Utrecht, the Netherlands, 2 April 2015

Final split-up of SNS REAAL in the course of 2015

RESTRUCTURING PROCESS SNS REAAL ENTERS FINAL STAGE

- Completion of sale VIVAT to Anbang Insurance Group expected in the third quarter of 2015
- SNS Bank will be transferred from SNS REAAL to the Dutch State following completion of sale VIVAT
- SNS REAAL to be dismantled following transfer of VIVAT and SNS Bank

SNS BANK IN 2014: ENCOURAGING COMMERCIAL DEVELOPMENTS; SOLID FINANCIAL PERFORMANCE

- SNS Bank welcomed 231,000 gross new customers; market share new retail mortgages doubled to 3.7%; market share retail savings increased to 10.7%
- Higher 2014 net profit excluding one-off items of € 294 million (2013: € 263 million), supported by higher net interest income and lower loan impairments
- Net profit of € 151 million, including a one-off charge of € 76 million for the resolution levy on Dutch banks related to the nationalisation of SNS REAAL and a € 67 million goodwill impairment
- Solid Common Equity Tier 1 ratio of 15.6%, up compared to year-end 2013 (15.1%)

VIVAT IN 2014: RESULTS AND SOLVENCY UNDER PRESSURE

- Market share in individual regular life premiums slightly lower at 17%; market share regular group life premiums lower at 7%; market share non-life premiums lower at 5%
- Lower 2014 net profit excluding one-off items of € 85 million (2013: € 135 million) due to pressure on technical results and lower investment income
- Net loss of € 605 million due wholly to € 690 million of one-off items, mainly driven by the IFRS LAT shortfall
- Decline in regulatory solvency to 136% at year-end 2014 (year-end 2013: 172%) due to changes in models and cost parameters and unfavourable movements in interest rates

SNS REAAL IN 2014: NET PROFIT EXCLUDING ONE-OFF ITEMS OF € 327 MILLION

- Held for sale classification Insurance activities due to announced sale led to a € 206 million write-off of all remaining (in)tangible fixed assets of VIVAT at SNS REAAL level
- Net loss SNS REAAL of € 712 million due to VIVAT's net loss and held for sale classification

"In 2014, the Holding, Banking and Insurance activities of SNS REAAL have been almost fully disentangled. On 16 February 2015 we announced the sale of VIVAT, completion of which will safeguard the interests of policyholders and employees. With the intended subsequent transfer of SNS Bank to the Dutch State, the split-up of SNS REAAL will be finalised in the course of 2015.
SNS Bank posted solid commercial and financial results in 2014. Both customer satisfaction and market shares improved. Solvency of SNS Bank remained strong. In contrast, VIVAT had a difficult year, with earnings and solvency under severe pressure. One-off items pushed results of VIVAT sharply into the red. In all, SNS REAAL posted a net loss for 2014 of € 712 million.
I would like to thank all our customers and express my appreciation to our employees for their commitment to the restructuring process of SNS REAAL, thereby laying the foundation for a separate future of VIVAT and SNS Bank", said Gerard van Olphen, Chairman of the Executive Board.

Key figures

in € millions	2014	2013	2nd half year 2014	1st half year 2014
Result				
SNS Bank	151	184	40	111
VIVAT	-605	-612	-385	-220
Group activities	-52	14	-36	-16
Result from classification VIVAT as held for sale	-206	--	-206	--
Property Finance	--	-1,536	--	--
SNS REAAL	**-712**	**-1,950**	**-587**	**-125**
Other key figures				
SNS REAAL				
Total assets	124,806	125,935	124,806	122,329
Total equity	3,999	4,496	3,999	4,496
Double leverage	119.3%	114.9%	119.3%	116.4%
Number of internal employees at year-end (FTE)	6,368	6,379	6,368	6,356
SNS Bank				
Loans and advances to customers	52,834	53,405	52,834	53,550
Savings	35,666	33,276	35,666	36,269
Efficiency ratio SNS Bank	44.7%	50.0%	44.6%	44.8%
Return on equity	5.4%	7.1%	2.7%	8.0%
Common Equity Tier 1 ratio (on a prudential consolidated basis)[1]	15.6%	15.1%	15.6%	15.4%
Total capital ratio (on a prudential consolidated basis)[1]	15.6%	15.1%	15.6%	15.4%
Leverage ratio (on a prudential consolidated basis)[1]	2.7%	3.1%	2.7%	3.2%
Common Equity Tier 1 ratio (stand-alone)[2]	18.3%	16.6%	18.3%	16.0%
Total capital ratio (stand-alone)[2]	18.4%	16.7%	18.4%	16.0%
Leverage ratio (stand-alone)[2]	3.8%	3.2%	3.8%	3.6%
VIVAT				
Operating cost/premium ratio VIVAT	15.1%	14.4%	17.3%	13.4%
Regulatory solvency VIVAT	136%	172%	136%	163%
Regulatory solvency SRLEV	141%	187%	141%	173%
Regulatory solvency REAAL Schadeverzekeringen	191%	235%	191%	235%

1 Capital ratios banking activities are calculated based on CRD IV (transitional, SNS Bank NV on a prudential consolidated basis)
2 Capital ratios banking activities 2014 are calculated based on CRD IV (transitional, SNS Bank NV stand-alone), comparative figures 2013 are calculated based on Basel II (SNS Bank NV on a stand-alone basis)

Foreword

Update on the restructuring process of SNS REAAL

In 2014, SNS REAAL continued on the path set out by the restructuring plan, which formed the basis for the final EC approval of the nationalisation of the company. Following the transfer of the real estate financing activities of Property Finance (renamed Propertize) from SNS Bank to NLFI at the end of 2013, we focused on the disentanglement of the Holding, Banking and Insurance activities and started the sales process for VIVAT Verzekeringen (VIVAT) in 2014.

As part of the disentanglement, virtually all staff functions at holding level were transferred to either SNS Bank or VIVAT in 2014. The transfer of the risk management, finance, communications and compliance functions, was completed by the end of 2014. The separation of IT-systems is still ongoing: we expect this to be completed by mid-2015. The disentanglement also led to adjustments in the governance of SNS Bank and VIVAT, including the appointment of new statutory management boards for both entities. As a result of all this, SNS REAAL has been transformed from an operational holding into a financial holding.

On 16 February 2015 we announced the signing of an agreement for the sale of VIVAT to Anbang Group Holdings Co. Ltd, a 100% subsidiary of Anbang Insurance Group Co. Ltd. (Anbang), a leading Chinese insurance company. Under the agreement, Anbang acquires 100% of the shares of VIVAT for a consideration of € 150 million. Furthermore, the solvency of VIVAT will be strengthened to adequate levels through a capital injection. The total financial commitment of Anbang may still vary due to changes in the IFRS equity of VIVAT between 31 December 2014 and 30 June 2015, the anticipated effective date of the sale.

The transaction is not final as it is still subject to customary conditions such as regulatory approvals. Also, in case of a strong decline in IFRS equity of VIVAT between 31 December 2014 and 30 June 2015, the transaction may not materialise. The sale is expected to be completed in the third quarter of 2015.

We are pleased with the sale of VIVAT to Anbang as the outcome of the sales process. With a new and committed shareholder and a strengthened capital position, the interests of policyholders and employees of VIVAT will be safeguarded. Furthermore, VIVAT will fulfil an important role in expanding the insurance activities of Anbang in the Netherlands. For SNS REAAL the transaction implies that an important EC commitment of the restructuring plan has been met.

As VIVAT will be sold below book value, SNS REAAL will incur a significant loss on this transaction. Part of this loss is already recorded in the 2014 financial statements due to the classification of VIVAT as disposal group held for sale. This resulted in a write-off of the (in)tangible assets of VIVAT of € 206 million at SNS REAAL level.

In his letter to Parliament on 16 February 2015, the Dutch Minister of Finance announced that shortly after completion of the sale of VIVAT, SNS Bank will be transferred from SNS REAAL directly to the Dutch State. This will enable SNS Bank to reinforce its capital position through the capital market on a stand-alone basis. SNS Bank intends to further strengthen and diversify its financial position, with a view to future regulations, such as the leverage ratio and the Bank Recovery and Resolution Directive (BRRD). SNS Bank is to be privatised in due course.

Following the transfer of VIVAT and SNS Bank, the holding company SNS REAAL will be dismantled.

SNS Bank

In 2014, SNS Bank focused on regaining the trust of customers and improving its market share in retail mortgages and payments, while maintaining its market share in savings. In addition, the process of disentanglement from SNS REAAL and the need to prepare for new laws and regulations led to a considerable work load. During the year, the bank welcomed nearly 400 employees from the holding company followed by another 550 in January 2015. Furthermore, the bank introduced and implemented changes in governance and risk management, in order to be well prepared for a stand-alone future.

From a commercial point of view, SNS Bank showed a solid performance in 2014. The brands of SNS Bank welcomed 231,000 new customers. On a net basis, the number of customers rose by 98,000. At the same time, the customer satisfaction score of the SNS brand continued the improving trend that started after the nationalisation in 2013. Customer satisfaction scores at BLG Wonen and RegioBank remained stable. ASN Bank continued to have one of the highest customer satisfaction rates in the industry, although slightly lower compared to year-end 2013. SNS Bank will continue to strive for higher satisfaction scores: the ultimate aim is a positive Net Promoter Score for every banking brand.

SNS Bank's market share in new retail mortgages increased to 3.7% in 2014, compared to 1.8% in 2013. However, the difference with our target of 5-8% indicates that there still is work to do in 2015 and beyond. The market share in retail savings edged up to 10.7% and was in line with our target of above 10%.

In 2014 SNS Bank posted a net profit excluding one-off items of € 294 million, up 12% compared to the adjusted profit in 2013.

This 12% improvement was mainly driven by higher net interest income and lower impairment charges on loans. Net interest income increased markedly driven by lower funding costs. Higher impairment charges on SME loans and other retail loans were more than compensated by lower impairment charges on retail mortgages. This positive development was supported by a cautious recovery of the Dutch housing market. The credit quality of the mortgage portfolio showed signs of improvements. The inflow of new defaulting loans was lower compared to 2013.

Operating expenses, excluding the impact of one-off items, were 5% higher. The increase was mainly due to costs of regulatory projects and dis-synergies related to the disentanglement from SNS REAAL. The efficiency ratio adjusted for one-off items was 44.7% (2013: 43.5%).

SNS Bank's 2014 net profit was € 151 million and included a € 76 million one-off charge for the resolution levy on Dutch banks related to the nationalisation of SNS REAAL and a € 67 million goodwill impairment related to the acquisition of RegioBank in 2007. Based on the reported net profit, return on equity was 5.4%; based on net profit excluding one-off items, it was 10.6%.

SNS Bank's capital base consists almost entirely of core equity. The Common Equity Tier 1 ratio of SNS Bank NV on a stand-alone basis increased further to 18.3% at year-end 2014 from 16.6% at year-end 2013. This increase was due to profit retention and a decrease of risk-weighted assets. The Common Equity Tier 1 ratio on a prudential consolidated basis amounted to 15.6% at year-end 2014 (year-end 2013: 15.1%). The leverage ratio of SNS Bank on a stand-alone basis increased to 3.8% at year-end 2014, from 3.2% at year-end 2013. On a prudential consolidated basis, the leverage ratio amounted to 2.7% at year-end 2014 (year-end 2013: 3.1%). Taking into account the growing importance of non-risk weighted capital ratios (MREL, TLAC), SNS Bank intends to further strengthen and diversify its capital base and tap financial markets for hybrid debt, once the sale of VIVAT has been completed.

VIVAT

In 2014, VIVAT saw its gross premium income decline by 3%. In individual regular premiums, market share was at 16.8% somewhat lower than the 19.3% of 2013 and market share in new group regular life premiums declined to 7.4% compared to 14.6% for 2013. At 4.7%, the market share of new non-life premiums was also lower than in 2013 (5.8%).

In the course of 2014, VIVAT welcomed nearly 500 employees from the holding company, followed by another 600 in January 2015.

VIVAT reported a net profit excluding one-off items of € 85 million for 2014, compared to € 135 million in 2013. Adjusted for the impact of realised gains and losses on the investment portfolio and results on derivatives, the underlying profit fell sharply to € 7 million from € 84 million in 2013. Positive underlying results at Life insurance were mostly offset by an underlying loss at Non-life insurance. The weak results are in part due to lower technical results and lower cost margins. Furthermore, the de-risking of the investment portfolio in recent periods, in combination with falling market interest rates, led to a structural decline in investment yields.

VIVAT posted a 2014 net loss of € 605 million (2013: net loss of € 612 million). The net loss was wholly driven by negative one-off items of € 690 million. These one-off items mainly consisted of a € 648 million charge related to the IFRS LAT shortfall.

In 2014, the solvency ratio of VIVAT fell increasingly short of our internal minimum target of 175%. Regulatory solvency declined to 136% at year-end 2014 from 172% at the end of 2013. The decline was mainly due to the result of changes in models and cost parameters, partly due to envisaged cost dis-synergies, valuation adjustments of mortgages and other valuation changes. Furthermore, unfavorable movements in the yield curve and increased interest volatility, especially in the fourth quarter of 2014, contributed to the decrease in solvency.

As part of the sales process, VIVAT has focused on balance sheet protection by further de-risking the investment portfolio. The main objective was to reduce sensitivity of solvency to changes in interest rates, equity markets and credit spreads under the Solvency II regime and only to a lesser extent under the current Solvency I regime. As a consequence, the development of the

Solvency I ratio in 2014 does not fully reflect the additional de-risking measures.

SNS REAAL

Excluding one-off items, SNS REAAL posted a net profit of € 327 million compared to € 388 million for 2013. The decline was driven by the lower profit excluding one-off items at VIVAT and higher disentanglement and restructuring costs.

SNS REAAL reported a net loss for 2014 of € 712 million compared to a net loss of € 1,950 million for 2013. This included a net loss of the holding company (Group activities) of € 52 million, mainly consisting of disentanglement and restructuring costs.

Furthermore, SNS REAAL took a one-off charge of € 206 million, consisting of the write-off of all intangible and tangible fixed assets of VIVAT following its classification to disposal group held for sale in December 2014. Thus, part of the anticipated book loss on the sale of VIVAT is already reflected in the 2014 financial statements, with the remaining book loss to be incurred in 2015.

Outlook

In 2015, we expect to complete the sale of VIVAT and to transfer SNS Bank from SNS REAAL to the Dutch State.

The sale of VIVAT will result in a substantial book loss at SNS REAAL in 2015, while the transfer of SNS Bank could also result in a book loss. Proceeds of both divestments will be used to redeem the bridge loan provided by the Dutch State.

We expect SNS Bank to continue to report satisfactory results in spite of the impact of regulatory developments, such as the implementation of an ex-ante European Deposit Guarantee Scheme and a European Bank Single Resolution Fund. Loan impairment charges are expected to decline gradually, supported by the improved prospects for economic growth in the Netherlands.

Operating costs will continue to be impacted by regulatory costs and dis-synergies from the disentanglement.
SNS Bank aims to further gradually increase its market share in new retail mortgages and intends to improve its capital structure in 2015.

In 2014, SNS Bank announced its intention to sell its subsidiary SNS Securities NV. This divestment, if and when completed, is expected to result in a substantial loss compared to book value. At year-end 2014, the book value of SNS Securities was € 32 million.

For VIVAT, we expect the difficult market circumstances to continue. In the first months of 2015, solvency has benefited from more favourable financial markets developments. However, given the pressure on earnings and the general low interest rate climate, we expect solvency to remain tight in the first half of 2015.

Consolidated result SNS REAAL

Net and adjusted result SNS REAAL

Net and adjusted result SNS REAAL

in € millions	2014	2013	2nd half year 2014	1st half year 2014
Net result SNS Bank	151	184	40	111
Net result VIVAT	-605	-612	-385	-220
Net result Group activities	-52	14	-36	-16
Net result from classification VIVAT as held for sale	-206	--	-206	--
Net result Property Finance	--	-1,536	--	--
Total net result SNS REAAL	**-712**	**-1,950**	**-587**	**-125**
Impact of one-off items SNS Bank	-143	-79	-92	-51
Impact of one-off items Group activities	--	26	--	--
Impact of one-off items VIVAT	-690	-747	-421	-269
Impact of one-off items from classification VIVAT as held for sale	-206	--	-206	--
Impact of one-off items Property Finance	--	-1,538	--	--
Total one-off items	**-1,039**	**-2,338**	**-719**	**-320**
Adjusted net result SNS Bank	294	263	132	162
Adjusted net result Group activities	-52	-12	-36	-16
Adjusted net result VIVAT	85	135	36	49
Adjusted net result from classification VIVAT as held for sale	--	--	--	--
Adjusted net result Property Finance	--	2	--	--
Total adjusted net result SNS REAAL	**327**	**388**	**132**	**195**

In 2014, SNS REAAL posted a net loss of € 712 million compared to a net loss of € 1,950 million for the year 2013, which included an impact of one-off items of € 2,338 million mainly consisting of a net write-down of € 1,538 million at Property Finance. Property Finance was legally separated from SNS REAAL as of 31 December 2013. The impact of one-off items in 2014 amounted to € 1,039 million negative.

One-off items

SNS Bank incurred one-off charges of € 143 million, which included a € 76 million one-off charge for the resolution levy on Dutch banks, related to the nationalisation of SNS REAAL and a goodwill impairment of € 67 million related to the acquisition of RegioBank in 2007.

At VIVAT, the impact of one-off items amounted to € 690 million negative, mainly consisting of a € 648 million addition to the technical provisions due to a further increase in the IFRS LAT shortfall.

Furthermore, at REAAL Non-Life there was a one-off charge of € 24 million net related to an addition to the unexpired risk reserve and at REAAL Life there was an additional € 18 million net charge related to the cost compensation settlement for unit-linked policies.

Moreover, at Group activities a one-off charge of € 206 million was taken consisting of the write-off to nil of the tangible and intangible fixed assets of VIVAT following its classification to disposal group held for sale under IFRS 5 in December 2014. Thus, part of the anticipated book loss on the sale is already reflected in the 2014 financial statements. The remaining book loss on the sale of VIVAT will be incurred in the financial year 2015.

Adjusted net result

Adjusted for all one-off items, the net result of SNS REAAL declined to € 327 million, compared to € 388 million in 2013.

Adjusted for one-off items, SNS Bank's net profit increased to € 294 million, from € 263 million in 2013. This increase was driven by higher net interest income, lower loan impairment charges and higher realised gains on investments, partly offset by higher operating expenses and lower gains on the buy-back of own debt.

Adjusted for one-off items, VIVAT's net result decreased to € 85 million, from € 135 million in 2013. This decrease was due to lower technical results, mainly at Non-Life, lower cost results and lower investment income. The decline in investment income was partly the result of falling interest rates and the de-risking of the investment portfolio.

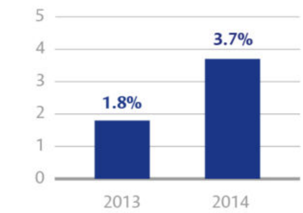
Adjusted for one-off items net result of Group Activities decreased to € 52 million negative, from € 12 million negative in 2013. This decrease was mainly due to higher disentanglement and restructuring costs.

SNS Bank

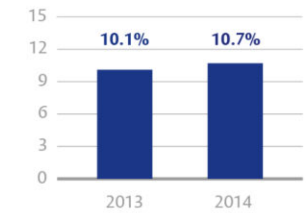
Highlights

- *Encouraging commercial developments at all brands: 231,000 gross new customers; market share new retail mortgages more than doubled to 3.7%; market share retail savings increased to 10.7%*
- *Higher net profit excluding one-off items of € 294 million, supported by higher net interest income and lower loan impairments*
- *Net profit of € 151 million, including a one-off charge of € 76 million for the resolution levy on Dutch banks related to the nationalisation of SNS REAAL and a goodwill impairment (€ 67 million)*
- *Strong efficiency ratio despite increase in adjusted operating expenses*
- *First signs of improvement in credit quality mortgage portfolio: lower inflow of new defaulting loans and lower impairments*
- *Solid (stand-alone) Common Equity Tier 1 ratio of 18.3%, up compared to year-end 2013 (16.6%) driven by net profit and a decline in risk-weighted assets; Leverage ratio (stand-alone) of 3.8% up compared to year-end 2013 (3.2%)*

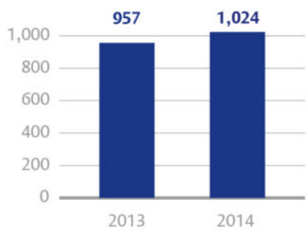
Market share new mortgages



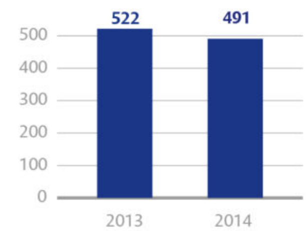
Market share retail savings



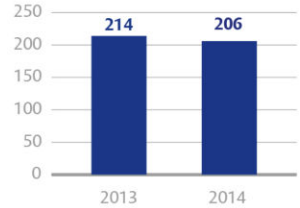
Net interest income (in € millions)



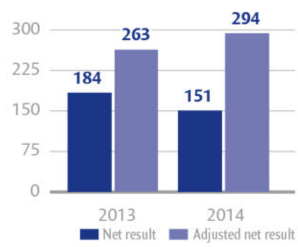
Operating expenses (in € millions)



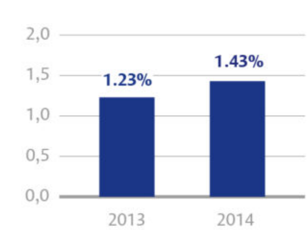
Loan impairments (in € millions)



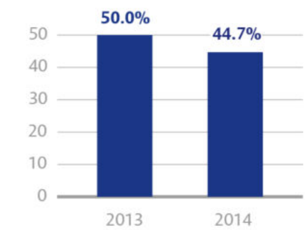
Net result (in € millions)



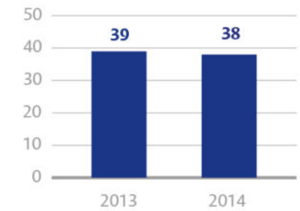
NIM (in percentages)



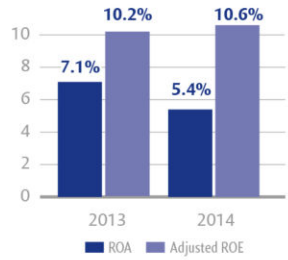
Efficiency ratio (in percentages)



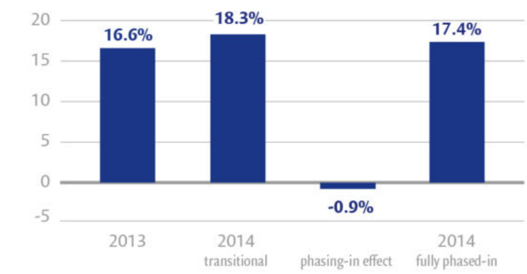
Loan impairments (bps)



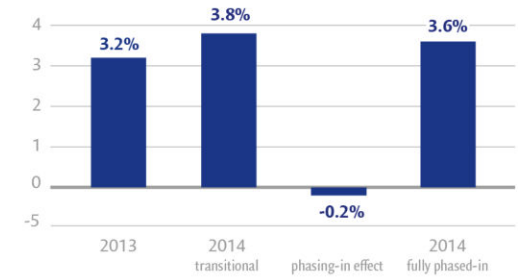
ROE (in percentages)



CET 1 ratio (stand-alone)



Leverage ratio (stand-alone)



Result

Income statement

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Net interest income	1,024	957	7%	533	491
Net fee and commission income	44	50	-12%	20	24
Other income	31	36	-14%	8	23
Total income	**1,099**	**1,043**	**5%**	**561**	**538**
Impairment charges	207	224	-8%	126	81
Impairment charges goodwill	67	--	0%	67	--
Total operating expenses	491	522	-6%	250	241
Other expenses	83	8	938%	32	51
Total expenses	**848**	**754**	**12%**	**475**	**373**
Result before tax	**251**	**289**	**-13%**	**86**	**165**
Taxation	100	105	-5%	46	54
Net result for the period	**151**	**184**	**-18%**	**40**	**111**
One-off items	-143	-79	-81%	-92	-51
Adjusted net result for the period	**294**	**263**	**12%**	**132**	**162**
Efficiency ratio	44.7%	50.0%		44.6%	44.8%
Return on Equity (ROE)	5.4%	7.1%		2.7%	8.0%
Net Interest Margin (NIM) as % of average assets	1.43%	1.23%		1.56%	1.37%
Operating expenses as % of average assets	0.69%	0.67%		0.73%	0.67%

Result 2014 compared to 2013

Adjusted net result

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Net result for the period	**151**	**184**	**-18%**	**40**	**111**
Impairment goodwill	-67	--		-67	--
Resolution levy	-76	--		-25	-51
Direct impact of nationalisation measures	--	7		--	--
Derivatives related to securitised mortgage portfolio	--	-86		--	--
Total one-off items	**-143**	**-79**		**-92**	**-51**
Adjusted net result for the period	**294**	**263**	**12%**	**132**	**162**

SNS Bank's net profit declined to € 151 million from € 184 million in 2013, driven by the impact of one-off items. In 2014, one-off items consisted of a € 76 million charge for SNS Bank's share in the resolution levy on Dutch banks related to the nationalisation of SNS REAAL and an impairment of the goodwill of € 67 million related to the acquisition of RegioBank in 2007. The goodwill impairment was driven by the declining savings margins attributed to RegioBank NV's balance sheet, which contains more savings balances than retail mortgages (Loan-to-Deposit ratio of below 60%). Furthermore, goodwill was negatively impacted by the partial attribution of costs associated with the ex-ante European Deposit Guarantee Scheme as from 1 July 2015 and the European Bank Resolution Funds as from 1 January 2015 as well as other new regulatory requirements, most notably the anticipation of 4% leverage ratio requirement.

In 2013, one-off items of € 79 million negative had included a charge of € 86 million net related to potentially early settlement expenses of securitised mortgage portfolios. Furthermore, there was a € 7 million one-off gain from nationalisation measures, consisting of € 80 million gains on the expropriation of subordinated debt and related derivatives (included in Results on financial instruments), partly offset by a € 53 million provision charge for the compensation of former holders of participation certificates (included in Operating expenses) and a tax effect of € 20 million negative.

Adjusted for one-off items, SNS Bank's net profit increased to € 294 million from € 263 million in 2013. This increase was driven by higher net interest income, lower loan impairments and higher realised gains on investments, partly offset by higher operating expenses and lower gains on the buy-back of own debt.

Income

Breakdown income

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Net interest income	1,024	957	7%	533	491
Net fee and commission income	44	50	-12%	20	24
Investment income	72	38	89%	37	35
Result on financial instruments	-46	-8	-475%	-30	-16
Other operating income	5	6	-17%	1	4
Total income	**1,099**	**1,043**	**5%**	**561**	**538**

Net interest income showed an increase of € 67 million to € 1,024 million (+7%), driven mainly by declining interest rates on retail and wholesale funding and 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. On balance, the adjustment had only a limited positive impact on net result. The full redemption of funding provided to Propertize, in the course of 2014, in combination with the subsequent redemption of the ECB facilities, declining interest rates on mortgage loans and a slight decrease of the mortgage portfolio negatively impacted the interest result.

Net fee and commission income decreased by € 6 million to € 44 million mainly due to lower asset management fees following the sale of SNS Fundcoach.

Investment income increased by € 34 million to € 72 million, driven by higher realised gains on fixed income investments, sold in order to optimise the investment portfolio. This portfolio is used for liquidity management. The proceeds have been reinvested.

The result on financial instruments was € 46 million negative due to amortisation results of derivatives related to the fixed income portfolio. Furthermore, results of derivatives used for hedging purposes and trading results on financial instruments were negative. The latter were more than compensated by positive trading results on related investments, included in investment income. Compared to 2013, the result on financial instruments fell by € 38 million, driven by sharply lower buy-back results on own funding paper. In 2013, these gains had been exceptionally high at € 44 million, benefiting from the situation on financial markets at that moment, in 2014 they were nil. Results of fair value movements of mortgages were also lower. On the other hand, in 2013 the result on financial instruments was negatively impacted by one-off items. These consisted of a € 115 million charge related to the potentially early settlement of securitised mortgage portfolios, partly compensated by a € 80 million gain from unwinding derivatives related to expropriated subordinated debt.

Expenses

Breakdown impairment charges

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Impairment charges on retail mortgage loans	146	173	-16%	80	66
Impairment charges on other retail loans	16	5	220%	14	2
Impairment charges on SME loans	44	36	22%	30	14
Total impairment charges on loans and advances	**206**	**214**	**-4%**	**124**	**82**
Impairment charges on tangible assets	1	10	-90%	2	-1
Total impairment charges	**207**	**224**	**-8%**	**126**	**81**
Impairment charges on loans and advances as a % of average gross outstanding loans to customers	0.38%	0.39%		0.46%	0.30%
Impairment charges on retail mortgage loans as a % of average gross outstanding retail mortgage loans	0.31%	0.36%		0.34%	0.28%
Impairment charges on SME loans as a % of average gross outstanding SME loans	3.65%	2.84%		5.09%	2.29%

Total impairment charges on loans and advances decreased slightly by € 8 million to € 206 million, 38 basis points (bps) of gross outstanding loans (2013: 39 bps).

Impairment charges on retail mortgages decreased by € 27 million to € 146 million. This equated to 31 bps of gross outstanding retail mortgages compared to 36 bps in 2013.

Impairment charges in both years included some negative non-recurring items. In 2014, based on the outcome of the ECB Asset Quality Review (AQR), SNS Bank lengthened the Loss Identification Period[1] (LIP) related to the retail mortgage portfolio, which is applied to determine the provision for incurred but not reported (IBNR) losses from an average of 6 months to 10 months. This resulted in an addition of € 23 million to the IBNR provision. Furthermore, impairment charges in 2014 were negatively impacted by an adjustment to the effective interest calculation of impaired loans. Impairment charges in 2013 had included a charge related to an additional provisioning for lower recovery amounts due to the weak housing market.

1 Loss Identification Period (LIP) is the time lag between actual loss event and observation of loss event by lender

The positive development in impairment charges on retail mortgages was supported by a declining net inflow of loans in default.

Impairment charges on other retail loans increased from € 5 million to € 16 million. This was entirely due to parameter adjustments in the provisioning models for other retail loans. As a result, the coverage ratio increased to 74%, compared to 58% at year-end 2013.

Impairment charges on SME loans increased by € 8 million to € 44 million, mainly reflecting the impact of updated appraisals of collateral and, to a lesser extent, the still fragile economic situation.

(Adjusted) efficiency ratio

in € millions (gross)	2014	2013	Change	2nd half year 2014	1st half year 2014
Total income	**1,099**	**1,043**	**5%**	**561**	**538**
Adjustments (one-off items)					
Direct impact of nationalisation measures	--	80		--	--
Derivatives related to securitised mortgage portfolio	--	-115		--	--
Adjusted income	**1,099**	**1,078**	**2%**	**561**	**538**
Total operating expenses	**491**	**522**	**-6%**	**250**	**241**
Adjustments (one-off items)					
Provision charge for compensation participation certificates	--	53		--	--
Adjusted operating expenses	**491**	**469**	**5%**	**250**	**241**
Efficiency ratio	44.7%	50.0%		44.6%	44.8%
Adjusted efficiency ratio	44.7%	43.5%		44.6%	44.8%

Total operating expenses decreased by € 31 million to € 491 million. In 2013 operating expenses had included a one-off charge of € 53 million for the compensation of former holders of participation certificates. Adjusted for this one-off item, total operating expenses increased by € 22 million (+5%) mainly driven by increased regulatory costs, including costs related to the AQR, costs for customer due diligence projects and cost dis-synergies related to the transfer of staff members from the SNS REAAL holding company. These cost dis-synergies were partly compensated by a release of restructuring provisions formed in prior years and a release of € 9 million related to adjustments of SNS Bank's share in the Deposit Guarantee Scheme for Icesave and DSB Bank. In 2013 operating expenses had included release of € 7 million related to adjustments of SNS Bank's share in the Deposit Guarantee Scheme for DSB Bank

The efficiency ratio (total operating expenses divided by total income) in 2014 was 44.7% compared to 50.0% in 2013. The adjusted efficiency ratio was also 44.7%. The two one-off items in 2014 did not impact either adjusted operating expenses or adjusted total income: the resolution levy was included in other expenses and the goodwill impairment was accounted for in a separate line in the income statement. In 2013, the efficiency ratio of 50.0% was negatively influenced by one-off items. The adjusted efficiency ratio in 2013 was 43.5%. The slight increase of the adjsuted efficiency ratio compared to 2013 was driven by higher adjusted operating expenses.

Other expenses of € 83 million consisted of a charge for SNS Bank's share in the resolution levy on Dutch banks related to the nationalisation of SNS REAAL (€ 76 million) and the banking taxation that is charged to banks operating in the Netherlands since 2012 (€ 7 million).

The effective tax rate in 2014 (40%) is relatively high as the resolution levy, the goodwill impairment and the banking tax were not tax deductible. Also in 2013 the effective tax rate was relatively high (36%), mainly due to the charge for the compensation of former holders of participation certificates and the banking tax, which were both not tax deductible.

Results second half of 2014 compared to first half of 2014

Compared to the first half of 2014, net profit decreased sharply from € 111 million to € 40 million. One-off items explain € 41 million of this decrease. In the second half of 2014, one-off items amounted to € 92 million negative compared to € 51 million in the first half of 2014. In the second half of 2014, one-off items consisted of an amount of € 25 million related to the third and final tranche of SNS Bank's share in the resolution levy on Dutch banks and the goodwill impairment of RegioBank of € 67 million. In the first half of 2014, one-off items amounted to € 51 million, entirely consisting of the first two tranches of SNS Bank's share in the resolution levy.

Adjusted for one-off items, net profit of SNS Bank decreased by € 30 million to € 132 million in the second half of 2014. The main factors behind this decrease were higher impairment charges on loans, a lower result on financial instruments caused by lower fair value movements of part of the mortgage portfolio and a charge related to the banking taxation. The increase in loan impairments was driven by the impact of the lengthening of the LIP for the retail mortgage portfolio and an adjustment of the effective interest calculation of impaired loans. The latter was more than compensated by higher net interest income.

Customers, mortgages and savings

Customers, mortgages and savings

	December 2014	June 2014	December 2013
Total number of customers (in thousands)	2,769	3,184	3,162
Residential mortgages (in € billions)	46.2	46.5	47.0
Market share new mortgages	3.7%	3.7%	1.8%
Retail savings (in € billions)	35.7	36.3	33.3
Market share retail savings	10.7%	10.6%	10.1%
SME savings (in € billions)	3.0	3.1	3.1

In 2014, the SNS Bank brands welcomed 231,000 new customers (on a gross basis) including 69.000 customers who chose one of the SNS Bank brands to be their primary bank, through a current account. Adjusted for the impact of the sale of SNS Fundcoach, inactive customers and the impact of a customer due diligence project, SNS Bank realised a net growth of the customer portfolio of 98,000. At year-end 2014, the total number of customers amounted to 2.8 million.

In September 2014 the brand SNS started a new campaign 'Heel normaal, SNS'. The results of this new brand positioning and underlying service got off to a promising start. Besides the growth in the number of customers, the brand awareness of SNS improved significantly. Brand awareness of ASN Bank and RegioBank grew as well.

Customer satisfaction scores at SNS showed an increase in 2014 and remained stable at BLG Wonen and RegioBank. Although slightly lower than at year-end 2013, ASN Bank continued to have one of the highest customer satisfaction scores in the industry and was again voted most customer friendly bank in the Netherlands. To further improve customer services, SNS Bank added several mobile services to its banking proposition.

In line with SNS Bank's ambition to gradually increase its market share in mortgages, new production increased from € 0.5 billion in 2013 to € 1.3 billion. SNS, BLG Wonen and RegioBank all contributed to this increase. This led to a growth in market share in new mortgages to 3.7%, compared to 1.8% for 2013.

Mortgage redemptions were up by € 0.3 billion. The last quarter of 2014 showed a higher level of redemptions due to extra repayments related to the temporary more generous gift tax exemption to finance a home.

In all, SNS Bank's residential mortgage portfolio decreased to € 46.2 billion (year-end 2013: € 47.0 billion). SNS Bank's market share in the mortgage market (total portfolio) amounted to 7.4% at year-end 2014 (2013: 7.5%). The mortgage portfolio at year-end 2014 included the impact of the buy-back of € 0.4 billion of mortgages, which had been sold to VIVAT in 2010. This buy-back was in line with the phasing out of financial links between the Banking and Insurance activities.

In a slightly growing market, SNS Bank's market share in savings increased to 10.7% from 10.1% at year-end 2013. Retail savings balances increased to € 35.7 billion from € 33.3 billion at year-end 2013. The increase occurred wholly in the first half year of 2014. In the second half, retail savings decreased slightly, in line with the decline in the total market. Bank savings, included in retail savings, increased slightly to € 3.1 billion from € 3.0 billion at year-end 2013. SME savings, included in "Other amounts due to customers", were virtually stable at € 3.0 billion compared to € 3.1 billion at year-end 2013.

Risk, capital and liquidity management

Internal control framework

SNS REAAL's risk management organisation is organised based on the 'three lines of defence' model. This model has been incorporated into the risk management organisation of SNS Bank, which was improved further in 2014. One of the improvements occurred in the management structure through the appointment of a Chief Risk Officer. In the new risk management organization, financial and non-financial risks, as well as the responsibility for compliance and legal affairs have been brought under a single point of control.
SNS Bank is working to improve its risk management to increase operational effectiveness and control. An important element of our approach to risk management is the design and implementation of an Integrated Control Framework (ICF). The ICF sets rules and provides a framework for business processes, strong internal control and culture.

Credit risk

As a domestic mortgage provider, SNS Bank is exposed to the Dutch economy and to Dutch residential housing market developments. In 2014, the Dutch economy showed cautious signs of recovery. Consumer confidence rose and unemployment figures showed a slight decline. The number of homes sold rose and at the end of 2014, residential house prices were up by 4% on average compared to a year ago.

The credit quality of the retail mortgage portfolio showed signs of improvement. The inflow of new defaulting mortgage loans was lower compared to 2013, the Loan-to-Value ratio improved and impairment charges decreased. However, the total number of default mortgage loans remained stable as the outflow equalled the inflow. Due to a decrease in the average amount of loans in default, the total amount of outstanding default loans decreased.

The credit quality of the SME loans portfolio remained under pressure, reflected in higher impairment charges and an increase in the number of default loans.

Loans and advances to customers

December 2014

in € millions	Gross amount	Specific provision	IBNR[1] provision	Book value loans	Loans[2] in arrears	Non[3] default loans	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[4]	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 In prior financial reporting periods the collective provisioning for non-default loans was presented under the specific provision. As of this financial reporting period this is presented under the IBNR provision. Comparative figures have been adjusted accordingly
2 Retail mortgage loans exclude loans measured at fair value in the balance sheet of € 34 million
3 A customer is 'in default' if the period in arrears is longer than 90 days or when a customer is deemed unlikely to pay
4 As of 31 December 2014 a gross amount of € 1,051 million of SME mortgage loans was included in the SME loans

Loans and advances to customers

December 2013

in € millions	Gross amount	Specific provision	IBNR[1] provision	Book value loans	Loans[2] in arrears	Non[3] default loans	Impaired default loans	Loans in arrears (%)	Impaired ratio	Coverage ratio
Retail mortgage loans	47,316	-265	-41	47,010	2,157	762	1,395	4.6%	2.9%	19.0%
Retail other loans	293	-46	-1	246	97	18	79	33.1%	27.0%	58.2%
Total retail loans	**47,609**	**-311**	**-42**	**47,256**	**2,254**	**780**	**1,474**	**4.7%**	**3.1%**	**21.1%**
SME loans[4]	1,249	-94	-6	1,149	171	--	171	13.7%	13.7%	55.0%
Other commercial and semi-public loans	2,699	--	--	2,699	--	--	--	--	--	--
Loans to the public sector	2,301	--	--	2,301	--	--	--	--	--	--
Total loans and advances to customers	**53,858**	**-405**	**-48**	**53,405**	**2,425**	**780**	**1,645**	**4.5%**	**3.1%**	**24.6%**

1 In prior financial reporting periods the collective provisioning for non-default loans was presented under the specific provision. As of this financial reporting period this is presented under the IBNR provision. Comparative figures have been adjusted accordingly
2 Retail mortgage loans exclude loans measured at fair value in the balance sheet of € 36 million
3 A customer is 'in default' if the period in arrears is longer than 90 days or when a customer is deemed unlikely to pay
4 As of 31 December 2013 a gross amount of € 1,143 million of SME mortgage loans was included in the SME loans

Compared to year-end 2013, loans and advances to customers decreased by € 0.6 billion to € 52.8 billion. This was the balance of a € 0.9 billion increase of private and cash loans to the public sector as part of liquidity management, a € 0.8 billion decrease in retail mortgage loans, a € 0.1 billion decrease in SME loans and a € 0.6 billion decrease in other state-guaranteed 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 IBNR provision increased from € 48 million at year-end 2013 to € 69 million. The increase was driven by the lengthening to 10 months of the loss identification period for the retail mortgage portfolio.

The specific provision for defaults increased from € 405 million at year-end 2013 to € 441 million. The increase was mainly driven by an increase at SME loans.

Statement of changes in provision for loans and advances to customers

	December 2014				December 2013			
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	306	47	100	453	214	52	88	354
Usage	-102	-7	-15	-124	-80	-9	-25	-114
Addition	179	17	59	255	226	5	59	290
Release	-56	-1	-15	-72	-54	-1	-22	-77
Changes in estimates	23	--	--	23	--	--	--	--
Other changes	-24	-1	--	-25	--	--	--	--
Balance as at 31 December	**326**	**55**	**129**	**510**	**306**	**47**	**100**	**453**

The total provision for loans and advances to customers increased to € 510 million from € 453 million at year-end 2013. The balance of additions and releases of € 183 million remained higher than the usage of € 124 million. This was largely due to the non-recurring additions to the provision, driven by the lengthening of the LIP for the retail mortgage portfolio, a reclassification of some SME loans to impaired default status, updated appraisals with lower collateral value within the SME loan portfolio and adjustments to more prudent parameters used in the provisioning models for other retail loans. Other changes included,the impact of an adjustment to the effective interest calculation of impaired loans. This release resulted in higher interest income.

Retail mortgage loans

The retail mortgage loan portfolio decreased to € 46,230 million. The total loan provision increased from € 306 million at year-end 2013 to € 326 million, mainly due to an increase in the IBNR provision as a result of the addition following the lengthening of the LIP. The specific provision for retail mortgage loans of € 266 million at year-end 2014 was in line with year-end 2013 and the number of impaired default loans remained virtually unchanged. The impaired default loans decreased during 2014 due to foreclosures of loans with a higher than average outstanding amount.

For retail mortgage loans, the coverage ratio rose slightly from 19.0% to 19.6% mainly related to additional provisions for mortgage loans that are in default for a longer period.

Retail mortgage loans in arrears

In € millions	December 2014		December 2013	
No arrears	**44,508**	96%	**45,123**	96%
1 - 3 months	1,026	2%	1,183	3%
4 - 6 months	254	1%	287	1%
7 - 12 months	260	1%	320	1%
> 12 months	508	1%	403	1%
Subtotal arrears[1]	**2,048**	4%	**2,193**	5%
Provision	-326	-1%	-306	-1%
Total retail mortgage loans	**46,230**	**100%**	**47,010**	**100%**

1 Including retail mortgage loans calculated at fair value of € 34 million (2013: € 36 million)

Retail mortgage loans by LtV bucket

In € millions	December 2014		December 2013	
National Mortgage Guarantee scheme (NHG)	12,656	28%	12,344	27%
LtV <= 75%	13,610	30%	13,490	29%
LtV >75 <=100%	7,775	17%	8,052	17%
LtV >100 <=125%	8,890	20%	9,321	20%
LtV > 125%	2,326	5%	2,990	6%
Total	**45,257**	100%	**46,197**	100%
Fair value adjustments from hedge accounting	973		813	
Total retail mortgage loans	**46,230**		**47,010**	

In the reporting period the allocation of loans to the LtV buckets is on an individual basis instead of a collective basis in prior years. Comparative figures have been adjusted accordingly.

LtV based on indexed market value of the collateral

The credit quality of SNS Bank's retail mortgage portfolio improved slightly in 2014. The book value of retail loans in arrears decreased to € 2,048 million from € 2,193 million at year-end 2013.

The Loan-to-Value (LtV) improved due to an uplift of the Dutch housing price index. At the end of 2014, the weighted average LtV of the retail mortgages stood at 86%, compared to 89% at year-end 2013.

New mortgage inflow has a relatively low risk profile thanks to stricter mortgage criteria and a large part of new mortgages being covered by the Dutch Mortgage Guarantee Scheme (NHG). In 2014, 67% of mortgage origination was covered by NHG (2013: 75%). Of the total mortgage portfolio book value, 28% is now covered by NHG.

Retail other loans

In 2014, the retail other loan portfolio decreased from € 293 million at year-end 2013 to € 268 million. The loan provision increased from € 47 million to € 55 million due to an addition to the provision related to parameter adjustments in the provisioning models for other retail loans. This resulted in an increase of the coverage ratio from 58% at year-end 2013 to 74% at year-end 2014.

SME loans

The credit quality of SNS Bank's SME loan portfolio remained under pressure in 2014. Impaired SME loans increased from € 171 million at year-end 2013 to € 204 million, whilst the total SMS loan portfolio decreased from € 1,149 million at year-end 2013 to € 1,035 million. The loan provision increased from € 100 million to € 129 million. For SME loans the coverage ratio increased to 60.3% from 55.0% at year-end 2013, a result of updated appraisals with lower collateral value within the SME loan portfolio and reclassification of performing exposure to impaired default status as a consequence of the ECB-led Comprehensive Assessment in 2014.

Market risk

In 2014, the strategically tolerated bandwidth for the duration of equity was 0-8 year. Based on the interest rate environment, SNS Bank managed the duration of equity up to a level of 3.2 at year-end 2014 (year-end 2013: 1.7). The change of equity value relative to own funds after a parallel interest rate shift of 200 bps was 13.4% as per December 2014 (year-end 2013: 6.4%), well within the 20% regulatory limit.

At the end of 2014, Earnings at Risk (EaR) amounted to € 30 million, compared to € 21 million at year-end 2013. The main cause of the increase is an improvement of the methodology through which more prudent assumptions are made for the interest rate pass-through increases to sight deposit rates.

The trading portfolio of SNS Bank is limited (€ 0.9 billion). 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

Capitalisation SNS Bank on a prudential consolidated basis

In € millions	December 2014 *CRD IV transitional*	June 2014 *CRD IV transitional*	Pro forma December 2013 *CRD IV transitional*	December 2014 *CRD IV fully phased-in*	June 2014 *CRD IV fully phased-in*	Pro forma December 2013 *CRD IV fully phased-in*
Shareholders' equity SNS REAAL	**3,999**	**4,496**	**4,496**	**3,999**	**4,496**	**4,496**
Increased equity securitised assets	-22	-21	-20	-22	-21	-20
Cash flow hedge reserve and fair value reserve	-369	-265	-157	-242	-144	-94
Other prudential adjustments	-5		-7	-5		-7
Total prudential filters	**-396**	**-286**	**-184**	**-269**	**-165**	**-121**
Intangible assets	-15	-98	-102	-15	-98	-102
Deferred tax assets	-48	-46	-71	-239	-230	-354
IRB shortfall	-56	-97	-104	-56	-97	-104
Total capital deductions	**-119**	**-241**	**-277**	**-310**	**-425**	**-560**
Total regulatory adjustments to shareholders' equity	**-514**	**-527**	**-461**	**-579**	**-590**	**-681**
CRD IV Common Equity Tier 1 capital	**3,485**	**3,969**	**4,035**	**3,420**	**3,906**	**3,815**
Additional Tier 1 capital	--	--	--	--	--	--
Tier 1 capital	**3,485**	**3,969**	**4,035**	**3,420**	**3,906**	**3,815**
Tier 2 capital	--	--	--	--	--	--
Total capital	**3,485**	**3,969**	**4,035**	**3,420**	**3,906**	**3,815**
Risk-weighted assets	**22,370**	**25,800**	**26,695**	**22,370**	**26,286**	**26,695**
Exposure measure as defined by the CRR	127,360	125,237	128,299	127,273	125,174	128,038
Common Equity Tier 1 ratio	**15.6%**	**15.4%**	**15.1%**	**15.3%**	**14.9%**	**14.3%**
Tier 1 ratio	15.6%	15.4%	15.1%	15.3%	14.9%	14.3%
Total capital ratio	15.6%	15.4%	15.1%	15.3%	14.9%	14.3%
Leverage ratio	2.7%	3.2%	3.1%	2.7%	3.1%	3.0%

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

On 16 February 2015, SNS REAAL announced the sale of VIVAT to Anbang Group Holdings Co. Limited. The transaction is subject to regulatory approval and is expected to be completed in the third quarter of 2015.

In view of this sale, 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. At that time, SNS Bank will no longer be part of the prudential consolidated group.

On a prudential consolidated basis, SNS Bank NV has a strong core Common Equity Tier 1 (CET1) ratio, which improved from 15.1% at year-end 2013 to 15.6% at year-end 2014. The fully phased in CET1 ratio of 15.3% is only slightly lower than the transitional CET1 ratio. As SNS Bank on a prudential consolidated basis has no subordinated debt outstanding, the other risk weighted capital ratios are equal to the CET1 ratio. At year-end 2014 the leverage ratio amounted to 2.7% (fully phased in: 2.7%), which is a decrease of 0.4% compared to year-end 2013 (3.1%; fully phased in: 3.0%).

The Deferred Tax Asset (DTA) related to losses carried forward decreased from € 354 million as per December 2013 to € 239 million at year-end 2014, due to taxable profits of the fiscal unity. This deferred tax asset is fully recognised by the entity SNS Bank, where the associated loss was recorded in previous years. The DTA is fully deducted from core Tier 1 capital fully phased in and is gradually deducted in the period from 1 January 2014 to 1 January 2018 under transitional arrangements.

Risk-weighted assets SNS Bank on a prudential consolidated basis

	December 2014	June 2014	Pro forma December 2013
in € millions	CRD IV	CRD IV	CRD IV
Risk-weighted assets CRD IV SNS Bank NV stand-alone[1]	13,771	15,229	15,121
Equity value VIVAT weighted at 400%	7,238	9,485	10,351
Subordinated loans SNS REAAL NV to VIVAT weighted at 400%	1,208	1,208	1,208
Other	153	364	15
Risk-weighted assets CRD IV on a prudential consolidated basis fully phased-in	**22,370**	**26,286**	**26,695**
Transitional (phasing-in)	--	-486	--
Transitional risk-weighted assets CRD IV on a prudential consolidated basis	**22,370**	**25,800**	**26,695**

1 Reference is made to the table below which presents a breakdown of the risk-weighted assets of SNS Bank NV stand-alone

For the purpose of calculating own funds at a prudential consolidated level, SNS REAAL applies CRR article 49. As a result, the equity value of VIVAT is assigned a risk weight of 400%. Due to the decreased equity value of VIVAT, risk-weighted-assets decreased by € 3.1 billion (from € 10.4 billion at year-end 2013 to € 7.2 billion).

Capitalisation SNS Bank stand-alone

In € millions	December 2014 CRD IV transitional	June 2014 CRD IV transitional	Pro forma December 2013 CRD IV transitional	December 2014 CRD IV fully phased-in	June 2014 CRD IV fully phased-in	Pro forma December 2013 CRD IV fully phased-in	December 2013 Basel II
Shareholders' equity SNS Bank NV	**2,963**	**2,822**	**2,582**	**2,963**	**2,822**	**2,582**	**2,582**
Net result second half year	-40	--	--	-40	--	--	--
Shareholders' equity SNS Bank NV for CRD IV purposes	**2,923**	**2,822**	**2,582**	**2,923**	**2,822**	**2,582**	**2,582**
Facility SNS REAAL	-100	-100	-100	-100	-100	-100	-100
Increased equity securitised assets	-22	-21	-20	-22	-21	-20	-20
Cash flow hedge reserve and fair value reserve	-179	-75	30	-83	-58	-51	53
Other prudential adjustments	-5	-11	-7	-5	-11	-7	-7
Total prudential filters	**-306**	**-207**	**-97**	**-210**	**-190**	**-178**	**-74**
Intangible assets	-15	-81	-85	-15	-81	-85	-74
Deferred tax assets	-48	-46	-70	-239	-230	-354	--
IRB shortfall	-34	-58	-64	-56	-97	-104	-19
Total capital deductions	**-97**	**-185**	**-219**	**-310**	**-408**	**-543**	**-93**
Total regulatory adjustments to shareholders' equity	**-403**	**-392**	**-316**	**-520**	**-598**	**-721**	**-167**
CRD IV Common Equity Tier 1 capital	**2,520**	**2,430**	**2,266**	**2,403**	**2,224**	**1,861**	**2,415**
Additional Tier 1 capital	--	--	--	--	--	--	--
Tier 1 capital	**2,520**	**2,430**	**2,266**	**2,403**	**2,224**	**1,861**	**2,415**
Eligible Tier 2	40	40	40	40	40	40	40
IRB shortfall	-22	-39	-40	--	--	--	-18
Tier 2 capital	18	1	--	40	40	40	22
Total capital	**2,538**	**2,431**	**2,266**	**2,443**	**2,264**	**1,901**	**2,437**
Risk-weighted assets	**13,771**	**15,229**	**15,121**	**13,771**	**15,229**	**15,121**	**14,578**
Exposure measure as defined by the CRR	**66,724**	**67,349**	**73,913**	**66,607**	**67,143**	**73,508**	**74,629**
Common Equity Tier 1 ratio	**18.3%**	**16.0%**	**15.0%**	**17.4%**	**14.6%**	**12.3%**	**16.6%**
Tier 1 ratio	18.3%	16.0%	15.0%	17.4%	14.6%	12.3%	16.6%
Total capital ratio	18.4%	16.0%	15.0%	17.7%	14.9%	12.6%	16.7%
Leverage ratio	3.8%	3.6%	3.1%	3.6%	3.3%	2.5%	3.2%

SNS Bank NV also reports its solvency on a stand-alone basis, on a transitional as well as on a fully phased-in basis.

The stand-alone CET1 ratio of SNS Bank NV on a transitional basis is strong and increased to 18.3% at year-end 2014 from 15.0% at year-end 2013. The CET1 ratio of 18.3% excludes the positive impact of the € 40 million net result for the second half of 2014 (impact 0.3%-points). The fully phased-in CET 1 ratio increased to 17.4% compared to 12.3% at year-end 2013.

The main unweighted capital ratio, the leverage ratio, increased from 3.1% at year-end 2013 to 3.8% at year-end 2014 (on a fully phased-in basis from 2.5% to 3.6%), still below the anticipated requirement of 4%.

For a bank focused on retail mortgages, the anticipated unweighted capital ratio requirements, such as the anticipated Dutch leverage ratio requirement of 4% Tier 1 capital, lead to a higher amount of required capital than based on the risk-weighted ratios, at least on the basis of risk weights currently in place. SNS Bank expects its capital ratios to improve further by means of profit retention and the issuance of subordinated debt in 2015 and onwards.

SNS Bank is well positioned to comply with capital requirements arising from future regulations such as the leverage ratio, MREL and TLAC. SNS Bank aims for a diversified capital structure with adequate subordinated and senior unsecured funding such that depositors with a balance above € 100 thousand are not subject to bail-in.

CET1 capital increased to € 2,520 million from € 2,266 million in 2013, mainly due to the net profit for the first half of 2014, the absence of the deduction of goodwill related to RegioBank from CET 1 capital following such goodwill impairment and lower capital deductions for deferred tax assets, associated with tax losses carried forward, and for the IRB shortfall.

Risk-weighted assets SNS Bank stand-alone

	December 2014	June 2014	Pro forma December 2013	December 2013
in € millions	CRD IV	CRD IV	CRD IV	Basel II
Credit risk	11,643	13,142	13,097	12,870
Operational risk	1,566	1,516	1,516	1,516
Market risk	279	248	192	192
Credit Valuation Adjustment (CVA)	283	323	316	--
Total	**13,771**	**15,229**	**15,121**	**14,578**

Compared to year-end 2013, risk-weighted assets for SNS Bank on a stand-alone basis decreased by € 1.3 billion to € 13.8 billion. At year-end 2014 risk weighted assets of € 7.5 billion related to retail mortgage loans (year-end 2013: € 8.2 billion). The impact of calls of securitisations and increases in probability of defaults (PDs) and loss given defaults (LGDs) was more than compensated by the implementation of updated risk assessment models as a result of which the risk-weight of retail mortgages decreased. At the end of 2014 SNS Bank implemented an updated version of its advanced internal rating based (AIRB) model for retail mortgages. The model has been revised to reflect in a more granular way the specific characteristics of the underlying portfolio and is better aligned with respect to dampening the pro-cyclicality in risk-weighted assets. The RWA density[2] of retail mortgages decreased from 21.6% at year-end 2013 to 18.3% at year-end 2014.

The impact of the recognition of a Credit Valuation Adjustment (CVA) for the risk that the mark-to-market value of derivatives might deteriorate due to a change in counterparty creditworthiness amounts to € 283 million at year-end 2014.

Comprehensive Assessment

On 26 October 2014, the European Central Bank (ECB) published the results of the Comprehensive Assessment for 128 European banks in the Eurozone, including SNS Bank. The Comprehensive Assessment was regarded a vital step in the establishment of a European banking union.

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

The Comprehensive Assessment can be seen as the admission test to the European supervisory framework: the Single Supervisory Mechanism (SSM).

SNS Bank has passed the EU-wide stress test and has henceforth joined the SSM without further measures. The stress test was based on 2013 year-end figures (stand-alone): a 15.5% transitional CET1 ratio (with 20% of CRR capital adjustments phased in) and a CET1 ratio of 12.7% fully phased-in (according to the CRD IV definition).

In the base case scenario of the EU-wide stress test, SNS Bank complied with a CET1 ratio of 15.0% per end 2016 to the 8% CET1 threshold. Applying the adverse scenario and severe methodological restrictions to SNS Bank, in combination with the AQR, led to a reduction of the adjusted CET1 ratio from 14.9% in 2013 to 6.8% in 2016. This outcome met the 5.5% threshold set by the ECB. The fully phased in CET1 ratio in the adverse scenario declined to 4.9%.
The Comprehensive Assessment demonstrated that there were no capital shortfalls for SNS Bank. SNS Bank was therefore not required to present capital plans to the ECB.

An increase in the loss identification period to determine provisions for incurred losses for the retail mortgage portfolio had a negative effect of € 23 million on CET1 capital and altered expected loss parameters for the SME portfolio had an impact of € 6 million negative. Both effects were recognized in the join-up phase of the Comprehensive Assessment.

As a result of, inter alia, a better starting position and a decrease of the deferred tax receivable, we expect an improved outcome if the adverse scenario of the EU-wide stress test would be applied taking the 2014 year-end CET1 capital ratio as a starting point for both the transitional and the fully phased-in CET1 ratio.

Funding and liquidity management

The liquidity and funding position of SNS Bank improved in 2014 and comfortably met the requirements. The loan-to-deposit ratio decreased from 122% at year-end 2013 to 113%, mainly due to an increase in retail funding in combination with a modest decrease in loans and advances to customers. The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are well above the expected future regulatory requirements of 100%. The funding of SNS Bank consists largely of savings and is otherwise diversified. During 2014, SNS Bank did not enter into any public capital market transactions in 2014 as it awaited clarity on the future of VIVAT.

The total liquidity position remained high and increased to € 13.5 billion. The increase was mainly caused by the redemption of the funding by Propertize. SNS Bank used these proceeds to redeem € 5.5 billion of ECB facilities, of which € 1.0 billion in the second half of 2014. This resulted in an increase of ECB eligible assets. The cash position decreased mainly through the redemption of € 5.5 billion wholesale funding, partly compensated by retail savings inflows of € 2.4 billion and the issuance of € 0.6 billion of securitisation notes held on own book.

Development LCR, NSFR and Loan-to-deposit ratio

	December 2014	December 2013
LCR	455%	436%
NSFR	130%	120%
Loan-to-deposit ratio	113%	122%

Development liquidity position

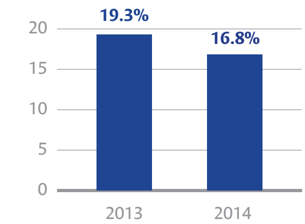
in € millions	December 2014	June 2014	December 2013
Cash	2,537	3,978	5,334
Liquid assets	11,008	9,948	6,294
Total liquidity position	**13,545**	**13,926**	**11,628**

VIVAT

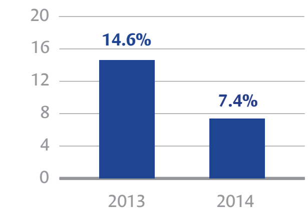
Highlights

- *Market share individual regular life premiums slightly lower at 17%; market share regular group life premiums lower at 7%; market share non-life premiums lower at 5%*
- *Sharply lower underlying net profit due to lower direct investment income as a result of de-risking and higher claims at Non-Life*
- *Net loss of € 605 million due wholly to € 690 million of one-off items, mainly driven by the IFRS LAT shortfall*
- *Modest decrease in operating expenses despite cost dis-synergies related to the transfer of staff members from the SNS REAAL holding company*
- *Decline in regulatory solvency to 136% at year-end 2014 (year-end 2013: 172%) due to changes in models and cost parameters and unfavourable movements in interest rates*

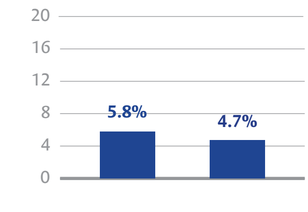
Market share Individual Life
(new regular premium)



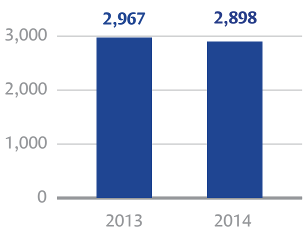
Market share Group Life
(new regular premium)



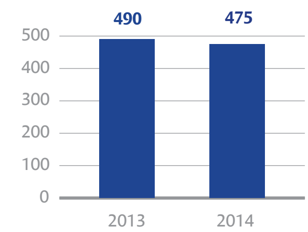
Market share Non-Life
(new premium)



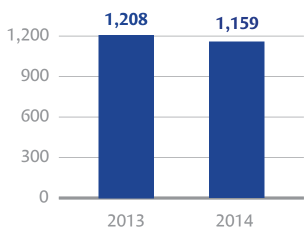
Net premium income (in € millions)



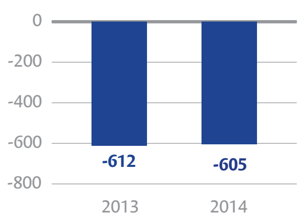
Operating expenses (in € millions)



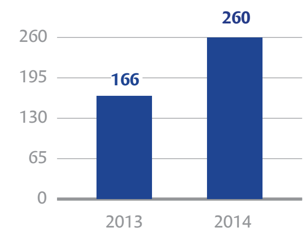
Direct investment income (in € millions)



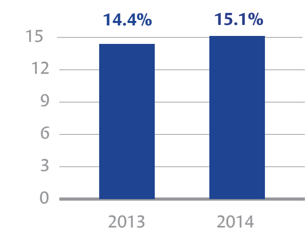
Net result (in € millions)



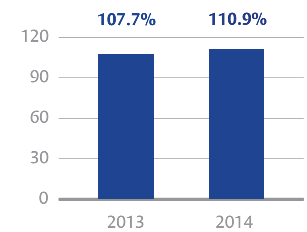
NAPE (in € millions)



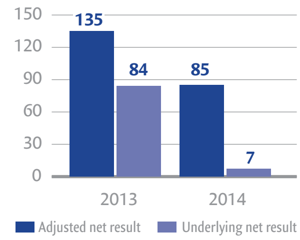
Operating cost/premium



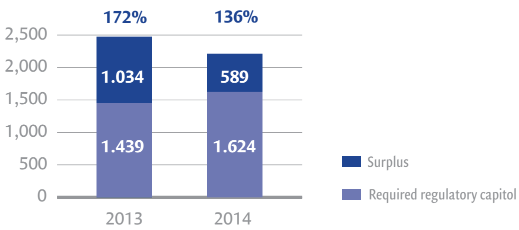
Combined ratio Non-Life



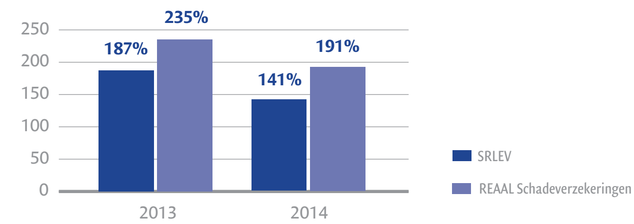
Adjusted and underlying net result
(in € millions)



Regulatory Solvency VIVAT



Regulatory Solvency legal entities



Result

Income statement

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Net premium income	2,898	2,967	-2%	1,337	1,561
Net fee and commission income	106	111	-5%	54	52
Share in result of associates	1	2	-50%	1	--
Investment income	1,472	1,438	2%	702	770
Investment income for account of policyholders	2,159	628	244%	1,077	1,082
Result on financial instruments	-78	60	-230%	24	-102
Total income	**6,558**	**5,206**	**26%**	**3,195**	**3,363**
Technical claims and benefits	6,394	4,781	34%	3,224	3,170
Acquisition costs for insurance operations	215	247	-13%	107	108
Impairment charges	21	217	-90%	10	11
Total operating expenses	475	490	-3%	240	235
Other interest expenses	258	226	14%	126	132
Other expenses	1	1	0%	1	--
Total expenses	**7,364**	**5,962**	**24%**	**3,708**	**3,656**
Result before tax	**-806**	**-756**	**-7%**	**-513**	**-293**
Taxation	-201	-144	-40%	-128	-73
Net result for the period[1]	**-605**	**-612**	**1%**	**-385**	**-220**
Net result for the period REAAL Life	100	-439	123%	32	68
Net result for the period REAAL Non-Life	-110	--	0%	-92	-18
Net result for the period REAAL Other	-3	-53	94%	5	-8
Net result for the period REAAL	**-13**	**-492**	**97%**	**-55**	**42**
Net result for the period Zwitserleven	**-613**	**-141**	**-335%**	**-341**	**-272**
Net result for the period Actiam	**21**	**21**	**0%**	**11**	**10**
One-off items	-690	-747		-421	-269
Adjusted net result for the period	**85**	**135**	**-37%**	**36**	**49**
Operating cost/premium ratio VIVAT[2]	15.1%	14.4%		17.3%	13.4%
Combined ratio Non-Life operations[3]	110.9%	107.7%		117.9%	104.0%
Claims ratio Non-Life operations[3]	70.0%	67.7%		75.4%	64.7%

1 Net result for the period differs from the result of REAAL NV due to retrospective transfer of Actiam as of 1 January 2014
2 Ratio is calculated excluding the operating costs of Actiam
3 Ratio is calculated excluding the addition to the unexpired risk reserve (URR)

Result 2014 compared to 2013

Underlying result

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Net result for the period	**-605**	**-612**	**1%**	**-385**	**-220**
Direct impact of nationalisation measures		-6		--	--
Impairment VOBA REAAL Life and Zwitserleven	--	-439		--	--
Impairment goodwill REAAL Life	--	-150		--	--
Impairment client portfolio REAAL Non-Life	--	-12		--	--
Impairment software Zwitserleven	--	-15		--	--
Addition provision shortfall IFRS LAT Zwitserleven	-622	-110		-356	-266
Addition provision shortfall IFRS LAT REAAL Non-Life	-26	--		-23	-3
Addition unexpired risk reserve Non-Life	-24	--		-24	--
Provision unit-linked policies REAAL Life	-18	-15		-18	--
Total one-off items	**-690**	**-747**		**-421**	**-269**
Adjusted net result for the period	**85**	**135**	**-37%**	**36**	**49**
Gains, losses and impairments on equity portfolio[1]	54	34		24	30
Gains, losses and impairments on fixed-income securities	177	125		66	111
Result on financial instruments	-59	45		17	-76
Changes in insurance contracts due to movements of fair value items[2]	-90	-118		-70	-20
Total net impact investment portfolio and hedges	**82**	**86**	**-5%**	**37**	**45**
Amortisation VOBA and other intangible assets	-4	-35	89%	-2	-2
Underlying net result	**7**	**84**	**-92%**	**1**	**6**
Underlying net result REAAL Life	65	115	-43%	36	29
Underlying net result REAAL Non-Life	-63	-44	-43%	-48	-15
Underlying net result REAAL Other	-19	-27	30%	-10	-9
Underlying net result REAAL	**-17**	**44**	**-139%**	**-22**	**5**
Underlying net result Zwitserleven	**3**	**19**	**-84%**	**12**	**-9**
Underlying net result Actiam	**21**	**21**	**0%**	**11**	**10**

1 Results on equity hedges are included in gains/losses on equity portfolio instead of result on financial instruments.
2 Changes in insurance contracts due to movements of fair value items includes releases of/additions to provisions for interest rate guarantees in unit-linked portfolio and separate accounts, the impact of shadow accounting and the impact of the hedging of inflation.

VIVAT posted a net loss of € 605 million compared to a net loss of € 612 million for 2013, with both years negatively impacted by one-off items. At REAAL Life there was a rebound from a net loss in 2013 to a net profit of € 100 million driven by the absence of impairment charges of intangible assets. However, REAAL Non-Life recorded a net loss of € 110 million and Zwitserleven posted a higher net loss of € 613 million driven by a one-off charge related to the IFRS LAT shortfall. Actiam posted a stable net profit of € 21 million.

Total one-off items in 2014 amounted to € 690 million negative, mainly consisting of a € 648 million addition to the technical provisions due to a further increase in the IFRS LAT shortfall. In the first half of 2014, the increase of the IFRS LAT shortfall was mainly caused by changes in models and cost parameters, partly related to envisaged cost dis-synergies from the disentanglement. In the second half of 2014, the IFRS LAT shortfall increased further, mainly driven by the impact of unfavourable movements in the yield curve and increased volatility of interest rates.

€ 622 million of the IFRS LAT shortfall was included in the Zwitserleven net result. REAAL Non-Life incurred a IFRS LAT shortfall of € 26 million, driven by the low interest environment that impacted the disability portfolio. As no shadow accounting is applied for Non-life, there is no compensation from the revaluation reserve in the profit and loss account.

In addition, at REAAL Non-Life there was a one-off net charge of € 24 million related to unexpired risk. The actuarial LAT showed a premium shortage in the Unexpired Risk Reserve (URR). Therefore, it was decided to increase the technical provisions by € 32 gross (€ 24 million net).

Finally, REAAL Life took an additional € 18 million net charge for the cost compensation settlement of unit-linked policies.

One-off items in 2013 had amounted to € 747 million negative, mainly consisting of € 616 million impairments of intangible assets (VOBA, goodwill, internally developed and capitalised software and client portfolio REAAL Non-Life). Furthermore, the IFRS LAT shortfall required an addition to the technical provision of € 110 million net. One-off items in 2013 had also included a € 6 million net charge related to the expropriation of a subordinated bond of SNS Bank that was included in the investment portfolio and a € 15 million net charge related to the unit-linked policies settlement.

Adjusted for one-off items, net profit declined by € 50 million to € 85 million. This was due to sharply lower underlying net results at REAAL Life, REAAL Non-Life and Zwitserleven driven by lower technical and cost results and lower investment income. The decline in investment income was partly the result of falling interest rates and the derisking of the investment portfolio. In anticipation of the sale of VIVAT, priority was given to balance sheet protection.

The net impact from realised gains, losses and impairments on the investment portfolio and hedges decreased slightly to € 82 million from € 86 million in 2013. Higher realised gains on equities and fixed-income securities were more than compensated by lower results on financial instruments and changes in insurance contracts due to movement of fair value items (shadow accounting).

The underlying net result of REAAL Life remained positive but showed a sharp decrease by € 50 million to € 65 million driven by lower direct investment income and lower cost margins. The underlying net result of REAAL Non-Life fell by € 19 million to € 63 million negative driven by lower direct investment income and higher claims, mostly at fire and motor. Zwitserleven posted a lower underlying net profit of € 3 million compared to € 19 million for 2013. The absence of a provision charge for the compensation of unit-linked pension contracts was more than offset by lower technical and cost results and lower investment income. The underlying profit of Actiam was in line with 2013. Assets under management increased significantly due to the lower yields on bonds. However the growth in income was offset by higher operational costs, mainly driven by regulatory requirements for AIFMD services and growth of the customer base.

Amortisation of VOBA and other intangibles decreased by € 31 million to € 4 million following VOBA impairments in previous years.

Income

Net premium income

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Individual regular life premiums (REAAL Life)	1,015	1,110	-9%	497	518
Group regular life premiums (Zwitserleven)	801	833	-4%	279	522
Total regular life premiums	**1,816**	**1,943**	**-7%**	**776**	**1,040**
Individual single life premiums (REAAL Life)	78	221	-65%	34	44
Group single life premiums (Zwitserleven)	452	242	87%	257	195
Total single life premiums	**530**	**463**	**14%**	**291**	**239**
Non-life premiums	759	784	-3%	373	386
Premium income	**3,105**	**3,190**	**-3%**	**1,440**	**1,665**
Reinsurance premiums	207	223	-7%	103	104
Net premium income	**2,898**	**2,967**	**-2%**	**1,337**	**1,561**
New annual premium equivalent Life	260	166	56%	52	208

Individual regular life premiums decreased by € 95 million to € 1,015 million, mainly driven by the surrender of unit-linked policies. In a market that continues to shrink, the market share of new individual regular life premiums remained high at 16.8% (full year 2013: 19.3%). The recovery in the housing market and changes in fiscal regulations led to higher retention rates. Group regular life premiums declined by € 32 million to € 801 million, influenced by stricter pricing and lower retention rates, while a significant number of contracts was due for renewal. This was mainly caused by new legislation as a result of which the pension age increased. Market share in new group regular life premiums, which excludes renewals was under pressure at 7.4% compared to 14.6% for full year 2013. Uncertainty about the sale of VIVAT negatively impacted the market share. Also, Zwitserleven is not active in the market for liquidating pension funds, which grew in 2014.

Total single life premiums improved by € 67 million to € 530 million. Individual single life premiums fell sharply, by € 143 million to € 78 million, due to the continued focus on protecting profitability and the conversion of a portfolio from individual life to group life. In contrast, due to this conversion and some new large group contracts, group single life premiums showed a sharp increase, with € 210 million to € 452 million.

New annual premium equivalent (NAPE), which consists of new business and retention, increased to € 260 million from € 166 million in 2013. This increase mainly related to higher volumes for pension contracts renewals. Many employers aim to change the pension schemes for their employees in 2015 due to the new 'Witteveen' regulation. Ssince 2012 contract renewals are, therefore, increasingly made for shorter periods, leading to more renewals in 2014.

Non-life premiums income declined by € 25 million to € 759 million, partly due to pricing adjustments and the policy to improve the combined ratio and to phase out some brokers with adverse claims ratios. However, the decline in premium income was lower than in 2013. Market share of new Non-life premiums was 4.7% (full year 2013: 5.8%).

In 2014, focus was on improving customer satisfaction, operational efficiency and maintaining market shares. Overall customer satisfaction, as measured by the Net Promoter Score, showed a marginal decline, although it improved significantly in Non-Life insurance. In 2014, based on research by the Dutch Authority for the Financial Markets (AFM), VIVAT's brands had a score of 3.7 (on a scale of 0-5) for putting the customer's interests first, compared to a 3.5 for the market average.

Breakdown investment income for own account

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Total investment income	**1,472**	**1,437**	**2%**	**702**	**770**
Realised gains/losses on equities	75	50	50%	33	42
Realised gains/losses on fixed-income securities	205	184	11%	59	146
Other realised gains/losses	31	16	94%	31	--
Realised gains/losses	**311**	**250**	**24%**	**123**	**188**
Unrealised gains/losses	2	-21	110%	-1	3
Direct investment income[1]	**1,159**	**1,208**	**-4%**	**580**	**579**

1 Direct investment income consists of interest, dividend and rental income.

Total investment income for own account rose marginally due to higher realised gains, partly mitigated by lower direct investment income, following derisking measures.

Investment income for account of policyholders was sharply higher, due mainly to the positive revaluation of fixed-income securities following the decrease in interest rates. Higher equity markets also contributed positively.

Expenses

Breakdown technical claims and benefits

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Technical claims and benefits for own account	4,065	3,118	30%	2,271	1,794
Charges for account of policyholders	2,329	1,663	40%	953	1,376
Total technical claims and benefits	**6,394**	**4,781**	**34%**	**3,224**	**3,170**

Technical claims and benefits for own account in 2014 included a charge of € 829 million gross at Zwitserleven related to the IFRS LAT shortfall. 2013 had included a charge of € 146 million gross related to the shortfall of the IFRS LAT, as well as a VOBA impairment of € 585 million gross.

Charges for account of policyholders increased considerably, corresponding to the increased investment income for account of policyholders.

Acquisition costs for insurance operations decreased significantly. This was mainly due to the absence of commission fees for new production, following legislation changes related to commission fees for independent financial advisors (Customer Agreed Remuneration). The impact of a reinsurance contract also contributed to the decrease in acquisition costs. The decrease, together with lower technical claims and benefits, was however offset by higher interest expenses. In total, the reinsurance transaction had a negative effect on the net result of € 10 million (2013: € 9 million negative).

Breakdown impairment charges

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Impairment charges of equities	4	7	-43%	1	3
Impairment charges of fixed-income securities	--	6	-100%	--	--
Impairment charges of intangible assets	--	186	-100%	--	--
Impairment charges of tangible assets	4	5	-20%	4	--
Other impairment charges	13	13	0%	5	8
Total impairment charges	**21**	**217**	**-90%**	**10**	**11**

Impairment charges decreased sharply to € 21 million from € 217 million in 2013 driven by the absence of impairment charges of intangible assets. Impairment charges in 2014 mainly consisted of impairments of private loans. In 2013, impairments on intangible assets had consisted of € 150 million of the remaining goodwill at REAAL Life, of € 16 million gross of the capitalised client portfolio at REAAL Non-Life and of € 20 million of internally developed and capitalised software at Zwitserleven.

Operating expenses were € 15 million lower at € 475 (-3%), despite cost dis-synergies related to the transfer of staff members from the SNS REAAL holding company. The decline in operating expenses was driven by lower IT costs and lower amortisation of intangible assets (excluding VOBA). The operating cost/premium ratio of VIVAT, excluding ACTIAM, increased from 14.4% to 15.1% as the decrease in gross premium income was not wholly compensated by lower operating expenses.

Other interest expenses increased to € 258 million, from € 226 million in 2013, partly due to a reinsurance transaction. The higher interest expenses due to this reinsurance contract were largely compensated by lower technical claims and benefits and lower acquisition costs. Furthermore, interest expenses on private loans related to savings mortgages increased. This did not have a negative impact on net result as direct investment income increased correspondingly.

Results second half of 2014 compared to first half of 2014

Compared to the first half of 2014 the net loss of VIVAT increased from € 220 million to € 385 million, mainly driven by the impact of one-off items. In the first half of 2014, one-off items had amounted to € 269 million negative, entirely consisting of additions to the technical provisions due to a further increase in the IFRS LAT shortfall. In the second half of 2014, one-off items amounted to € 421 million negative.

VIVAT's net profit excluding one-off items decreased from € 49 million to € 36 million. This was partly due to a € 8 million lower net impact from realised gains, losses and impairments on the investment portfolio and hedges, which decreased from € 45 million to € 37 million. The decline was driven by sharply lower realised gains on fixed-income securities and lower changes in insurance contracts due to movement of fair value items (shadow accounting), partly compensated by lower results on financial instruments.

Furthermore, the underlying result of VIVAT decreased by € 5 million to € 1 million. REAAL's underlying profit declined by € 27 million to € 22 million negative. At REAAL Life, underlying net profit increased from € 29 million to € 36 million, driven by mostly incidental technical results. At REAAL Non-Life, the underlying loss amounted to € 48 million compared to an underlying loss of € 15 million for the first half of 2014 driven by a higher claims ratio, most notably at fire and motor. Zwitserleven posted an underlying net profit of € 12 million compared to an underlying net loss of € 9 million in the first half of 2014. The increase was mainly due to higher technical results on mortality. The underlying second half year result of Actiam was virtually stable at € 11 million.

Capital and risk management

Solvency

in € millions	December 2014	June 2014	December 2013
Regulatory solvency VIVAT (%)	136%	163%	172%
Regulatory solvency SRLEV (%)	141%	173%	187%
Regulatory solvency REAAL Schadeverzekeringen (%)	191%	235%	235%
Available regulatory capital	2,213	2,458	2,473
Capital requirement	1,624	1,508	1,439
Double leverage (%)	128%	124%	122%

Despite additional measures to protect the balance sheet (additional de-risking and reducing interest sensitivity), regulatory solvency of VIVAT decreased to 136% (year-end 2013: 172%), which is below the internal target of at least 175%. This decrease was mainly driven by the negative impact of changes in models and cost parameters, amongst others due to envisaged cost dis-synergies related to the disentanglement, changes in valuation adjustments of mortgages and other changes in valuations and cost assumptions. The switch-back from the ECB AAA curve to the swap curve, which is the standard interest rate curve for Dutch insurance companies in the calculation of the value of the insurance liabilities, had a limited positive impact. This switch, adopted to better align the Solvency I framework with the Solvency II framework, was approved by The Dutch Central Bank (DNB).

Furthermore, the impact of unfavourable movements in yield curve and increased volatility of interest rates, mainly in the second half of 2014, contributed to the decrease in solvency. The objective of additional derisking measures taken in 2014 was to reduce sensitivity of solvency to changes in interest rates, equity markets and credit spreads mainly under the anticipated future Solvency II regime and to a lesser extent under the current Solvency I regime. As a consequence, the development of Solvency I ratios in 2014, especially in the second half, does not fully reflect the implemented additional derisking measures.

Regulatory solvency of SRLEV, the legal entity comprising most of the life insurance operations, declined to 141%, compared to 187% at year-end 2013. At SRLEV, regulatory solvency was also impacted by changes in models and cost parameters and the impact of unfavourable movements in yield curve and increased volatility of interest rates. In addition, solvency was negatively impacted by the partial use of a loan facility of SRLEV to REAAL NV. In the first quarter of 2014, this facility, with a maximum of € 200 million, was put in place. The facility is deducted from available capital at SRLEV in as far as it is used. In 2014, € 105 million of the facility was used and deducted from available capital.

Regulatory solvency of REAAL Schadeverzekeringen decreased from 235% to 191% due to the significant net loss, including the LAT shortfall, and the addition to the unexpired risk reserve.

VIVAT is working to improve its risk management for effective and controlled operations. An important element of our integrated approach to risk management is the design and implementation of an Integrated Control

Framework (ICF). The ICF sets rules and provides a framework for business processes and culture.

Double leverage at the Insurance activities increased slightly to 128% from 122% at year-end 2013. Nominal leverage amounted to € 569 million (year-end 2013: € 566 million).

Liability Adequacy Test

The adequacy of the insurance technical provisions is tested in every reporting period by means of the IFRS liability adequacy test. This IFRS LAT compares the market value and the IFRS carrying amount of the insurance liabilities and related assets.

In 2014, the market value of the life insurance liabilities increased. The fair value reserve of the fixed-income portfolio also increased compared to year-end 2013 due to a decrease in interest rates, but on balance, this could not fully compensate the increase in the market value of the insurance liabilities. The remaining IFRS LAT shortfall was charged to the income statement by means of an addition to the technical provision of € 829 million pre-tax (€ 622 million net). Of the € 622 million net charge, € 205 million was due to more detailed and conservative modelling of product features changes and valuation adjustments of mortgages. € 169 million was due to envisaged cost dis-synergies related to the disentanglement, lower cost savings projections and more conservative premium income projections. € 248 million was due to lower interest rates and spreads and other portfolio developments.

In 2014, also at REAAL Non-Life there was a IFRS LAT shortfall of € 26 million net driven by the low interest rate environment which impacted the provisions of the disability portfolio.

Sensitivity of solvency

	December 2014	December 2013
Mortality rates (longevity risk) -20%	-49%	-39%
Cost assumptions +10% and cost inflation +1%	-26%	-18%
Interest rates +1%	-4%	-7%
Interest rates -1%	1%	-3%
Credit spreads corporate bonds +0,5%	-9%	-11%
Credit spreads sovereign bonds +0,5%	-3%	-4%
Equities -10%	-2%	-1%

Sensitivity to interest rates is based on the yield curve as at 31 December 2014. Movements in the yield curve could influence sensitivity (sensitivity December 2013 is based on the yield curve as at that date)

The sensitivity of solvency for changes in insurance parameters are reasonably limited, except for the sensitivity for longevity risk and costs. Due to the strong decline of the interest rates, the sensitivity for longevity risk and costs have increased strongly. The decline of the sensitivity for interest rates and credit spreads is caused by derisking measures that have been implemented over the past year. These measures include the purchase of swaptions and swaps for interest hedging and the reinvestment of more risky investments (like ABS/MBS, corporate bonds and shares) into lower risk investments (mainly Dutch and German sovereign bonds).

Investment portfolio

in € millions	December 2014	June 2014	December 2013
Fair value through profit and loss	225	295	415
Available for sale	26,141	23,787	21,682
Loans and receivables	6,891	6,920	6,871
Fixed-income investments	33,257	31,002	28,968
Shares and similar investments	1,330	1,446	1,162
Total	**34,587**	**32,448**	**30,130**

At the end of 2014, total investments for own account at VIVAT amounted to € 34.6 billion (year-end 2013: € 30.1 billion) of which 96% was invested in fixed-income securities (year-end 2013: 96%). Total fixed-income investments increased by € 4.3 billion to € 33.3 billion, primarily driven by the impact of declining interest rates.

Of the fixed-income portfolio, 80% was rated ’A’ or higher (year-end 2013: 76%) and 70% was rated ’AAA’ (year-end 2013: 60%). The exposure to peripheral European sovereign debt remained limited at € 650 million, 3% of total sovereign exposure, with no exposure to Greece and Portugal.

The equity portfolio amounted to € 1.3 billion, compared to € 1.2 billion year-end 2013. The fair value reserve related to equities was € 70 million compared to € 120 million at year-end 2013.

Group activities

Result

Net and adjusted result Group activities

in € millions	2014	2013	Change	2nd half year 2014	1st half year 2014
Net result Group activities	**-52**	**14**	**-471%**	**-36**	**-16**
Direct impact of nationalisation measures	--	57		--	--
Pension charge	--	-31		--	--
Total one-off items	**--**	**26**		**--**	**--**
Adjusted net result Group activities	**-52**	**-12**	**-333%**	**-36**	**-16**

Result 2014 compared to 2013

The net result from Group activities decreased from € 14 million positive net result in 2013 to a net loss of € 52 million in 2014. This decrease was partly driven by the absence of one-off items: in 2013 there had been a one-off gain from nationalisation measures of € 57 million, partly offset by a one-off pension charge of € 31 million net. Adjusted for one-off items, the net result of Group activities decreased from € 12 million negative to € 52 million negative, mainly due to higher disentanglement and restructuring costs.

Results second half of 2014 compared to first half of 2014

The net result of Group activities decreased to € 36 million negative from € 16 million negative in the first half of 2014, due to higher disentanglement and restructuring costs (€ 6 million net) and due to consolidation effects (which amounted € 3 million positive in the first half of 2014 and € 9 million negative in the second half) following the buy-back of € 0,4 billion of mortgages, sold in 2010 by SNS Bank to the Insurance activities. This buy-back was in line with the phasing out of financial links between the Banking and Insurance activities.

Capital and risk management

Capitalisation SNS REAAL

in € millions	December 2014	June 2014	December 2013
Total equity	3,999	4,496	4,496
Double leverage (€)	773	737	668
Double leverage (%)	119%	116%	115%

In 2014, total equity of SNS REAAL decreased by € 0.5 billion to € 4,0 billion due to the net loss of € 712 million. This was partly compensated by increases in the fair-value reserve of the fixed-income portfolio and the cash flow hedge reserve for derivatives that are designated as a hedge of the risk of variability of future cash flows. Compared to year-end 2013, Group double leverage increased to 119% (year-end 2013: 115%) and the nominal leverage increased from € 668 million to € 773 million. This increase was driven by the net loss of the holding company, the merger between SNS REAAL NV and its subsidiary SNS REAAL Invest NV, which had a negative shareholders' equity of € 36 million and the capital contribution of € 17 million related to the transfer of the asset management activities of Actiam to VIVAT. These negative developments were partly compensated by direct movements in equity related to the IAS19 provision (€ 22 million).

Post balance sheet events

Sale of REAAL NV

On 16 February 2015, SNS REAAL NV announced that it had signed an agreement for the sale of REAAL NV with Anbang Group Holdings Co. Ltd., a wholly-owned subsidiary of Anbang Insurance Group Co. Ltd. (Anbang), a leading Chinese insurance company.

Under the agreement, Anbang acquires 100% of the shares of REAAL NV for a consideration of € 150 million. This consideration may still vary due to changes in the IFRS equity of REAAL NV between 31 December 2014 and 30 June 2015, the anticipated effective date of the sale. As part of the agreement, € 302 million of subordinated intercompany loans from SNS REAAL NV to REAAL NV and SRLEV NV will be repaid after completion of the sale, subject to a reduction in the event of negative changes in REAAL NV's IFRS equity. Furthermore, an intercompany loan from SNS Bank NV to REAAL NV of € 250 million will be repaid in full. The solvency of REAAL NV will be strengthened to adequate levels through a capital injection by Anbang. Parties have agreed on a strengthening of the solvency ratio of REAAL NV to a level of between 140 and 150% under the Solvency II regime, which will enter into force on 1 January 2016.

Completion of the sale of REAAL NV to Anbang is subject to regulatory approvals in the Netherlands and China. Another condition is that the IFRS equity of REAAL NV does not decline beyond specific limits between 31 December 2014 and 30 June 2015. On the date of this press release there is no reason to assume that the conditions of the sale will not be met. Nevertheless, at this moment there is no absolute certainty that the transaction will be completed.

Based on the book value of REAAL NV as of 31 December 2014, the transaction will result in a book loss of € 1,659 million for SNS REAAL NV in 2015.

In its final decision on the nationalisation measures in support of SNS REAAL NV of 19 December 2013, the European Commission imposed a number of restrictions on SNS REAAL. By signing the agreement with Anbang, the restrictions applicable to REAAL NV, such as the coupon ban on externally placed subordinated bonds, were lifted. Only the acquisition ban remains applicable to REAAL NV until 19 December 2016. However, until the sale is completed, SRLEV NV will make use of its right to defer coupon payments on the subordinated bonds and the subordinated intercompany loan from SNS REAAL NV.

The impact of the post balance sheet events on the balance sheet of SNS REAAL NV is shown in the table below. The pro forma balance sheet is based on assumptions as described above, which may be subject to change.

Pro forma company balance sheet SNS REAAL NV

Before result appropriation and in € millions	As reported 31 December 2014	Signing agreement for sale REAAL NV[1]	Completion sale REAAL NV	Pro forma balance sheet 31 December 2014
Assets				
Subsidiary SNS Bank NV	2,963			2,963
Subsidiary REAAL NV	1,809		-1,809	--
Subordinated loans to REAAL NV / SRLEV NV	302		-302	--
Other receivables from REAAL NV / SRLEV NV	106		-106	--
Receivables from SNS Bank NV	43			43
Investments	38			38
Deferred tax assets	48			48
Other assets	3			3
Cash and cash equivalents	2		558	560
Total assets	**5,314**	**--**	**-1,659**	**3,655**
Equity and liabilities				
Issued share capital	469			469
Share premium reserve	5,468			5,468
Other reserves	-1,226			-1,226
Retained earnings	-712	-1,659		-2,371
Shareholders' equity	**3,999**	**-1,659**	**--**	**2,340**
Debt certificates	55			55
Provision for employee benefits	81			81
Other provisions	4	1,659	-1,659	4
Amounts due to the Dutch State	1,100			1,100
Other liabilities	75			75
Total equity and liabilities	**5,314**	**--**	**-1,659**	**3,655**

1 The pro forma loss on sale REAAL NV was calculated as follows: Book value € 1,809 million less consideration € 150 million equals loss on sale € 1,659 million.

Intended transfer of SNS Bank NV

On 16 February 2015, SNS REAAL NV announced that, following completion of the sale of REAAL NV, a next step in the restructuring process will be taken.

Based on the CRR/CRD IV regulations, SNS REAAL NV, as a mixed financial holding company, is part of the prudential consolidated group of SNS Bank NV. As a consequence, SNS Bank NV is required to report its capital position, based on the capital position of SNS REAAL NV and its subsidiaries. This means that developments at REAAL NV and SNS REAAL NV may impact SNS Bank NV's capital position and ratios on a prudential consolidated basis. The related uncertainty may negatively impact SNS Bank NV's ability to further strengthen and diversify its financial position through capital market issuances. The latter with a view to future regulations.

Consequently, in consultation with the Dutch State, shortly after completion of the sale of REAAL NV, SNS Bank will be transferred from SNS REAAL NV directly to the Dutch State. The Dutch State will purchase SNS Bank NV from SNS REAAL NV at market value. The transfer of SNS Bank NV requires approval from the European Central Bank and may lead to a book loss for SNS REAAL NV.

Following transfer of SNS Bank NV, its regulatory capital position and capital ratios will solely be evaluated on a stand-alone basis.

At the time of nationalisation, the State provided SNS REAAL NV with a bridge loan of € 1.1 billion. This bridge loan will be offset against the sales consideration received for SNS Bank NV. The remaining amount will be recognised by SNS REAAL NV as a receivable from the Dutch State and will be settled to the extent needed to cover the liquidity requirements until SNS REAAL NV is dismantled.

Impact of transaction on SNS Bank NV's capital position and ratios

The tables below reflect the impact of the various steps in the sales process of REAAL NV on SNS Bank NV's capital position on both a prudential consolidated and stand-alone basis, based on the situation as of 31 December 2014.

Pro forma capitalisation SNS Bank NV on a prudential consolidated basis

in € millions	As reported 31 December 2014	Signing agreement for sale REAAL NV	Completion sale REAAL NV	Pro forma balance sheet 31 December 2014
Transitional				
Common Equity Tier 1 capital	3,485	-1,507	--	1,978
Risk-weighted-assets (RWA)	22,370	-6,636	-3,058	12,676
Change Common Equity Tier 1 ratio		-3.0%	3.0%	
Common Equity Tier 1 ratio	**15.6%**	**12.6%**	**15.6%**	**15.6%**
Exposure measure as defined by the CRR	127,360	--	-60,114	67,246
Leverage ratio	**2.7%**	**1.6%**	**2.9%**	**2.9%**

Pro forma capitalisation SNS Bank NV stand-alone

in € millions	As reported 31 December 2014	Signing agreement for sale REAAL NV	Completion sale REAAL NV	Pro forma balance sheet 31 December 2014
Transitional				
Common Equity Tier 1 capital	2,520	--	--	2,520
Risk-weighted-assets (RWA)	13,771	--	-1,250	12,521
Change Common Equity Tier 1 ratio			1.8%	
Common Equity Tier 1 ratio	**18.3%**	**18.3%**	**20.1%**	**20.1%**
Exposure measure as defined by the CRR	66,724	--	--	66,724
Leverage ratio	**3.8%**	**3.8%**	**3.8%**	**3.8%**

On the date of the agreement for the sale of REAAL NV (14 February 2015), SNS REAAL NV had to recognise an expected loss of € 1,659 million against the book value of REAAL NV as at 31 December 2014. This leads to a deterioration of the Common Equity Tier 1 ratio (and total capital ratio) on a prudential consolidated basis from 15.6% to 12.6% (fully phased-in: from 15.3% to 12.1%).The decline is driven by a decrease in Common Equity Tier 1 capital due to the book loss, which is only partially offset by a decline in risk-weighted assets of SNS REAAL NV.

Common Equity Tier 1 capital decreases by € 1,507 million, as the book loss of € 1.659 million is partly offset by the expiry of prudential filters related to REAAL NV, which are taken into account in the capitalisation of SNS Bank NV on a prudential consolidated basis. These mainly relate to the deduction of the cash flow hedge reserve and the fair value reserve from Common Equity Tier 1 capital. Risk-weighted assets decrease by € 6,638 million as the book value of REAAL NV, which has a risk-weighting of 400%, decreases by € 1.659 million to € 150 million.

The leverage ratio on a prudential consolidated basis falls from 2.7% to 1.6% due to the decrease of Common Equity Tier 1 capital as a result of the book loss, while REAAL NV is still included in the exposure measured as defined by the CRR.

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

Apart from any potential impact from the price adjustment mechanism, completion of the sale of REAAL NV – expected in the third quarter of 2015 – will result in SNS REAAL NV receiving the sales price of € 150 million, (risk weighted at 400%). In addition, the outstanding loans to REAAL NV and SRLEV NV from both SNS REAAL NV (€ 302 million, risk weighted at 400%) and SNS Bank NV (€ 250 million, risk weighted at 500%) will be redeemed. On a prudential consolidated basis, due to the completion of the sale, total risk-weighted assets of SNS Bank NV will fall by more than € 3 billion. This will result in an increase of the Common Equity Tier 1 ratio (and the total capital ratio) on a prudential consolidated basis to 15.6% (fully phased-in: 15.0%). The leverage ratio on a prudential consolidated basis will increase to 2.9%.

As mentioned above, upon completion of the sale, REAAL NV will repay the loan of € 250 million to SNS Bank NV. This will reduce the risk-weighted assets of SNS Bank NV on a stand-alone basis by € 1,250 million. This, in turn, will result in an increase of the CET1 ratio of SNS Bank NV on a stand-alone basis from 18.3% to 20.1% (fully phased-in from 17.4% to 19.2%). The stand-alone leverage ratio of SNS Bank NV is not affected.

Other information

Consolidated balance sheet SNS REAAL NV

Before result appropriation and in € millions	31-12-2014	31-12-2013
Assets		
Intangible assets	15	170
Property and equipment	86	221
Investments in associates	--	6
Investment properties	--	220
Investments	7,038	33,377
Investments for account of policyholders	--	13,440
Investments for account of third parties	--	1,361
Derivatives	2,689	3,065
Deferred tax assets	494	1,148
Reinsurance contracts	--	3,998
Loans and advances to customers	51,760	55,032
Loans and advances to banks	2,604	6,392
Corporate income tax	77	8
Other assets	281	1,075
Cash and cash equivalents	1,970	6,422
Assets held for sale	57,792	--
Total assets	**124,806**	**125,935**
Equity and liabilities		
Share capital	469	469
Other reserves	4,242	5,977
Retained earnings	-712	-1,950
Shareholders' equity	**3,999**	**4,496**
Minority interests	**--**	--
Total equity	**3,999**	**4,496**
Subordinated debt	--	557
Debt certificates	11,236	16,395
Insurance contracts	--	40,846
Liabilities investments for account of third parties	--	1,361
Provision for employee benefits	81	525
Other provisions	59	104
Derivatives	3,266	2,792
Deferred tax liabilities	287	476
Savings	35,666	33,276
Other amounts due to customers	7,876	11,844
Amounts due to the Dutch State	1,100	1,100
Amounts due to banks	2,099	9,431
Other liabilities	2,012	2,732
Liabilities held for sale	57,125	--
Total equity and liabilities	**124,806**	**125,935**

Consolidated income statement SNS REAAL NV

in € millions	2014	2013
Income		
Interest income	2,081	2,229
Interest expense	1,055	1,269
Net interest income	**1,026**	**960**
Fee and commission income	79	112
Fee and commission expense	34	62
Net fee and commission income	**45**	**50**
Share in result of associates	--	-1
Investment income	93	61
Result on financial instruments	-43	71
Other operating income	5	6
Total income	**1,126**	**1,147**
Expenses		
Staff costs	456	496
Depreciation and amortisation of tangible and intangible assets	30	28
Other operating expenses	70	63
Impairment charges	274	225
Other interest expenses	19	29
Other expenses	83	8
Total expenses	**932**	**849**
Result before taxation	**194**	**298**
Taxation	88	108
Net result continued operations	**106**	**190**
Net result discontinued operations	**-818**	**-2,140**
Net result for the period	**-712**	**-1,950**
Attribution:		
Net result attributable to shareholder	-712	-1,950
Net result attributable to minority interests	--	--
Net result for the period	**-712**	**-1,950**

Breakdown net result for the period

in € millions	2014	2013
SNS Bank	151	184
Group acivities (including eliminations)	-45	6
Net result continued operations	**106**	**190**
VIVAT	-605	-612
Result from classification VIVAT as held for sale	-206	--
Property Finance	--	-1,536
Intercompany eliminations between SNS REAAL and VIVAT	-7	8
Net result from discontinued operations	**-818**	**-2,140**
Net result for the period	**-712**	**-1,950**

Consolidated balance sheet SNS Bank NV

Before result appropriation and in € millions	31-12-2014	31-12-2013
Assets		
Intangible assets	15	89
Property and equipment	86	52
Investments	7,001	5,657
Derivatives	2,702	2,484
Deferred tax assets	450	507
Loans and advances to customers	52,834	53,405
Loans and advances to banks	2,604	6,063
Corporate income tax	66	208
Other assets	284	544
Cash and cash equivalents	1,968	5,528
Assets held for sale	149	--
Total assets	**68,159**	**74,537**
Equity and liabilities		
Share capital	381	381
Other reserves	2,431	3,553
Retained earnings	151	-1,352
Shareholders' equity	**2,963**	**2,582**
Minority interests	--	--
Total equity	**2,963**	**2,582**
Subordinated debt	40	40
Debt certificates	11,252	16,439
Other provisions	55	66
Derivatives	3,266	2,670
Deferred tax liabilities	287	174
Savings	35,666	33,276
Other amounts due to customers	10,542	10,628
Amounts due to banks	2,099	7,457
Other liabilities	1,971	1,205
Liabilities held for sale	18	--
Total equity and liabilities	**68,159**	**74,537**

Consolidated balance sheet REAAL NV

Before result appropriation and in € millions	31-12-2014	31-12-2013
Assets		
Intangible assets	75	64
Property and equipment	81	94
Investments in associates	6	6
Investment properties	267	268
Investments	36,648	32,979
Investments for account of policyholders	14,559	13,491
Investments for account of third parties	1,427	1,361
Derivatives	846	590
Deferred tax assets	1,674	634
Reinsurance contracts	3,714	3,998
Loans and advances to banks	321	362
Other assets	479	522
Cash and cash equivalents	428	1,106
Total assets	**60,525**	**55,475**
Equity and liabilities		
Share capital	--[1]	--[1]
Other reserves	2,627	3,213
Retained earnings	-612	-625
Shareholders' equity	**2,015**	**2,588**
Minority interests	--	1
Total equity	**2,015**[2]	**2,589**
Subordinated debt	887	859
Insurance contracts	46,646	41,263
Liabilities investments for account of third parties	1,427	1,361
Provision for employee benefits	8	8
Other provisions	29	28
Derivatives	169	123
Deferred tax liabilities	1,218	345
Amounts due to banks	1,754	3,035
Corporate income tax	82	269
Other liabilities	6,290	5,595
Total equity and liabilities	**60,525**	**55,475**

1 The issued and paid up share capital of REAAL NV is € 238.500
2 Total equity differs from the subsidiary VIVAT at the company balance sheet of SNS REAAL due to the result from classification VIVAT as held for sale (€ 206 million)

Income statement by segment 2014 SNS REAAL

In € millions	SNS Bank	VIVAT	Group activities	Elimination	Total
Income					
Interest income third parties	2,080	--	--	--	2,080
Interest income group companies	1	--	--	-1	--
Interest expense third parties	1,054	--	--	--	1,054
Interest expense group companies	3	--	--	-3	--
Net interest income	**1,024**	**--**	**--**	**2**	**1,026**
Fee and commission income	78	--	1	--	79
Fee and commission expense	34	--	--	--	34
Net fee and commission income	**44**	**--**	**1**	**--**	**45**
Investment income	72	--	24	-3	93
Result on financial instruments	-46	--	--	3	-43
Other operating income	5	--	--	--	5
Total income	**1,099**	**--**	**25**	**2**	**1,126**
Expenses					
Staff costs	217	--	239	--	456
Depreciation and amortisation of fixed assets	17	--	13	--	30
Other operating expenses	257	--	-187	--	70
Impairment charges	274	--	--	--	274
Other interest expenses	--	--	18	1	19
Other expenses	83	--	--	--	83
Total expenses	**848**	**--**	**83**	**1**	**932**
Result before taxation	**251**	**--**	**-58**	**1**	**194**
Taxation	100	--	-12	--	88
Net result continued operations	**151**	**--**	**-46**	**1**	**106**
Net result from discontinued operations	--	-605	--	-7	-612
Net result from classification as discontinued operations					-206
Net result discontinued operations	**--**	**-605**	**--**	**-7**	**-818**
Net result for the period	**151**	**-605**	**-46**	**-6**	**-712**
Minority interests	--	--	--	--	--
Net result attributable to shareholder	**151**	**-605**	**-46**	**-6**	**-712**

Income statement by segment 2013 SNS REAAL

In € millions	SNS Bank	VIVAT	Group activities	Elimination	Total
Income					
Interest income third parties	2,229	--	--	--	2,229
Interest income group companies	1	--	--	-1	--
Interest expense third parties	1,269	--	--	--	1,269
Interest expense group companies	4	--	--	-4	--
Net interest income	**957**	**--**	**--**	**3**	**960**
Fee and commission income third parties	91	--	--	--	91
Fee and commission expense third parties	41	--	--	--	41
Net fee and commission income	**50**	**--**	**--**	**--**	50
Share in result of associates	--	--	-1	--	-1
Investment income	38	--	27	-4	61
Result on financial instruments	-8	--	69	10	71
Other operating income	6	--	--	--	6
Total income	**1,043**	**--**	**95**	**9**	**1,147**
Expenses					
Staff costs	189	--	307	--	496
Depreciation and amortisation of fixed assets	17	--	11	--	28
Other operating expenses	316	--	-253	--	63
Impairment charges	224	--	1	--	225
Other interest expenses	--	--	28	1	29
Other expenses	8	--	--	--	8
Total expenses	**754**	**--**	**94**	**1**	**849**
Result before taxation	**289**	**--**	**1**	**8**	**298**
Taxation	105	--	1	2	108
Net result continued operations	**184**	**--**	**--**	**6**	**190**
Net result from discontinued operations	-1,536	-612	--	8	-2,140
Net result for the period	**-1,352**	**-612**	**--**	**14**	**-1,950**
Minority interests	--	--	--	--	--
Net result attributable to shareholder	**-1,352**	**-612**	**--**	**14**	**-1,950**

General information

Group structure

SNS REAAL NV, incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. SNS REAAL NV's registered office is located at Croeselaan 1, 3521 BJ Utrecht. SNS REAAL NV is the parent company of SNS Bank NV and REAAL NV and their subsidiaries (referred to as 'SNS REAAL'). The consolidated financial statements of SNS REAAL comprise the accounts of all the companies controlled by SNS REAAL and the interest of SNS REAAL in associated companies and entities.

The consolidated financial statements of SNS REAAL for the financial year 2014 are available on request from the registered office of the company at the address Croeselaan 1, P.O. Box 8444, 3503 RK Utrecht, or via www.snsreaal.nl.

This press release is approved by the Supervisory Board of SNS REAAL on 1 April 2015. This press release has not been audited.

About SNS REAAL

SNS REAAL NV is an innovative service provider in the banking and insurance sector with a prime focus on the Dutch retail market and on small and medium-sized enterprises. Its products range covers: savings, payments, investment, mortgage, insurance and pension products. From its historical background, SNS REAAL NV has always felt close to Dutch society. The company has a staff of 6,368 (FTE) at year-end 2014 and is headquartered in Utrecht, the Netherlands. Since 1 February 2013, the Dutch State has become the sole shareholder of SNS REAAL. At 31 December 2013, the Dutch State subsequently transferred the shares of SNS REAAL to *Stichting Administratiekantoor Beheer Financiële Instellingen* (NL Financial Investment/NLFI).

Disclaimer

This press release contains only factual information and should not be regarded as an opinion or recommendation concerning the purchase of securities issued by SNS REAAL NV and its subsidiaries. This press release does not contain any value judgement or predictions with respect to the financial performance of SNS REAAL NV. If you do not want to receive any press releases from SNS REAAL NV, please send an email to info@snsreaal.nl.