observable market data (Level 2)	409	--	4,082	**4,491**
Not based on observable market data (Level 3)	--	--	--	--

Transfers between level 2 and 1
At the beginning of 2014 an amount of € 409 million in investments available for sale was transferred from level 2 to level 1. This transfer is the result of a further fine-tuning of the level classification.

Transfers between level 2 and 3
At the end of 2014 amounts of € 2,206 million in loans and advances to customers, € 379 million in derivatives on the asset side, € 386 million in derivatives on the liability side and € 1,107 million in debt certificates were transferred from level 2 to level 3. These transfers are the result of a new method for determining the fair value of SNS Bank's mortgage portfolio. The loans and advances to customers are valued based on this method and the valuations of the derivatives and debt certificates are derived from the methods used.

Review report

To: the Supervisory Board and Managing Board of SNS Bank NV

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 June 2015 of SNS Bank NV, Utrecht, as included on page 20 through 35 of this report. The condensed consolidated interim financial statements comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the other consolidated statement of comprehensive income, the statement of total comprehensive income for the period, the condensed consolidated statement of changes in total equity, and the condensed consolidated cash flow statement for the six month period ended 30 June 2015, and the notes. The Managing Board of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 26 August 2015

KPMG Accountants N.V.

P.A.M. de Wit RA

Additional Pillar 3 disclosures

Capitalisation SNS Bank on a prudential consolidated basis

in € millions	Jun 2015 *CRD IV transitional*	Dec 2014 *CRD IV transitional*	Jun 2014 *CRD IV transitional*	Jun 2015 *CRD IV fully phased-in*	Dec 2014 *CRD IV fully phased-in*	Jun 2014 *CRD IV fully phased-in*
Shareholders' equity SNS REAAL	**2,356**	**3,999**	**4,496**	**2,356**	**3,999**	**4,496**
Increased equity securitised assets	-20	-22	-21	-20	-22	-21
Cash flow hedge reserve and fair value reserve	-193	-369	-265	-57	-242	-144
Other prudential adjustments	-3	-5	--	-3	-5	--
Total prudential filters	**-216**	**-396**	**-286**	**-80**	**-269**	**-165**
Intangible assets	-12	-15	-98	-12	-15	-98
Deferred tax assets	--	-48	-46	--	-239	-230
IRB shortfall	-40	-56	-97	-40	-56	-97
Total capital deductions	**-52**	**-119**	**-241**	**-52**	**-310**	**-425**
Total regulatory adjustments to shareholders' equity	**-268**	**-514**	**-527**	**-132**	**-579**	**-590**
CRD IV Common Equity Tier 1 capital	**2,088**	**3,485**	**3,969**	**2,224**	**3,420**	**3,906**
Additional Tier 1 capital	--	--	--	--	--	--
Tier 1 capital	**2,088**	**3,485**	**3,969**	**2,224**	**3,420**	**3,906**
Tier 2 capital	--	--	--	--	--	--
Total capital	**2,088**	**3,485**	**3,969**	**2,224**	**3,420**	**3,906**
Risk-weighted assets	**14,812**	**22,370**	**25,800**	**14,812**	**22,370**	**26,286**
Exposure measure as defined by the CRR	126,043	127,360	125,237	126,043	127,273	125,174
Common Equity Tier 1 ratio	**14.1%**	**15.6%**	**15.4%**	**15.0%**	**15.3%**	**14.9%**
Tier 1 ratio	14.1%	15.6%	15.4%	15.0%	15.3%	14.9%
Total capital ratio	14.1%	15.6%	15.4%	15.0%	15.3%	14.9%
Leverage ratio[1]	1.7%	2.7%	3.2%	1.8%	2.7%	3.1%

1 The average of monthly leverage ratios over the second quarter is 1.8% fully phased-in (2014: 2.7%) and 1.7% transitional (2014: 2.7%)

SNS Bank is a 100% subsidiary of SNS REAAL. Based on the CRR/CRD IV regulations, SNS REAAL as a mixed financial holding company, is part of the prudential consolidated group of SNS Bank. As a consequence, from 1 January 2014 onwards, SNS Bank is required to report and disclose its capital position, based on the capital position of SNS REAAL and its subsidiaries[4].

On 16 February 2015, SNS REAAL announced the sale of VIVAT to Anbang Insurance Group. After obtaining regulatory approval, the transaction was completed on 26 July 2015.

Due to the sales agreement, SNS REAAL had to recognise a loss of € 1,809 million against the book value of REAAL NV as at 31 December 2014. Apart from the book loss, CET1 capital was positively impacted by retained earnings from SNS Bank and changes to required capital adjustments.

4 Please refer to page 15 for the stand-alone capitalisation

In view of the negative impact of the sale of VIVAT on the capital position of SNS Bank on a prudential consolidated basis, the Dutch State and SNS REAAL have decided to work towards a stand-alone position of SNS Bank under the Dutch State. Following completion of the sale, SNS Bank will be transferred from SNS REAAL to the Dutch State. Following the transfer of SNS Bank to the Dutch State, its (consolidated) regulatory capital position and capital ratios will be similar to the level of the SNS Bank stand-alone figures.

On a prudential consolidated basis, SNS Bank 's CET1 ratio (and Total capital ratio) decreased from 15.6% at year-end 2014 to 14.1%. The fully phased-in CET1 ratio (and Total capital ratio) of 15.0% is slightly higher than the transitional CET1 ratio due to a positive AFS revaluation reserve. The decline is driven by a decrease in CET1 capital due to the book loss, which is partially offset by a decline in RWA of SNS REAAL. RWA decreased by € 7,558 million, of which € 7,234 million as a result of the decrease of the book value of VIVAT. For the purpose of calculating own funds at a prudential consolidated level, SNS REAAL applies CRR article 49. As a result, the book value of VIVAT is assigned a risk weight of 400%.

At half-year 2015 the leverage ratio amounted to 1.7% (fully phased-in: 1.8%), a decrease of 1.0% compared to year-end 2014 (2.7%; fully phased-in: 2.7%). This decrease was due to the decrease of CET1 capital as a result of the book loss, while VIVAT is still included in the risk exposure per 30 June 2015 as defined by the CRR.

The CET1 ratio and the leverage ratio of SNS Bank on a stand-alone basis are not impacted by the sale of VIVAT.

Risk-weighted assets SNS Bank on a prudential consolidated basis

	June 2015	December 2014	June 2014
in € millions	CRD IV	CRD IV	CRD IV
Risk-weighted assets CRD IV SNS Bank stand-alone	13,423	13,771	15,229
Equity value VIVAT weighted at 400%	--	7,238	9,485
Subordinated loans SNS REAAL to VIVAT weighted at 400%	1,208	1,208	1,208
Other	181	153	364
Risk-weighted assets CRD IV SNS Bank on a prudential consolidated basis fully phased-in	**14,812**	**22,370**	**26,286**
Transitional (phasing-in)	--	--	-486
Transitional risk-weighted assets CRD IV SNS Bank on a prudential consolidated basis	**14,812**	**22,370**	**25,800**

Capital requirements and risk weighted assets

	EAD[1]		Basel III RWA		8% Pillar 1 Capital requirement	
in € millions	**Jun 2015**	Dec 2014	**Jun 2015**	Dec 2014	**Jun 2015**	Dec 2014
Credit risk Internal Ratings Based						
Retail Mortgages[2]	41,564	40,921	6,624	6,804	530	544
Securitisation positions	1,021	1,124	119	142	9	11
Other	--	--	759	810	61	65
Total credit risk Internal Ratings Based	**42,585**	**42,045**	**7,502**	**7,756**	**600**	**620**
Credit risk						
Central governments and central banks	9,621	9,728	232	--	19	--
Regional governments or local authorities	1,780	2,139	--	--	--	--
Public sector entities	96	160	22	35	2	3
Multilateral developments banks	269	232	--	--	--	--
International organisations	7	18	--	--	--	--
Financial institutions	1,489	2,299	519	769	41	61
Corporates	889	856	1,761	1,744	141	139
Retail excl. mortgages	264	261	198	185	16	15
Secured by mortgages immovable property	1,181	1,217	830	865	66	69
Exposures in default	110	131	127	157	10	13
Covered bonds	--	24	--	2	--	--
Equity exposures	9	10	9	10	1	1
Other Items	351	178	270	120	22	10
Total credit risk Standardised Approach	**16,066**	**17,253**	**3,968**	**3,887**	**318**	**311**
Market risks (standardised)						
- Traded debt instruments	2,115	2,928	176	274	14	22
- Equities	2	3	3	5	--	--
Operational risk						
- Standardised approach	--	--	1,566	1,566	125	125
Total other risks	**2,117**	**2,931**	**1,745**	**1,845**	**139**	**147**
Credit Valuation Adjustment (CVA)	--	--	208	283	17	23
Total SNS Bank stand-alone	**60,768**	**62,229**	**13,423**	**13,771**	**1,074**	**1,101**
Credit risk Standardised Approach MFH						
Central governments and central banks	--	8	--	--	--	--
Financial institutions	--	2	--	--	--	--
Corporates	292	2,098	1,198	8,434	96	675
Equity exposures	--	38	--	38	--	3
Other Items	105	48	112	49	9	4
Total credit risk Standardised Approach MFH	**397**	**2,194**	**1,310**	**8,521**	**105**	**682**
Other risks MFH						
Operational risk	--	--	79	79	6	6
- of which Standardised Approach	--	--	79	79	6	6
Total other risks MFH	--	--	79	79	6	6
CVA	--	--	--	-1	--	--
Total MFH	397	2,194	1,389	8,599	111	688
Total Prudential Consolidated	**61,165**	**64,423**	**14,812**	**22,370**	**1,185**	**1,789**

1 The EAD is the exposure to a counterparty at the reporting date. For the IRB weighted mortgages, the EAD is equal to the remaining principal amount of the mortgage plus three additional interest rate terms, default interest and any undrawn credit facilities.
2 To determine the RWA of private mortgages a regulator-approved model is used.

Exposures (EAD) per internal rating grade and corresponding PD, LGD and RWA per 30 June 2015

Internal rating grade[1]	Average LGD	Average PD	EAD in each grade	RWAs in each grade (or band)
Performing				
1	8.75%	0.07%	10,358	165
2	9.12%	0.19%	5,049	190
3	12.01%	0.32%	4,791	343
4	13.82%	0.43%	5,437	558
5	17.29%	0.71%	7,008	1,272
6	17.75%	1.23%	1,660	447
7	12.63%	1.26%	2,329	455
8	17.88%	2.01%	879	326
9	14.43%	3.44%	797	328
10	14.46%	6.87%	993	587
11	15.12%	13.36%	412	334
12	14.46%	21.80%	380	333
13	15.14%	41.85%	342	302
Non-performing	20.99%	100.00%	1,129	984
Total			**41,564**	**6,624**

1 No significant changes were made to the rating model. For more information regarding the rating model reference is made to the Annual Report 2014 of SNS Bank NV.

Exposures (EAD) per internal rating grade and corresponding PD, LGD and RWA per 31 December 2014

Internal rating grade[1]	Average LGD	Average PD	EAD in each grade	RWAs in each grade (or band)
Performing				
1	8.74%	0.07%	10,002	159
2	8.97%	0.19%	5,079	188
3	11.56%	0.32%	4,567	314
4	13.65%	0.43%	4,994	507
5	17.78%	0.71%	7,364	1,375
6	18.40%	1.23%	1,783	498
7	12.63%	1.26%	1,869	365
8	17.61%	2.01%	882	323
9	13.35%	3.44%	832	317
10	14.31%	6.87%	1,027	601
11	14.97%	13.36%	416	333
12	13.91%	21.80%	439	370
13	14.88%	41.85%	441	383
Non-performing	20.51%	100.00%	1,226	1,071
Total			**40,921**	**6,804**

1 For more information regarding the rating model reference is made to the Annual Report 2014 of SNS Bank NV.

Other information

About SNS Bank

General
SNS Bank NV (SNS Bank), part of SNS REAAL NV, is a financial services provider engaged in banking, with a particular focus on the Dutch retail market, including small and medium-sized enterprises. The product range consists of two core product groups: mortgages and savings and investments. SNS Bank has a balance sheet total of approximately € 65 billion and about 3.200 employees (FTE), which makes it a major player in the Dutch market. The head office of SNS Bank is located in Utrecht.

Rooted in society
SNS Bank is strongly rooted in Dutch society. SNS Bank dates back 200 years when the first savings banks with a public utility function were founded. Predecessor banks of SNS Bank include many regional savings banks.

As a result of the credit crisis the government was forced to intervene in companies, of which we were one. In the years that lay behind us society was focused too much on increasing prosperity and income. SNS Bank wants to take up its role in society and return to its social roots: a financial services provider that makes people conscious of money matters.

We have an important social utility function that requires us to uphold the highest ethical standards. Keeping an eye on our moral compass allows us to create a well-functioning financial services sector that is embedded in society. Only if financial service providers, together with their stakeholders, take simplicity in finance seriously, can we contribute to restoring faith in the banking sector in the Netherlands.

Simplicity in Finance
SNS Bank aims to make banking business simple, understandable and transparent. We do this by actively engaging our customers in developing our products and services. But also with the assistance of committed employees, who believe in these products and services.

Customer focus
We work hard for our customers, who encompass both private individuals and business customers. By offering sound customer service and support, we build on an optimal relationship with each and every customer: accessible, transparent and fairly priced. We ultimately aim for sustainable relationships with our customers but also with society.

Our brands
There is no such thing as the average customer. Everyone has different desires, needs and preferences. We want to serve our customers in the way that best fits their needs. That is why, instead of one brand for all customers, we have opted for different brands that each serve their customers in the way that suits them best. Each brand has its own way of working, image, mentality and products, from savings and investments through to insurance. For example, customers of SNS Bank can visit one of our more than 200 shops; ASN Bank is the sustainable bank; RegioBank works with personal advisors and BLG Wonen's aim is to allow its customers carefree home ownership.

SNS Bank
SNS Bank was founded in 1817 with a view to increasing people's financial independence. This assignment and challenge are just as relevant today as they were back then. As a broad, accessible bank for consumers and small businesses, we allow our customers to choose for themselves how they manage their banking business: via the website, over the telephone, with a financial advisor at home or at one of the 200 SNS Shops or via the mobile channel.

Products: current accounts, savings, mortgages, insurance, loans, investments and banksparen

www.snsbank.nl

ASN Bank
ASN Bank has been one of the leading banks in sustainable banking in the Netherlands for 50 years. Money is invested in projects and companies that respect people, animals and the environment. ASN Bank aims to demonstrate that sustainable banking goes perfectly hand-in-hand with competitive results.

Products: current accounts, savings, loans, investments and asset management.

www.asnbank.nl

RegioBank
RegioBank is the SNS Bank regional bank format to which some 530 independent advisors are affiliated. RegioBank is the local bank without the fuss or hassle. With great personal attention, a sense of service and a full range of banking products all under one roof.

Products: mortgages, savings, current accounts, loans and investments.

www.regiobank.nl

BLG Wonen
BLG Wonen is a financial service provider whose aim is to allow its customers to live as comfortably as possible. Carefree home ownership makes you feel at home. Now and in the future. BLG Wonen achieves this by making its customers' living wishes come true via transparent services and professional, personal advice from the best independent advisors.

Products: mortgages, savings and insurance.

www.blg.nl

ZwitserlevenBank
In partnership with Zwitserleven, SNS Bank offers savings products aimed at 'saving for later' under the name of Zwitserleven. ZwitserlevenBank has been operating in this way in the savings market since July 2013 and has demonstrated its ability to appeal to a specific target group in what is known as the 'mass affluent' segment.

Product: savings

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. This interim financial report does not contain any value judgement or predictions with respect to the financial performance of SNS Bank.

SNS BANK N.V.

Visiting address
Hojel City Center
Croeselaan 1
3521 BJ Utrecht
The Netherlands

Postal address
P.O. Box 8000
3503 RK Utrecht
The Netherlands