

## BASE PROSPECTUS DATED 25 June 2007

This document constitutes the base prospectus of SNS REAAL N.V. in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (the "**Prospectus**").

## SNS REAAL N.V.

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

## €2,000,000,000 Debt Issuance Programme

Under its €2,000,000,000 Debt Issuance Programme (the "**Programme**") SNS REAAL N.V. (the "**Issuer**", or "**SNS REAAL**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), if any. The Issuer is part of a group formed by the Issuer and its direct and indirect subsidiaries ("**SNS REAAL Group**"). Subject as set out herein, the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described herein).

Subject as set out herein, the Notes will not be subject to any maximum maturity but will have a minimum maturity of twelve months.

The Notes will be issued on a continuing basis to one or more of the Dealers specified under "Summary - Dealers" and "Summary – ESG Dealers" and any additional Dealer appointed in respect of Notes under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). Notes may be distributed by way of a public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant series of Notes (a "**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the relevant final terms (the "**Final Terms**").

The full terms and conditions of each Tranche of Notes are constituted by the Terms and Conditions as set out in full in this Prospectus in the section headed "Terms and Conditions of the Notes", which constitute the basis of all Notes to be offered under the Programme, together with the Final Terms applicable to the relevant issue of Notes, which apply and/or disapply, supplement and/or amend the master Terms and Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof). The Notes of each Tranche will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note (as defined below) which will be deposited on the issue date thereof either (i) with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other agreed clearing system or (ii) with Nederlands Centraal Instituut voor Giraal

Effectenverkeer B.V. ("**Euroclear Nederland**"). See "Form of the Notes".

The Issuer may agree with the relevant Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplementary prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Application has been made to Euronext Amsterdam N.V. ("**Euronext Amsterdam**") for Notes to be issued under the Programme up to the expiry of 12 months from the publication date of this Prospectus to be admitted to listing and trading on Euronext Amsterdam's Eurolist by Euronext ("**Eurolist by Euronext Amsterdam**"). In addition, Notes issued under the Programme may be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange and on any other stock exchange or market specified in the applicable Final Terms. The Issuer may also issue unlisted Notes under the Programme.

Notes to be issued under the Programme are expected to be rated A2 for Senior unsecured long term Notes, Prime-1 for Senior unsecured short term Notes and A3 for Subordinated Notes by Moody's Investors Service Limited ("**Moody's**"), and A- for Senior Notes dated one year or more, A-2 for Senior Notes dated one year or less and BBB+ for Subordinated Notes by Standard & Poor's Rating Services ("**Standard & Poor's**"). Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Prospectus has been approved by and filed with The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"). The Issuer has requested the AFM to provide the competent authority in Luxembourg with a certificate of approval attesting that the Prospectus has been drawn up in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**Wft**") and related regulations which implement Directive 2003/71/EC (the "**Prospectus Directive**") in Dutch law ("**Notification**"). The Issuer may request the AFM to provide competent authorities in additional Member States within the European Economic Area (the "**EEA**") with a Notification.

#### **Arranger**

ABN AMRO

#### **Dealers**

ABN AMRO

Citigroup

Deutsche Bank

ING Wholesale Banking

BNP Paribas

Credit Suisse

Goldman Sachs International

Merrill Lynch International

Nomura International  
UBS Investment Bank

Rabobank International

**ESBG Dealers**

BayernLB  
Erste Bank

Caixa – Banco de Investimento  
SNS Financial Markets

**This Prospectus will be published in electronic form on the websites of Euronext Amsterdam and the Luxembourg Stock Exchange and on 25 June 2007 (the "Publication Date") on the website of the Issuer at [www.snsreaal.com](http://www.snsreaal.com). This Prospectus is issued in replacement of a prospectus dated 22 December 2005 and accordingly supersedes that earlier prospectus. It is valid for a period of 12 months from the Publication Date.**

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## CHAPTER 1: INFORMATION RELATING TO THE DEBT ISSUANCE PROGRAMME

### SUMMARY

The following constitutes the summary (the "**Summary**") of the essential characteristics and risks associated with the Issuer and the Notes to be issued under the Programme. This Summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to the Issuer in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area (an "**EEA State**"), the plaintiff might, under the national legislation of the EEA State where the claim is brought, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Issuer: SNS REAAL N.V.

SNS REAAL is incorporated under the laws of The Netherlands with limited liability and has its corporate seat in Utrecht. Its registered address is Croeselaan 1, 3521 BJ Utrecht, The Netherlands, tel. +31 (0)30 291 52 00.

SNS REAAL is the holding company of the SNS REAAL Group which essentially offers banking and insurance products and services. SNS REAAL is the result of a merger in May 1997 between SNS Groep N.V. (primarily a banking group) and Reaal Groep N.V. (primarily an insurance group) - see "SNS REAAL N.V." in this Prospectus. As of 18 May 2006 the shares of SNS REAAL are listed on Eurolist by Euronext Amsterdam as part of the initial public offering ("**IPO**") of SNS REAAL.

As of 1 December 2006 SNS Property Finance B.V. (renamed from Bouwfonds Property Finance B.V.), is a 100% subsidiary of SNS Bank. Commercial property finance activities, which include real estate project finance, lease finance and real estate investment finance, will be concentrated in SNS Property Finance B.V.

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include the

fact that the Issuer's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking and insurance risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme - see "Risk Factors" in this Prospectus.

Description:	Debt Issuance Programme
Arranger:	ABN AMRO Bank N.V.
Dealers:	<p>ABN AMRO Bank N.V.</p> <p>BNP PARIBAS</p> <p>Citigroup Global Markets Limited</p> <p>Coöperatieve Centrale Raiffeisen-</p> <p>Boerenleenbank B.A. (Rabobank International)</p> <p>Credit Suisse Securities (Europe) Limited</p> <p>Deutsche Bank AG, London Branch</p> <p>Goldman Sachs International</p> <p>ING Bank N.V.</p> <p>Merrill Lynch International</p> <p>Nomura International plc</p> <p>UBS Limited</p>
ESBG Dealers:	<p>Bayerische Landesbank</p> <p>Caixa – Banco de Investimento, S.A.</p> <p>Erste Bank der Österreichischen Sparkassen AG</p> <p>SNS Bank N.V.</p>
Regulatory Matters:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" below).
Issuing and Principal Paying Agent:	Dexia Banque Internationale à Luxembourg
Size:	Up to € 2,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The

Issuer may increase the amount of the Programme in accordance with the terms of the Dealership Agreement.

Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the applicable Final Terms.
Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss francs, United States dollars and Japanese yen.
Maturities:	Any maturity, subject to applicable laws, regulations and restrictions and subject, to a minimum maturity of 12 months and, in the case of Subordinated Notes, to a minimum maturity of five years.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Note. Each global Note which is not intended to be issued in the form of a new global Note (a " <b>New Global Note</b> " or " <b>NGN</b> ") (a classic global Note (a " <b>Classic Global Note</b> " or " <b>CGN</b> ")), as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date either (i) with a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or (ii) with Euroclear Nederland and each global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The temporary global Note will be exchangeable as described therein for either a permanent global Note or definitive Notes upon satisfaction of certain conditions including, in the case of a temporary global Note where the issue is subject to TEFRA D selling restrictions, upon certification of non-U.S. beneficial ownership as required



by U.S. Treasury regulations. A permanent global Note (other than a permanent global Note deposited with Euroclear Nederland) is exchangeable for definitive Notes only upon the occurrence of an Exchange Event, as described in "Form of the Notes" below. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system or (ii) Euroclear Nederland, as appropriate.

Fixed Rate Interest Notes:

Fixed interest will be payable on the date or dates specified in the applicable Final Terms and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

Floating Rate Interest Notes:

Floating Rate Interest Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms). The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms. Floating Rate Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Specified Interest Period(s) or  
Specified Interest  
Payment Date(s) for Floating  
Rate Interest Notes:

Such period(s) or date(s) as may be specified in the applicable Final Terms.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms.

Other provisions in relation  
to Floating Rate Interest Notes and  
Index Linked Interest Notes:

Floating Rate Interest Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Interest Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer (if any) (as indicated in the Final Terms).

Index Linked Notes:

Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Amount Notes or Non Interest Bearing Index Linked Notes will be calculated by reference to such index and/or formula as may be specified in the applicable Final Terms.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount or at a premium to their nominal amount or at par and will not bear interest other than in the case of late payment.

Structured Notes:

The Issuer may from time to time issue structured Notes on terms to be set out in a supplement to this Prospectus. Structured Notes may include Notes whose returns are linked to interest rates, inflation rates, foreign exchange rates or other matters.

Redemption:

The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or for other reasons as described in Condition 7(b) or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period, if any, as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in it.

Denomination of Notes:

Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Taxation:

Payments in respect of the Notes will, as specified in the applicable Final Terms, be made either subject to withholding of applicable Dutch taxes (if any) or without withholding or deduction for or on account of taxes levied in The Netherlands, subject in the latter case to certain exceptions as provided in Condition 8. If the applicable Final Terms provides that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 7(b) will not apply to the Notes.

Negative Pledge:

The Senior Notes will have the benefit of a negative pledge. See Condition 2(b).

Cross Default:

The Senior Notes will have the benefit of a Cross Default. See Condition 10(iii).

Status of the Senior Notes:

The Senior Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank pari passu without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Status and Characteristics relating  
to Subordinated Notes:

The Subordinated Notes will constitute unsecured subordinated obligations of the Issuer. Subordinated Notes of one Series will rank pari passu without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.

Status and Characteristics relating  
to Capital Securities:

The Capital Securities constitute direct, unsecured,

subordinated securities of the Issuer and rank pari passu without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law. The Capital Securities are subordinated to Subordinated Notes. The Capital Securities are perpetual securities with no fixed redemption date, however, the Capital Securities can be redeemed in accordance with the applicable terms and conditions and subject to the approval of the Dutch Central Bank.

Ratings:

Notes to be issued under the Programme are expected to be rated A2 for Senior unsecured long term Notes, Prime-1 for Senior unsecured short term Notes and A3 for Subordinated Notes by Moody's, and A- for Senior Notes dated one year or more, A-2 for Senior Notes dated one year or less and BBB+ for Subordinated Notes by Standard & Poor's Rating Services. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing:

Application has been made for Notes to be issued under the Programme to be listed on Eurolist by Euronext Amsterdam and/or the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Final Terms relating to each issue will state whether or not the Notes are to be listed and, if so, on which exchanges.

Governing Law:

The Notes will be governed by, and construed in accordance with, the laws of The Netherlands.

Selling Restrictions:

There are selling restrictions in relation to the European Economic Area, United Kingdom, Japan, and the United States, and such other restrictions as may be required in connection with the offering and sale of a particular Series or Tranche of Notes. See "Subscription and Sale" below.



## **RISK FACTORS**

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the material risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.

### **RISK FACTORS REGARDING SNS REAAL GROUP**

#### **SNS REAAL Group's business is primarily concentrated in The Netherlands**

SNS REAAL Group generates most of its income in The Netherlands and therefore is particularly exposed to the economic conditions in The Netherlands. Economic conditions in The Netherlands have been difficult since 2001 both on an absolute and on a relative basis. The Dutch economy posted a modest recovery in 2004, following a difficult year in 2003 when the economy registered a contraction. Growth accelerated in 2006 with gross domestic product ("**GDP**") growing by 2,9 % in 2006 compared to 2005. Any deterioration or merely a long-term persistence of the difficult economic environment in The Netherlands could negatively affect the demand for SNS REAAL's products and services.

As a consequence of the acquisition of SNS Property Finance B.V. as of 1 December 2006 SNS REAAL is not only exposed to the economic conditions in The Netherlands, but also to those in certain foreign countries. SNS Property Finance B.V. generates approximately 70% of its income in The Netherlands and 30% in certain foreign countries. Commercial property finance activities abroad take place in Belgium, Germany, France, Spain, Sweden, Denmark, the US, Canada, Portugal, Italy, the United Kingdom and Luxembourg ("**Certain Foreign Countries**").

#### **SNS REAAL Group faces substantial competitive pressures which could adversely affect the Issuer's results of operations.**

There is substantial competition in The Netherlands for the types of insurance, banking and other products

and services that SNS REAAL Group provides. Competition in the financial services industry is furthered by the high level of consolidation in The Netherlands in the markets where SNS REAAL Group operates. SNS REAAL Group faces competition from companies such as ING Group, ABN AMRO Bank N.V. Rabobank, AEGON N.V. and Fortis Groep N.V. If SNS REAAL Group is unable to offer competing attractive products and service that are profitable, SNS REAAL Group may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the Issuer's ability to maintain or increase profitability.

**A significant portion of SNS REAAL Group's results relates to SNS REAAL Group's mortgage loan products**

Mortgage loans constitute approximately 95,4 % of SNS REAAL Group's total loan portfolio at year-end 2006. An economic downturn, stagnation or drop in property values, changes in or abolition of the tax deductibility of interest payments on residential mortgage loans, or increased interest rates, or a combination thereof, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans. Further, a decrease in the general level of interest rates could affect SNS REAAL Group through, among other things, increased pre-payments on the loan and mortgage portfolio.

In addition, a general decrease in the production of mortgage loans in The Netherlands may also result in a decrease in the production of mortgage loan related products, including mortgage loan insurance.

**SNS REAAL Group is exposed to risks relating to its commercial property finance activities**

SNS REAAL Group operates in the mortgage backed commercial (business-to-business) market, which include real estate project finance, lease finance and real estate investment finance. In respect of these commercial property finance activities SNS REAAL Group is exposed to the risk that a counterparty may default on its obligations to SNS REAAL Group. This includes defaults on obligations in relation to loans granted or equity provided by SNS REAAL Group. It is not certain that security rights (such as mortgage rights) can be enforced in all circumstances. In addition, enforcement of security rights by SNS REAAL Group may result in losses due to a decline in value of the property sold or due to other reasons. An increase in interest rates could lead to such a decline in property values.

**SNS REAAL Group's extensive network of intermediaries is its most important distribution channel and SNS REAAL Group may be unable to maintain a competitive distribution network**

SNS REAAL Group uses a variety of distribution channels in The Netherlands for the marketing and offering of its products and services, including its network of branches, the Internet, call centres, intermediaries and partnerships (special distribution).

Substantially more than half of SNS REAAL Group's distribution originates from distribution of its products and services by intermediaries who may also offer competitors' products and services. As a result, the

success of SNS REAAL Group through this distribution channel depends on the preferences of these intermediaries for the products and services of SNS REAAL Group. Intermediaries' preferences are determined not only by the level of compensation offered, but also by product quality, the services offered to customers and the support services. SNS REAAL Group may not succeed in continuing to provide sufficient incentives to intermediaries to market its products and services successfully.

In seeking to attract and retain productive intermediaries, SNS REAAL Group competes with other financial institutions primarily on the basis of its support services, product features, financial position, and compensation. SNS REAAL Group may not continue to succeed in attracting and retaining new (productive) intermediaries or maintaining the current quality and/or quantity of its distribution network.

#### **SNS REAAL Group is exposed to the level of interest rates**

The level of interest rates and changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term rates) could adversely affect SNS REAAL Group's results.

SNS REAAL Group's insurance investment portfolio consists primarily of fixed income securities. The short-term impact of interest rate fluctuations on SNS REAAL Group's insurance business may be reduced in part by products designed to partly or entirely transfer SNS REAAL Group's exposure to interest rate movements to the policyholder. While product design and hedging reduce SNS REAAL Group's exposure to interest rate volatility, changes in interest rates will impact this business to the extent they result in changes to current interest income, impact the value of SNS REAAL Group's fixed income portfolio, and affect the levels of new product sales or surrenders of business in force.

The results of SNS REAAL Group's banking business are affected by the management of interest rate sensitivity. The composition of SNS REAAL Group's assets and liabilities, and any maturity gap position resulting from that composition, causes the banking business' net interest income to vary with changes in interest rates. There can be no assurance that SNS REAAL Group will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low interest rates.

The future results of SNS REAAL Group's insurance operations are impacted by the level of the interest rates. A prolonged period with low yields could harm the ability to create value in the life insurance operations. Even if premiums would increase after a certain period, the transition period would be associated with lower than expected earnings.

#### **SNS REAAL Group is exposed to the risk of a downgrade of any of SNS REAAL's or SNS Bank's credit ratings**

Standard & Poor's and Moody's have issued long-term credit ratings for the Issuer of A- and A2, respectively and Standard & Poor's, Moody's and Fitch have issued long-term credit ratings for SNS Bank of A, A1 and A+, respectively. A downgrade of any of these ratings (for whatever reason) would result in higher funding and refinancing costs for the Issuer and/or SNS Bank in the capital markets. In addition, a



downgrade of any of the Issuer and/or SNS Bank's ratings may limit their opportunities to operate in certain business areas and could have an adverse effect on the Issuer's and/or SNS Bank's image vis-à-vis the capital markets and SNS REAAL's image vis-à-vis its customers.

**SNS REAAL Group is exposed to the risk of a decline in the securities markets or poor investment performance**

The evolution of prices and indices of securities, both in terms of equity and fixed income, in which SNS REAAL Group invests, has a considerable impact on its investment income.

Part of the portfolios SNS REAAL Group handles are non-discretionary portfolios with fee arrangements based on the volume of transactions into which SNS REAAL Group enters on behalf of its customers. To the extent that trading volumes decline, lower market activity results in lower commission income for SNS REAAL Group.

Furthermore, a decline in or disruption of the securities market may cause SNS REAAL Group's customers to withdraw funds in favour of investments they perceive as offering greater opportunity or lower risk, which could result in lower investment advisory fees. Where the fee arrangement depends on the performance of the portfolios SNS REAAL Group manages, a decline in or disruption of the securities market may cause lower yields, resulting in a decline in SNS REAAL Group's revenues and profits.

A decline in or disruption of the securities market would also lower the value of collateral pledged as security for margin loans, which would increase the risk that they would default as well as impact recovery in the event of a default. If SNS REAAL Group is unable to recover the full amount owed to it on SNS REAAL Group's loans to customers, SNS REAAL Group would be forced to recognise loan losses, which would adversely affect SNS REAAL Group's profitability. Even if the number of loans in default does not increase, a decline in or disruption of the securities market could cause SNS REAAL Group to call margin loans, requiring the assets pledged as collateral for these loans to be sold. If that happens SNS REAAL Group would lose both the interest income on the loans, as well as the fees for managing the assets.

Furthermore, the decline in or disruption of the securities market may affect the demand for the products and services offered by SNS REAAL Group.

**Market conditions can adversely affect the results of the Issuer.**

SNS REAAL Group's business segment is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, consumer and business spending, demographics, and insurance industry cycles.

The non-life insurance industry cycles are characterized by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses. SNS REAAL Group's performance in life insurance can be affected by changes with respect to mortality.

The results of the banking operations of SNS REAAL Group are affected by its management of interest rates sensitivity. The composition of SNS REAAL Group's assets and liabilities, and any gap position resulting from that composition, causes the banking operations net interest income to vary with changes in interest rates. There can be no assurance that SNS REAAL Group will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low interest rate changes. A mismatch of interest-earning assets and interest bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial position or result from operations of the banking business of SNS REAAL Group.

**While SNS REAAL Group manages its operational risks, these risks remain an inherent part of all of its businesses.**

The operational risks that SNS REAAL Group faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm SNS REAAL Group's reputation. Additionally, the loss of key personnel could adversely affect its operations and results.

SNS REAAL Group attempts to keep operational risks at appropriate levels by maintaining a well controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they do not eliminate them.

**SNS REAAL Group is exposed to financial risks.**

SNS REAAL Group is subject to financial risks such as general credit risks, including credit risk of borrowers. Third parties that owe SNS REAAL Group money, securities or other assets may not pay or perform under their obligations to SNS REAAL Group. These parties include borrowers under loans granted, customers, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges and other financial intermediaries. These parties may default on their obligations to SNS REAAL Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

SNS REAAL Group actively manages the financial risks it is exposed to and has developed a policy in relation thereto. These risks are subject to defined limits and guidelines. Financial risks are measured periodically to ensure compliance with such limits and guidelines. Thus adjustments can be made, if necessary. On a tactical level SNS REAAL Group manages a mismatch within defined limits and guidelines.

The rates and prices issued by subsidiaries of SNS REAAL Group are agreed on the basis of theoretical rates. These rates and prices include a fee for expected risks, the cost of shareholders' equity and loan capital and management expenses. Examples of such price risks are the credit risk in a loan, the death risk in a life insurance policy or the market risk in an investment product. The structure of the shareholders'

equity and the funding also affect the theoretical pricing. The actual pricing towards clients is determined on the basis of the advice of pricing committees, with account being taken of market conditions, in addition to the theoretical price.

Insurance companies within SNS REAAL Group may transfer their exposure to certain risks in non-life and life insurance businesses to third parties through reinsurance arrangements. Under these arrangements, other insurers assume a portion of the potential losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Any decrease in the amount of SNS REAAL Group's reinsurance may increase our risk of loss. When reinsurance is obtained, the insurance company concerned will still be liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of SNS REAAL Group's reinsurers to meet their financial obligations could materially affect the results of operations of the Issuer. Although SNS REAAL Group conducts a periodic review of the financial statements and reputations of its reinsurers, these reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

#### **SNS REAAL Group is subject to currency-related risks**

Currency risk exposure affects SNS REAAL Group's funding of its operations and part of its investment portfolio. To the extent these are not hedged, SNS REAAL Group is exposed to certain currency fluctuations between the euro and the US dollar in particular, as well as other currencies, such as the Japanese yen, pound sterling and Australian dollar. SNS REAAL Group's reporting currency is the euro. Non-euro income and expense items are translated into euro for consolidation of SNS REAAL Group's profit and loss statement, on the basis of average exchange rates during the period. For the purposes of the Issuer's consolidated balance sheet, SNS REAAL Group converts non-euro denominated assets and liabilities into euro at the exchange rate prevailing at the balance sheet date.

#### **The insurance business of SNS REAAL Group is subject to risks concerning the adequacy of its technical provisions to cover future losses and benefits**

The insurance business of insurance companies within SNS REAAL Group is subject to risks that have their impact on the adequacy of its technical provisions. These provisions serve to cover the current and future liabilities (losses less benefits) of SNS REAAL Group to its insured. Depending on the actual realisation of the future liabilities of insurance companies within SNS REAAL Group the current technical provisions may prove to be inadequate.

SNS REAAL Group bases the technical provisions for the insurance business on actuarial practices and assumptions. For the life insurance business of SNS REAAL Group these practices and assumptions typically include the assessment of mortality rates and their observed trends, as well as (guaranteed) interest rates. Other factors SNS REAAL Group takes into account when assessing its technical provisions relate, among other things, to policy holder bonus rates and profit sharing. SNS REAAL Group's (actuarial) practices and assumptions for its non-life insurance business include disability and recovery rates and

their trends, development of future wage-indices and wage-related claim payments and also court rulings in individual claim cases.

If future events or the effects thereof do not fall within or correspond with any such practices, assumptions, factors or assessments, for example if the actual future mortality rates deviate from those projected, the technical provisions could be inadequate.

Furthermore, additional losses, of which SNS REAAL Group cannot foresee the type or magnitude, may emerge in the future. These losses could, for example, arise from changes in the legal environment, major medical developments, or catastrophic events.

**Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of SNS REAAL Group.**

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto may create economic and political uncertainties, which could have a negative impact on economics conditions in the regions in which SNS REAAL Group operates and, more specifically, on the business and results of SNS REAAL Group in ways that cannot be predicted.

The insurance business of insurance companies within SNS REAAL Group is subject to the risk of claims resulting from major (catastrophic) events. For example, some weather-related events (in The Netherlands these specifically include storm and hail events) could result in substantial cumulative claims in the non-life insurance business. The life-insurance business could be affected by catastrophic events like a plane crash or a pandemic. Insurance companies within SNS REAAL Group have transferred the risks of claims resulting from major events (above a certain level) to a panel of reinsurance companies, each with a minimum credit rating of A (by Standard & Poor's).

**SNS REAAL Group is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof**

SNS REAAL Group relies heavily on its operational processes, and communication and information systems in particular to conduct its business. Even with the back-up recovery systems and contingency plans that are in place, the Issuer cannot assure that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- Interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion
- Interruptions or errors in SNS REAAL Group's management information and/or information reported to supervisory authorities
- SNS REAAL Group being unable to report accurate information in a timely manner and thus being in violation of applicable regulations

- Inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by SNS REAAL Group's employees or third parties, or telecommunication connection failures or hacking of SNS REAAL Group's website portal
- Considerable costs in terms of, for example, information retrieval and verification

SNS REAAL Group's business operations are also vulnerable to interruption from fire, flood, bomb threats, explosions or other forms of terrorist activity and natural and man-made disasters. The same may apply for third parties on which SNS REAAL Group depends. Furthermore, the Issuer cannot assure that interruptions, failures or breaches of SNS REAAL Group's communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed.

**SNS REAAL Group operates in an industry that is highly regulated. There could be an adverse change or increase in the financial services laws and/or regulations governing SNS REAAL Group's business. There are frequent investigations by supervisory authorities, both into the industry and into SNS REAAL Group, which could result in governmental enforcement actions**

SNS REAAL Group's business is regulated and supervised by several Dutch supervisory authorities. Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over SNS REAAL Group's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing SNS REAAL Group's business or particular products and services could be amended or interpreted in a manner that is adverse to SNS REAAL Group, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services SNS REAAL Group offers, whether existing or new, or (ii) negatively affect the performance of the products and services SNS REAAL Group offers, whether existing or new. SNS REAAL Group's revenues and costs, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which SNS REAAL Group operates, whether existing or new. Due to the complexity of the regulatory environment in which SNS REAAL Group operates, it will entail more costs to ensure that SNS REAAL Group is, and will continue to be, in compliance with all applicable laws and regulations at all times, to the extent that the volume of regulation increases and the scope of the activities changes.

Furthermore, laws and regulations grant supervisory authorities the authority to perform investigations into, among other things, the compliance with specific regulations by the industry and/or SNS REAAL Group. Such investigations into financial services groups, including SNS REAAL Group, are on-going. Current and future investigations by supervisory authorities, in particular in the context of, but not limited to, market conduct supervision, could result in sanctions in the event of it being found that SNS REAAL Group does not or does not fully comply with applicable laws and regulations. The outcome of such investigations could necessitate SNS REAAL Group to take costly measures. The outcome of such investigations by supervisory authorities could also result in changes in laws and regulations of the relevant supervisory authority in a manner that is adverse to SNS REAAL Group, which could, as indicated above, among other things, reduce or restrict the sale of the products and services SNS REAAL Group offers, whether existing or new, or negatively affect the performance of the products and services SNS REAAL Group offers,

whether existing or new.

SNS REAAL Group is one of the subjects of an investigation into certain control frameworks (*beheersingskaders*) in the context of market conduct supervision. The outcome of this investigation may damage the reputation of the industry and of SNS REAAL Group. This investigation induced SNS REAAL to change certain of its operational processes.

If SNS REAAL Group would be in breach of any existing or new laws or regulations now or in the future, SNS REAAL Group is exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, SNS REAAL Group's reputation could suffer and SNS REAAL Group could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations.

**SNS REAAL Group's results of operations can be affected by significant adverse regulatory developments including changes in tax law.**

SNS REAAL Group conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, and policies in The Netherlands and any other jurisdiction it conducts its business in. The timing and form of future changes in regulation are unpredictable and beyond control of the Issuer, and changes made could materially adversely affect SNS REAAL Group's business.

**SNS REAAL Group is exposed to risks of damage to its reputation**

SNS REAAL Group is exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, will harm SNS REAAL Group's reputation. SNS REAAL Group's reputation could also be harmed if products or services recommended by SNS REAAL Group do not perform as expected, for example in relation to unit-linked insurance products and endowment mortgage products.

Negative publicity could, for example, be based on allegations that SNS REAAL Group does not or does not fully comply with regulatory requirements or anti-money laundering rules, or could result from negative publicity about a third party linked to SNS REAAL Group (such as an intermediary or a partner) or about politically exposed persons in SNS REAAL Group's customer base. Furthermore, negative publicity could result from failures in SNS REAAL Group's information technology systems, loss of customer data or confidential information, or failure in SNS REAAL Group's risk management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to intermediaries, business promoters or third party managers linked to SNS REAAL Group.

Any resulting damage to SNS REAAL Group's reputation, in particular with a view to SNS REAAL Group's focus on retail-plus customers and the concentration of its business in The Netherlands, could cause disproportionate damage to SNS REAAL Group's business, regardless whether the negative publicity is factually accurate. Negative publicity could also be repeated by third parties, which could damage SNS

REAAL Group's reputation further.

Any damage to SNS REAAL Group's reputation could cause existing customers to withdraw their business from SNS REAAL Group and potential customers to be reluctant or elect not to do business with SNS REAAL Group. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of SNS REAAL Group, which may make it more difficult for SNS REAAL Group to maintain its credit rating.

**The performance of SNS REAAL Group depends on its ability to accurately price its products and services**

The results of operations and financial condition of SNS REAAL Group depends, among other things, on its ability to set rates and prices accurately. Rate adequacy is necessary to generate sufficient premiums to pay losses and expenses and to earn profits on income.

SNS REAAL Group's ability to price its products and services accurately is subject to a number of uncertainties. As a result, rates and prices of products and services may be determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. If SNS REAAL Group fails to establish adequate rates and prices for its products and services, its revenues could decline while its expenses increase resulting in proportionately greater losses.

**The business of SNS REAAL Group is subject to risks concerning the adequacy of its credit provisions**

SNS REAAL Group is exposed to general credit risks, for example, SNS Bank is exposed to the credit risk of borrowers. Third parties that owe SNS REAAL Group money, securities or other assets may not pay or perform under their obligations. These parties include customers (such as borrowers under loans granted), issuers of securities held by any entity within SNS REAAL Group, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to SNS REAAL Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of SNS REAAL Group is subject to risks that have their impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to SNS REAAL Group which arise from lending or other financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate.

If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by SNS REAAL Group to determine its credit provisions, these provisions could be inadequate.

**A significant portion of SNS REAAL Group 's business relates to SNS REAAL Group 's dealings with third parties**

A significant portion of SNS REAAL Group's business relates to products and services which SNS REAAL Group offers in co-operation with third parties or in relation to which SNS REAAL Group depends on third parties, for example for the distribution of such products and services. SNS REAAL Group cannot assure that these third parties will continue their co-operation with SNS REAAL Group, that the relationships with these third parties will continue to be beneficial or that SNS REAAL Group will be able to sustain its ability to successfully develop and market the products and services which are developed together with third parties.

Negative publicity about these third parties, whether or not founded, could also harm SNS REAAL Group's reputation.

### **SNS REAAL Group may be exposed to failures in its risk management systems**

SNS REAAL Group invests substantial time and effort in its strategies and procedures for managing not only credit risk, but also other risks, such as strategic risk, market risk, underwriting risk, liquidity risk, operational risk and conduct of business risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if SNS REAAL Group is confronted with risks that it has not fully or adequately identified or anticipated. Some of SNS REAAL Group's methods for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at quantifications of some of SNS REAAL Group's risk exposures. These statistical methods may not accurately quantify SNS REAAL Group's risk exposure if circumstances arise which were not observed in SNS REAAL Group's historical data. For example, as SNS REAAL Group offers new products or services, the historical data may be incomplete or not accurate for such new products or services. As SNS REAAL Group gains more experience it may need to make additional provisions.

If circumstances arise that SNS REAAL Group did not identify, anticipate or correctly evaluate in developing its statistical models, SNS REAAL Group's losses could be greater than the maximum losses envisaged by SNS REAAL Group. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risk prove insufficient, SNS REAAL Group may experience unanticipated losses.

### **For payment under the Notes, the Issuer may be dependant on dividend payments received from its subsidiaries**

The Issuer is the holding company of the SNS REAAL Group which essentially offers banking and insurance products and services. Substantially all of the operations of SNS REAAL Group are conducted through its subsidiaries. Notes issued under the Programme will not be guaranteed by any of the Issuer's subsidiaries. In order to fulfil its payment obligations under the Notes, the Issuer may be dependant on dividend payments received from its subsidiaries. However in general, claims of creditors of SNS REAAL Group subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those subsidiaries, and claims of holders of preferred shares (if any) in those subsidiaries will effectively have priority with respect to the assets and earnings of those subsidiaries over the claims of



creditors of the Issuer, including holders of the Notes.

#### **The Issuer has issued guarantees**

The Issuer has issued guarantees pursuant to section 403, book 2 of The Netherlands Civil Code ("**NCC**") for SNS Bank N.V. and SNS Reaal Invest N.V. and most of the wholly-owned subsidiaries of SNS Bank N.V. and SNS Reaal Invest N.V. For the subsidiaries belonging to REAAL Verzekeringen N.V. such guarantees have not been provided, with a few exceptions, including REAAL Schadeverzekeringen N.V.

The Issuer has furthermore issued guarantees in relation to (i) the sale of certain equity participations of SNS Reaal Invest N.V. and (ii) to meet the commitments of REAAL Schadeverzekeringen N.V. for specific insurance contracts entered into after 1 September 2000.

If enforced in accordance with its terms, the Issuer may be held liable under these guarantees.

#### **RISK FACTOR RELATING TO THE CONTEMPLATED ACQUISITION OF AXA S.A.'S DUTCH INSURANCE OPERATIONS, CONSISTING OF AXA NEDERLAND B.V., WINTERTHUR VERZEKERINGEN HOLDING B.V. AND DBV HOLDING N.V.**

The contemplated acquisition (the "Acquisition") of AXA S.A.'s Dutch insurance operations, consisting of AXA Nederland B.V., Winterthur Verzekeringen Holding B.V. and DBV Holding N.V. ("**AXA NL Combined**"), could negatively affect the business and results of SNS REAAL.

SNS REAAL will be exposed to certain risk upon completion of the acquisition, including but not limited to: Any failure to successfully integrate the businesses of AXA NL Combined could lead to a potential loss of customers and/or key employees. This in turn could have a material adverse effect on SNS REAAL.

Unexpected risks or liabilities relating to AXA NL Combined which may exist were not identified in the due diligence investigation. Should any such risks or liabilities exist they may have a material adverse effect on SNS REAAL.

If SNS REAAL acquires AXA NL Combined, its intermediaries and customers may cease doing business with it.

#### **RISK FACTORS REGARDING THE NOTES**

*In addition to the risks identified in "Risk Factors regarding SNS REAAL" above, potential investors in Notes should consider the following:*

#### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Variable Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related, their market values may be even more volatile than those for securities that do not include those features.

### *Inverse Floating Rate Interest Notes*

Inverse Floating Rate Interest Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Interest Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Interest Notes*

Fixed/Floating Rate Interest Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Interest Notes may be less favourable than then prevailing spreads on comparable Floating Rate Interest Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *Issues of Subordinated Notes; limited rights to accelerate*

The Issuer may issue Notes under the Programme which are subordinated to the extent described in Condition 3 of the terms and conditions for Medium Term Notes. Any such Subordinated Notes will constitute unsecured subordinated obligations of the Issuer. Subordinated Notes of one Series will rank *pari passu* without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law. In the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in aforementioned Condition 3) with respect to the Issuer, the claims of the holders of the Subordinated Notes against the Issuer will be subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Holder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of the Issuer resulting from deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied. A Subordinated Holder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Furthermore, the Conditions do not

limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date of the relevant Subordinated Notes.

### **Additional Risk Factors in relation to the Capital Securities**

#### *Optional deferral*

The Issuer may at its discretion elect to defer any Payment (such term does not include principal) on the Capital Securities for any period of time subject to suspension of payment on Junior Securities and Parity Securities. Any payment deferred pursuant to the Issuer's optional right to defer will bear interest at the Applicable Coupon Rate. See more particularly described in 'Terms and Conditions of the Capital Securities' under 4, Deferrals - (b) 'Optional Deferral of Payments' below.

#### *Required deferral*

If and when the Required Deferral Condition is met and during the period such Required Deferral Condition is continuing, the Issuer will defer further Payments (such term does not include principal) on the Capital Securities for any period of time subject to the Issuer no longer being subject to a Required Deferral Condition. Any Payments so deferred will not accrue interest. See more particularly described in 'Terms and Conditions of the Capital Securities' under 4, Deferrals – (a) 'Required Deferral of Payments' below.

#### *Perpetual securities*

The Issuer is under no obligation to redeem the Capital Securities at any time and the Holders have no right to call for their redemption. The Issuer may from time to time, in connection with the issue of a series of Capital Securities, enter into a replacement capital covenant for the benefit of one or more designated series of debt securities. A replacement capital covenant would permit the Issuer to redeem such series of Capital Securities only to the extent it has raised sufficient net proceeds from the issuance of qualifying securities. See Condition 7(a) in the Terms and Conditions of the Capital Securities for a summary of the terms of such a replacement capital covenant.

#### *Status, Subordination and Ranking*

The Capital Securities constitute direct, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Holders under the Capital Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future. On a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer, the Capital Securities will rank in priority to distributions on all classes of share capital of the Issuer and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future.

The Capital Securities are exclusive obligations of the Issuer. The Issuer is a holding company and

conducts substantially all of its operations through its subsidiaries which own substantially all of its operating assets. Its subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any payment obligations that arise thereunder. The Issuer's right to receive any assets of any of its subsidiaries, as an equity holder of such subsidiaries, upon their liquidation or reorganization, and therefore the right of the holders of Capital Securities to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including obligations to policyholders.

**"Senior Creditors"** means present and future creditors of the Issuer:

- (i) who are unsubordinated creditors of the Issuer, or
- (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer, but not further or otherwise; or
- (iii) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders.

#### *Redemption risk*

Upon the occurrence of certain specified tax or regulatory events, or the exercise of an issuer call, the Capital Securities may be redeemed at their principal amount together with any Outstanding Payments (as defined in 'Terms and Conditions of the Capital Securities' under 20, 'Definitions'), subject as provided in 'Terms and Conditions of the Capital Securities' under 7, 'Redemption and Purchases'.

#### *Alteration of terms upon a Regulatory Event*

Upon the occurrence of a Regulatory Event, the terms of the Capital Securities will be automatically altered so to reflect that they have become Altered Capital Securities which for International Financial Reporting Standards ("**IFRS**") purposes are classified as equity applying the current IFRS standards. See 'Terms and Conditions of the Capital Securities' – 8, 'Alteration of terms upon a Regulatory Event'.

If the terms of the Capital Securities are so altered, the Altered Capital Securities that a Holder will then hold will have different rights than those applicable to the Capital Securities and such rights are less favourable to Holders than those that apply to the Capital Securities, provided that in a winding-up of the Issuer the Altered Capital Securities will in any case have the same ranking as the Capital Securities.

#### *No limitation on issuing debt*

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Capital Securities or on the amount of securities which the Issuer may issue which ranks *pari passu* with the Capital Securities. The issue of any such debt or securities may reduce the amount recoverable by

Holders on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer and may increase the likelihood of a deferral of Payments under the Capital Securities.

*Use of the Alternative Coupon Satisfaction Mechanism to satisfy Deferred Coupon Payments may be subject to caps*

The Issuer may satisfy Deferred Coupon Payments only by means of issuing Ordinary Shares in accordance with Condition 6. The ability of the Issuer to satisfy Deferred Coupon Payments by means of issuing Ordinary Shares may be subject to a cap on the issue of such Ordinary Shares during predefined periods of time, as referred to in Condition 6(a) and, if applicable, as specified in the relevant Final Terms in relation to any Capital Securities. Consequently, if at any time when any Deferred Coupon Payment fails to be satisfied as a result of the Issuer having reached the Ordinary Shares Threshold, if applicable, the Issuer will not be able to satisfy such Deferred Coupon Payment until the expiry of the relevant ACSM Cap Period. In addition, if at the end of any ACSM Settlement Period in respect of any Deferred Coupon Payment the Issuer has been unable to make full payment of such Deferred Coupon Payment in accordance with the Alternative Coupon Satisfaction Mechanism, the obligations of the Issuer to satisfy the Coupon Payment that was deferred at the beginning of such ACSM Settlement Period shall, to the extent not already settled under the ACSM, be cancelled, and Holders of the Capital Securities will have no claim in respect thereof. Furthermore, in the event of a winding-up of the Issuer, if the Final Terms in relation to any Capital Securities indicate that the Ordinary Shares Threshold is applicable, if any part of a Deferred Coupon Payment remains unsettled as a result of the Issuer having reached the Ordinary Shares Threshold during the ACSM Cap Period preceding wind up, then the Holders of the Capital Securities will have no claim in respect of such unsettled Deferred Coupon Payment.

#### *Availability of shares*

If the Issuer is to make a payment using the Alternative Coupon Satisfaction Mechanism (which is mandatory if it concerns Deferred Coupon Payments and which the Issuer may elect to do in other cases) and has an insufficient number of Ordinary Shares available for issue, then the Issuer's payment obligation shall be suspended to the extent of such insufficiency until such time as sufficient shares are available to satisfy all or part of the suspended payment obligation, as more particularly described in 'Terms and Conditions of the Capital Securities' under 6, Alternative Coupon Satisfaction Mechanism – (d) 'Reservation and Insufficiency of Ordinary Shares'.

#### *Market Disruption Event*

If, in the event the Alternative Coupon Satisfaction Mechanism is applied (which is mandatory if it concerns Deferred Coupon Payments and which the Issuer may elect to do in other cases), in the opinion of the Issuer a Market Disruption Event in respect of its Ordinary Shares exists, the payment to Holders may be deferred until the cessation of such market disruption, as more particularly described in 'Terms and Conditions of the Capital Securities' under 6, Alternative Coupon Satisfaction Mechanism – (e) 'Market Disruption'. Any such deferred payments shall bear interest at the Applicable Coupon Rate if the Market Disruption Event continues for 14 days or more.

### *Restricted remedy for non-payment*

The sole remedy against the Issuer available to any Holder for recovery of amounts owing in respect of any Payment or principal in respect of the Capital Securities will be the institution of proceedings for the winding-up (*faillissementsprocedure*) of the Issuer and/or proving in such winding-up.

### *Set-off*

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities and each Holder shall, by virtue of being the holder of any Capital Security, be deemed to have waived all such rights of set-off.

### **Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17 of the conditions of the Notes.

#### *EU Savings Directive*

If, following implementation of the Directive on the taxation of savings income (see "Taxation – EU Savings Directive" below), a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of the Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### *Tax consequences of holding the Notes*

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. See also "Taxation".

#### *Notes held in global form*

The Notes will initially be held by a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Nederland, in each case in the form of a global Note which will be exchangeable for definitive Notes in limited circumstances as more fully described in the section headed "Form of the Notes" below. For as long as any Notes are represented by a global Note held by a common depositary in the case of a CGN, or a common safekeeper in the case of an NGN, on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on a global Note will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant global Note, being the common depositary for Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Notes represented by such global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes.

In relation to any issue of Notes which have a denomination of €50,000 (in such case defined as the minimum "**Specified Denomination**") plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent) that are not integral multiples of €50,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a "**Stub Amount**") may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. As long as the Stub Amount is held in the relevant clearing system, the Noteholder will be unable to transfer this Stub Amount.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, as the case may be.

#### *Nominee Arrangements*

Where, in the case of an issue of Notes a nominee service provider is used by an investor to hold the relevant Notes or such investor holds interests in any Series of Notes through accounts with a clearing system (such as Euroclear, Clearstream, Luxembourg or Euroclear Nederland), such investor will receive payments in respect of principal, interest, (if any) or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or clearing system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default



risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

For the purposes of (a) distributing any notices to Noteholders, and (b) recognising Noteholders for the purposes of attending and/or voting at any meetings of Noteholders, the Issuer will recognise as Noteholders only those persons who are at that time shown as accountholders in the records of Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland as persons holding a principal amount of the relevant Series of Notes. Accordingly, an investor must rely upon the nominee service provider which is the accountholder with the relevant clearing system through which the investor made arrangements to invest in the Notes (and, if applicable, the domestic clearing system through which the Notes are held), to forward notices received by it from Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland and to return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or clearing system may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor.

In addition, such a Noteholder will only be able to sell any Note held by it prior to its stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuer, the Arranger, any Dealer to be appointed under the Programme or the Agent shall be responsible for the acts or omissions of any relevant nominee service provider or clearing system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or clearing system.

#### *Change of law and jurisdiction*

The conditions of the Notes are governed by Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice after the date of this Prospectus.

Prospective investors should note that the courts of The Netherlands shall have non-exclusive jurisdiction in respect of any disputes involving any Series of Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any court of competent jurisdiction. The laws of The Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

#### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at

prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Interest Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Interest Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

#### **Return on an investment in Notes will be affected by charges incurred by investors**

An investor's total return on an investment in any Notes will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Notes.

#### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or

review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

**General risks**

The value of the Notes may be influenced by national and international political, economical, social, environmental circumstances and developments.

## **CERTAIN NOTICES TO INVESTORS**

### **RESPONSIBILITY STATEMENT**

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

### **NOTICE**

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

The Issuer has undertaken with the Dealers to furnish a supplement to this Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noticed between the time when this Prospectus has been approved and the final closing of any Tranche of Notes offered to the public or, as the case may be, when trading of any Tranche of Notes on a regulated market begins, in respect of Notes issued on the basis of this Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus, any amendment or supplement thereto, any document incorporated by reference herein, or the applicable Final Terms, or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer.

This Prospectus is valid for 12 months following its Publication Date and this Prospectus and any amendment or supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Prospectus or any Final Terms and the offering, sale or delivery of any Notes shall not in any circumstances imply that the information contained in such documents is correct at any time subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since such date or that any other information supplied in connection with the Programme or the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the time indicated in the document containing the same. The Arranger and any Dealer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

Neither this Prospectus nor any other information supplied in connection with the Programme (i) is

intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger or any Dealer that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Arranger or any Dealer in their capacity as such. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes (including an evaluation of the financial condition, creditworthiness and affairs of the Issuer) and the information contained or incorporated by reference in this Prospectus, the relevant Final Terms and any supplements;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks (including, without limitation, those described in "Risk Factors" in this Prospectus).

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any Notes.

This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone

in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuer, the Arranger and the Dealers represent that this Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction other than in certain Member States of the EEA of which the competent authorities have obtained a notification within the meaning of article 18 of the Prospectus Directive, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or any Dealer appointed under the Programme which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required, other than in certain Member States of the EEA.

**In connection with the issue of any Series or Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) in the applicable Final Terms (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes (provided that, in the case of any Series or Tranche of Notes to be listed on the regulated market of any stock exchange within the European Union, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Series or Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the final terms of the offer of the relevant Series or Tranche of Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series or Tranche of Notes and 60 days after the date of the allotment of the relevant Series or Tranche of Notes. Such stabilising shall be in compliance with all applicable laws and regulations. Any loss resulting from any such over-allotment or stabilisation shall be borne, and any net profit arising therefrom shall be retained, by the relevant Stabilising Manager for its own account.**

## SNS REAAL N.V.

### Incorporation

SNS REAAL N.V. ("**the Company**") is a public limited liability company (*naamloze vennootschap*) established under the laws of The Netherlands and was incorporated on 25 May 1987. The Company is registered in the Commercial Register of the Utrecht Chamber of Commerce under number 16062627 with SNS REAAL N.V. and SNS REAAL as its commercial names (*handelsnamen*). Its registered office is at Croeselaan 1, 3521 BJ Utrecht. The telephone number of the Company is +31 (0)30 291 5200.

The articles of association of the Company were lastly amended by notarial deed executed on 21 May, 2007 before mr. P Klemann, civil law notary practising in Amsterdam, on the draft of which deed the Ministerial certificate that there have appeared no objections was granted with number 319.435.

The objects of the Company according to its articles of association are to participate in, to conduct the management and administration of and to finance other business enterprises of whatever nature and to invest and manage capital. Furthermore, the Company may guarantee liabilities of other companies with which it is connected in a group. The Company generally operates under Dutch law, be it that it has entered into and operates under, and may enter into and operate under, agreements which are not governed by Dutch law.

### Ownership

SNS REAAL is the result of a merger in May 1997 between SNS Groep N.V. (primarily a banking group) and Reaal Groep N.V. (primarily an insurance group). As of 27 July 2005 all of the shares issued by SNS REAAL were held by Stichting Beheer SNS REAAL. Prior thereto all but one of the shares issued by SNS REAAL were held by Stichting Administratiekantoor SNS Reaal, a trust office. All of the non-voting depositary receipts issued by Stichting Administratiekantoor SNS Reaal and one priority share issued by SNS REAAL were owned by Stichting Beheer SNS REAAL.

SNS REAAL believed that the certification of its shares was no longer in line with the spirit of our times as reflected by the Dutch Corporate Governance Code (Code Tabaksblat), among other things. SNS REAAL has therefore decided to deregister the depositary receipts. Stichting Administratiekantoor SNS Reaal has ceased to exist, after decertification of the shares. The priority share was converted into one ordinary share by amendment of the articles of association of SNS REAAL on 3 May 2006. SNS REAAL's share capital is currently only divided into ordinary shares.

On 18 May 2006 the ordinary shares ("**Shares**") of SNS REAAL were listed on Eurolist by Euronext Amsterdam as part of the IPO of SNS REAAL. The IPO consisted of an offering by SNS REAAL of 24,496,210 new Shares and an offering by the selling shareholder, Stichting Beheer SNS REAAL, of 45,492,962 existing Shares. On 22 May 2006, the underwriters of the IPO, fully exercised the over-allotment option to require the selling shareholder, Stichting Beheer SNS REAAL, to sell an additional 10,498,376 existing ordinary Shares. Stichting Beheer SNS REAAL owns approximately 65.5% of SNS

REAAL's outstanding share capital after the exercise of the over-allotment option. The total number of ordinary shares offered in the course of the IPO was therefore 80,487,548, consisting of 24,496,210 new ordinary shares and 55,991,338 existing ordinary shares. Immediately after the IPO, SNS REAAL had 233,297,240 ordinary shares outstanding.

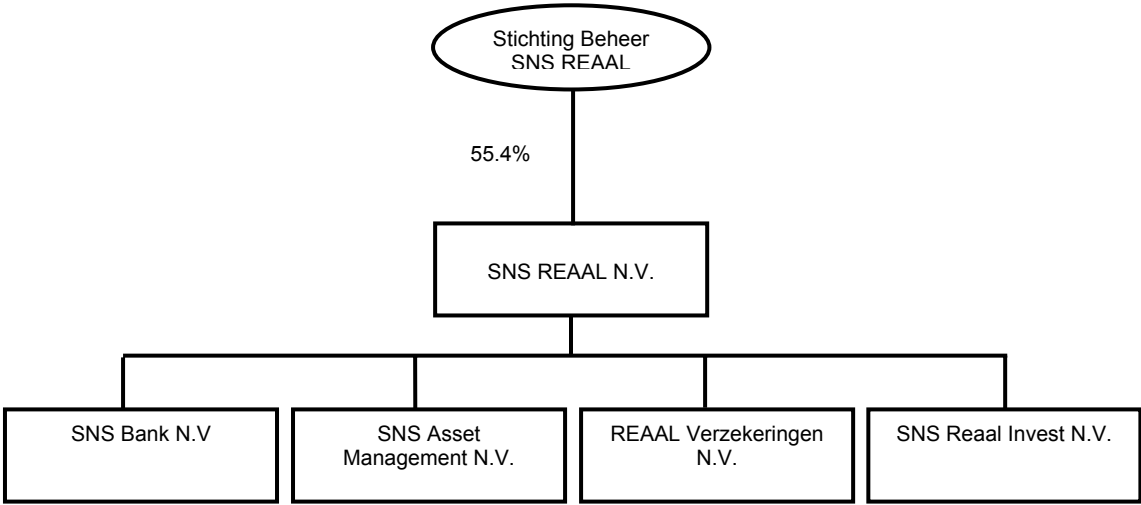
Due to several rounds of stock dividends paid out, the number of ordinary shares of SNS REAAL outstanding as of 6 June 2007 was 237,343,876.

SNS REAAL raised approximately € 416 million of gross proceeds from the IPO. The net proceeds from the offering were used for the acquisition of Bouwfonds Property Finance B.V. (renamed to SNS Property Finance B.V.).

On 13 June 2007, SNS REAAL launched an equity offering of new ordinary shares of € 350 million to partly fund the acquisition of AXA S.A.' Dutch insurance operations consisting of AXA Nederland B.V., Winterthur Verzekeringen Holding B.V. and DBV Holding N.V..

Upon request of the Executive Board of SNS REAAL, Stichting Beheer SNS REAAL shall sell up to € 200 million of existing ordinary shares, to increase the free float and thereby the liquidity in SNS REAAL shares. In addition, Stichting Beheer SNS REAAL has granted the underwriters an over-allotment option pursuant to which the underwriters may require Stichting Beheer SNS REAAL to sell at the same offer price up to € 50 million additional existing shares held by it, to cover over-allotments, if any. Proceeds of the sale of the existing shares will accrue to Stichting Beheer SNS REAAL.

On 22 June 2007, SNS REAAL announced that it will issue 21,212,121 shares at an issue price of € 16.50 per share. Stichting Beheer SNS REAAL announced on 22 June 2007 that it will sell 12,121,212 shares in the capital of SNS REAAL at a price of € 16.50 per share. Stichting Beheer SNS REAAL owns approximately 55.4% of SNS REAAL's outstanding share capital after the sale of shares. Exercise of the over-allotment option may dilute Stichting Beheer SNS REAAL's current shareholding further.



**Board of Directors**



S. van Keulen, *Chairman*  
C.H. van den Bos  
M.W.J. Hinssen  
R.R. Latenstein van Voorst, *Chief Financial Officer*

### **Supervisory Board**

The names and major functions or affiliations, besides their participation within the SNS REAAL Group, of the members of the supervisory board are as follows:

J.L. Bouma, <i>Chairman</i>	Former Professor of Business Economics, University of Groningen;
Mr. H.M. van de Kar, <i>Deputy-Chairman</i>	University lecturer at the tax-economics faculty at Leiden University;
Mr. J.V.M. van Heeswijk	Former managing director of Geveke N.V.;
Mr. S.C.J.J. Kortmann	Professor in Civil Law, University of Nijmegen ;
Mr. R.J. van de Kraats	CFO and deputy-chairman of the Randstad Holding N.V.;
Mr. J.E. Lagerweij	General managing director of Sperwer Group; and
Mr. H. Muller	Former Federation Executive and Treasurer of the Trade Union Federation FNV

All members of the Supervisory Board and the Board of Directors have elected domicile at the registered office of the Company.

### **Audit Committee**

The Audit Committee of the Company consists of 3 members, all members of the supervisory board of the Company:

Mr. J.V.M. van Heeswijk  
Mr. R.J. van de Kraats  
Mr. Van de Kar

The Audit Committee has obtained a mandate from the Supervisory Board to prepare the meetings of the Supervisory Board in collaboration with the Board of Directors. In addition, the Audit Committee has the mandate to supervise the main developments in the field of financial reporting, tax, funding and finance, risk management and to monitor the relationship with the external accountants of the Company.

### **Corporate Governance**

The Dutch Corporate Governance Code (the "**Code Tabaksblat**") applies to companies of which the shares are listed on a recognized stock exchange. The Code Tabaksblat applies to SNS REAAL.

### **Conflicts of interest**

The Code Tabakblat's premise is that a member of a Supervisory Board of a company is not independent if he is also member of an executive board of a legal entity that holds at least ten percent of the shares in such company. Stichting Beheer SNS REAAL (the "**Stichting**") holds more than 10 % of the shares of SNS REAAL. Two of the eight members of the Supervisory Board of SNS REAAL (Mr. H. Muller and Mr. S.C.J.J. Kortmann) are also members of the executive board of the Stichting. Although the majority of the members of the Supervisory Board is therefore independent, two members do not qualify according to the above description. SNS REAAL is of the opinion that the nature and aims of its majority shareholder can and should be distinguished from majority shareholders of many other companies. The majority shareholder of SNS REAAL is a 'stichting', which thus has no members or shareholders, and whose role is limited. The Stichting's mission is inter alia to represent the interests of SNS REAAL. This objective is among others anchored in the Stichting's Articles of Association. The members of the Supervisory Board of SNS REAAL are also beholden from acting in the interest of the company and its affiliates. Given this, SNS REAAL sees no reason to change the current situation.

Depending on the specific circumstances, a situation may arise in which two members of the Supervisory Board which are also member of the board of the Stichting may have a conflict of interest with regard to certain topics or transactions, in connection with their position in the Stichting's management. SNS REAAL believes that such a conflict of interest, in view of the specific objectives of the Stichting, will rarely come to pass. For those reasons, it has been decided that the two members of the Supervisory Board which are also member of the board of the Stichting shall not participate in discussions of the Supervisory Board with respect to or decide on agreements between SNS REAAL and the Stichting.

### **External Accountant**

KPMG Accountants N.V., with registered offices in Amstelveen, has been appointed as external accountant to the Company. KPMG Accountants N.V. is a member of the Dutch Institute for Chartered Accountants (*NivRA*).

### **Rating Agencies**

The Company has been rated by independent rating agencies Moody's and Standard & Poors. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to the Company, will be made available on [www.snsreaal.com](http://www.snsreaal.com) under the heading "Investor relations".

### **Company Profile**

SNS REAAL Group is an innovative banking and insurance provider with total assets of almost €80 billion and more than 5,200 employees (in FTEs). It serves its private and business clients primarily through its main brands of SNS Bank N.V. ("**SNS Bank**") and REAAL Verzekeringen N.V. ("**REAAL Verzekeringen**"). SNS Bank serves its clients through its own branch offices, independent intermediaries, the internet and the telephone. REAAL Verzekeringen markets its products and services primarily through independent intermediaries.

SNS REAAL Group attaches great value to the principle of socially responsible – or ethical – business

practice. This is demonstrated, for instance, by the development of sustainable savings, investment and insurance products, conducting specialised social research and sponsoring at national, regional and local levels.

## **SNS Bank**

The banking activities of SNS REAAL Group are conducted through SNS Bank and its subsidiaries. SNS Bank offers a broad scale of financial products to private customers and to small and medium sized companies. With the acquisition of SNS Property Finance B.V. SNS Bank gained access to customers in the property finance market. In addition to distribution via its branch network, other forms of distribution have been developed in order to increase efficiency and to establish a full national coverage. Internet distribution of the main financial products is fully operational. Subsidiaries of SNS Bank like BLG Hypotheken, ASN Bank and CVB Bank, operate in niche markets or via specific distribution.

### *Mortgage loans*

At year-end 2006 the mortgage portfolio of SNS REAAL Group amounted to €44.9 billion of which 12.9 billion has been securitised under IFRS, the securitised portfolio is stated in the balance sheet. The market share – measured in the number of new mortgages – came to 8.0% (2005: 8.8%).

### *Retail banking*

SNS Bank offers its private clients a full range of banking products and services. In addition to banking and securities products, also insurance products of the insurers within SNS REAAL Group are offered through the network of SNS Bank. An integrated back-office system enables the organisation to focus on the entire financial planning and other needs of its retail client base.

### *Corporate banking*

SNS Bank's corporate banking operations are primarily focused on the small and medium sized business sector. SNS Bank's strategy for this market focuses on expansion, with profitability given priority over volume. SNS Bank is looking to increase its portfolio by building on its existing network. Because an integrated range of financial services is important to this market, SNS Bank N.V. works closely together with the business unit for corporate clients within the insurance arm of SNS REAAL Group.

### *Financial market activities*

SNS Securities N.V. is a 100% subsidiary of SNS Bank, which is active as broker in Dutch equities, fixed income products and related derivatives. SNS Bank has a wide network of (inter)national contacts and a long experience in this business area. SNS Financial Markets, a business unit of SNS Bank, is responsible for all funding and treasury operations. Its activities comprise of public and private bond issuance, taking and placing interbank deposits and hedging interest rate exposure.

SNS Asset Management N.V., an affiliate and former business unit of SNS Bank, is a recognised specialist in sustainability-focused asset management. It manages a number of portfolios of sustainability-focused institutions, pension funds and other institutional investors, and the portfolios of SNS Beleggingsfondsen

N.V. and ASN Beleggingsfondsen N.V. In addition, SNS Asset Management primarily manages the investment portfolio of REAAL Verzekeringen. As of 28 December 2006, SNS Asset Management has been repositioned from its position within SNS Bank to a separate direct subsidiary of SNS REAAL.

As of 1 December 2006 SNS Property Finance B.V. ("**SNS PF**"), renamed from Bouwfonds Property Finance B.V., is a 100% subsidiary of SNS Bank. SNS PF operates in the mortgage backed commercial (business-to-business) market, which includes real estate project finance, lease finance and real estate investment finance. Commercial property finance activities of SNS Bank will be integrated into SNS PF. With SNS PF, SNS Bank has gained a leading position in the property finance market in The Netherlands, in which it has been active for several years. SNS PF generates approximately 77% of its income in The Netherlands with the remaining 23% being generated by international activities consisting primarily of property finance for Dutch clients abroad. The commercial property finance activities abroad take place in Belgium, Germany, France, Spain, Sweden, Denmark, the United States of America, Canada, Portugal, Italy, the United Kingdom and Luxembourg. In 2006, the international market for property finance grew steadily, boosted by ongoing demand from the investment market. The total of outstanding loans of SNS PF grew from €3.5 billion to €3.8 billion (+ 8%) as of end 2006.

### **REAAL Verzekeringen**

REAAL Verzekeringen targets the sale through intermediaries (indirect distribution) of insurance, banking and investment products for the private and business markets. It is renowned for the quality of its product packages and its high level of service. In insurance, REAAL Verzekeringen focuses on life insurance, with non-life insurance in a supporting or parallel role.

REAAL Verzekeringen attaches great value to synergy-increasing and cross selling activities, which can be realised through intra-group cooperation. Furthermore REAAL Verzekeringen introduced an integrated financial services package based on financial planning, with a banking-oriented product. For intermediaries, this concept offers excellent prospects for high-quality consultancy work. Clients can follow the value growth of their portfolio on the Internet any time they may wish.

### **SNS Reaal Invest**

SNS Reaal Invest N.V. ("**SNS Reaal Invest**") is a subsidiary of the Company which supports financial activities within SNS REAAL Group. In 2003 it was announced that SNS Reaal Invest would gradually be wound down. As a result, SNS Reaal Invest maintains strategic and non-strategic divisions, a categorisation that depends on whether an activity is considered to be essential for the support of the banking or insurance operations. Strategic investments have been regrouped either under SNS Bank or REAAL Verzekeringen. Non-strategic investments have been or will be divested or kept to maximize their return on investment.

### **Supervision**

Currently the Company itself is not regulated directly, but as the holding company of a group of licensed banks and insurance companies, it is subject to the supervision which the Dutch Central Bank (*De*

*Nederlandsche Bank, "DNB"*) exercises on a consolidated level. The implementation in The Netherlands of Directive 2002/87/EC of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (the "**Financial Conglomerates Directive**") in Chapter 3.6 of the Wft has resulted in the Company becoming subject to new regulatory requirements as of 1 January 2007. The Financial Conglomerates Directive introduces supplementary supervision of banking, insurance and investment activities carried out in a financial conglomerate. The rules relate to capital adequacy, risk concentration, intra-group transactions, internal control mechanisms and risk management processes. The rules are partly directed at the regulated entities within the conglomerate (although some of the rules relate to the conglomerate as a whole) and partly at the mixed financial holding company heading up the conglomerate, such as the Company.

Prior thereto the Company was not regulated directly, but as the holding company of a group of licensed credit institutions and insurance companies, it was subject to the supervision which DNB exercises on a consolidated level. The principles of this consolidated supervision were laid down in a protocol dated 12 October 1999 (*Protocol De Nederlandsche Bank N.V./Verzekeringskamer*) between the Dutch Central Bank and the (former) Pensions and Insurance Chamber. This protocol provided, among other things, for information and reporting requirements applicable to the Company regarding the solvency of SNS REAAL.

Within SNS REAAL Group the following subsidiaries of SNS REAAL hold licences under the Wft:

- Licensed banks:
  - SNS Bank N.V.
  - CVB Bank N.V.
  - Algemene Spaarbank voor Nederland ASN N.V.
  - SNS Property Finance B.V.
- Licensed insurance companies:
  - REAAL Levensverzekeringen N.V.
  - REAAL Schadeverzekeringen N.V.
  - Proteq levensverzekeringen N.V.
  - Proteq schadeverzekeringen N.V.
- Licensed investment companies:
  - SNS Individual Account Management B.V.
  - SNS Securities N.V.
  - SNS Asset Management N.V.
- Licensed fund management companies:
  - SNS Beleggingsfondsen Beheer B.V.
  - ASN Beleggingsinstellingen Beheer B.V.

Both fund management companies mainly manage "umbrella funds" (SNS Beleggingsfondsen N.V. and ASN Beleggingsfondsen N.V.), which do not form part of SNS REAAL.

#### **Recent developments**

On 14 May 2007 SNS Bank and ING Bank signed a purchase agreement for the acquisition of Regio Bank by SNS Bank. Regio Bank offers mortgage and savings products through 380 independent intermediaries throughout The Netherlands. At year-end 2006, Regio Bank had a mortgage portfolio of €2.0 billion and savings deposits of €3.0 billion. SNS Bank wants to combine the activities of CVB Bank and Regio Bank under the name of SNS Regio Bank. This will generate a leading franchise position in banking products in The Netherlands, with more than 800 intermediaries, a mortgage portfolio of €5.3 billion and a portfolio of savings of €4.7 billion. This acquisition will raise the total mortgage portfolio of SNS Bank by 5% and its market share of the savings market will increase by at least 1 percentage point. All projections are based on figures current at year-end.

On 3 June 2007, the Company entered into a binding memorandum of understanding with AXA S.A. to acquire AXA Nederland B.V., Winterthur Verzekeringen Holding B.V. and DBV Holding N.V. for a cash consideration of €1,750 million plus accrued interest of 4% per annum as from 1 January 2007, the effective date of the acquisition, up until closing (the "**Acquisition**"). Closing is expected to take place in the second half of 2007. AXA Nederland B.V., Winterthur Verzekeringen Holding B.V. and DBV Holding N.V. comprise the Dutch operations of the French global insurance company AXA S.A.

On 15 June 2007 SNS REAAL announced that SNS Securities and VVVA Groep are engaged in exclusive negotiations regarding a potential acquisition of FBS Bankiers, a specialised securities firm that provides services to both private and institutional clients. The parties are looking to reach agreement as early as this summer.

## KEY FINANCIAL INFORMATION

SNS REAAL N.V.'s publicly available consolidated audited annual financial statements for the years ended 31 December 2005 and 31 December 2006 (the "**Financial Statements**") are incorporated by reference into this Prospectus. The information in "Key Figures of SNS REAAL N.V." and "Summary Consolidated accounts" below has been derived from the Financial Statements, except for the information in

"Capitalisation of SNS REAAL N.V." which has been derived from internal figures and has not been audited.

## **KEY FIGURES OF SNS REAAL N.V.**

(In € millions)

	2006	2005
<b>TOTAL ASSETS</b>	<b>79.742</b>	<b>68.088</b>
Investments	10.626	9.953
Investments for insurance contracts on behalf of policyholders	3.955	3.426
Loans and advances to customers	56.700	46.143
Loans and advances to credit institutions	3.769	4.207
Shareholders' equity	3.200	2.528
Capital base	4.864	4.144
Debt certificates	31.259	25.654
Technical provisions insurance operations	13.283	12.658
Savings	13.678	12.333
Amounts due to credit institutions	7.534	3.419
<b>Result</b>		
Income banking operations		
Net interest income banking operations	567	595
Net commission and management fees	120	114
Other income	81	56
<b>Total income banking operations</b>	<b>768</b>	<b>765</b>
Income insurance operations		
Net premium income	1.958	1.745
Result on investments	576	545
Result on investments on behalf of policyholders	215	394
Other income	46	48
<b>Total income insurance operations</b>	<b>2.795</b>	<b>2.732</b>
Other income and eliminations	4	-17
<b>Total consolidated income</b>	<b>3.567</b>	<b>3.408</b>
<b>Total consolidated expenses</b>	<b>3.108</b>	<b>3.064</b>
Operating profit before taxation	459	416

Taxation	88	93
Third-party interests	-	-
<b>Net profit for the period</b>	<b>371</b>	<b>323</b>

<b>Net profit banking operations</b>	<b>214</b>	<b>204</b>
<b>Net profit insurance operations</b>	<b>170</b>	<b>140</b>
<b>Net profit group activities</b>	<b>-13</b>	<b>-21</b>
<b>Earnings per share (€)</b>	<b>1,65</b>	<b>1,55</b>
<b>Diluted earnings per share (€)</b>	<b>1,65</b>	<b>1,55</b>

## KEY RATIOS

	31 December 2006	31 December 2005
Return on shareholders' equity	12.7% <sup>1</sup>	14.1%
Double Leverage	107.8%	105.3%
Average number of employees (FTE)	5.609	5.336
SNS Bank:		
Efficiency ratio	62.6%	59.8%
BIS ratio	11.2%	11.9%
Tier 1 ratio	8.2%	8.7%
REAAL Verzekeringen		
New annual premium equivalent (in € millions)	196	176 <sup>2</sup>
Operating cost/premium ratio	13.8%	13.5%
Solvency life operations	236%	233%
Solvency non-life operations	279%	275%

<sup>1</sup> ROE has been calculated with weighting the share issue in May (*Annual Report 2006, page 8*)

<sup>2</sup> New annual premium equivalent 2005 adjusted for EEV standards (*Annual Report 2006, page 8*)



## **CAPITALISATION OF SNS REAAL N.V.**

The following table sets forth the capitalisation and long-term indebtedness of the group on a consolidated basis (the technical reserves of the insurance operations, which are generally long-term in nature, are not included in this table):

(In € millions)

	<b>31<sup>st</sup> December 2006 IFRS</b>	<b>31<sup>st</sup> December 2005 IFRS</b>
<b>Short-term debt (remaining terms to maturity up to and including five years)</b>		
– Savings	12,852	11,546
– Other funds entrusted	5,817	6,834
– Debt certificates	18,793	21,374
– Banks	6,049	1,897
– Other liabilities	557	657
	<b>44,068</b>	<b>42,308</b>
<b>Long-term debt (remaining terms to maturity over five years)</b>		
– Savings	826	787
– Other funds entrusted	662	244
– Debt certificates	12,466	4,280
– Banks	1,485	1,522
– Other liabilities	135	319
	<b>15,574</b>	<b>7,152</b>
Participation certificates and subordinated debts	1,664	1,616
Shareholders' equity		
– Share capital (*)	383	340
– Share premium	376	15
– Revaluation reserve	49	38
– Other reserves	2,073	1,812
– Retained profit	319	323

<b>Total equity</b>	<b>3,200</b>	<b>2,528</b>
<b>Capital base</b>	<b>4,864</b>	<b>4,144</b>
 TOTAL CAPITALISATION	 <b>20,438</b>	 <b>11,296</b>
<hr/>		
<b>TOTAL</b>	<b>64,506</b>	<b>53,604</b>

\* On the date of this Prospectus, a total of 237,343,876 ordinary shares have been fully paid up and placed. The nominal value of one share is € 1.63. The authorised share capital of the Issuer is € 1,701,728,383.

#### Financial Year

The financial year of the Issuer is the calendar year.

#### Auditors

The consolidated financial statements for 2005 and 2006 have been audited by KPMG Accountants N.V., Burg. Rynderslaan 10-20, 1185 MC Amstelveen. The auditors have given an unqualified opinion for each of these years.

#### Legal proceedings

Subsidiaries of the Issuer are involved in legal proceedings that relate to claims by and against these companies that ensue from normal business operations. In the 12 months preceding the date of the Prospectus there have been no legal proceedings which have had significant effects on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole. Although it is impossible to predict the (future) result of pending or threatened legal procedures, based on the information currently available and after consulting legal advisors, the Issuer believes that the result of these proceedings are unlikely to significantly affect the financial position of the Issuer or of the Issuer and its subsidiaries taken as a whole or the ability of the Issuer to perform its obligations under the Notes

#### No material adverse change

Since 31 December 2006, the last day of the financial period in respect of which the most recent audited financial statement for the year ended 31 December 2006 of the Issuer have been prepared, there has been no material adverse change in the (financial) condition or prospects of the Issuer and its subsidiaries taken as a whole.

## **SUMMARY CONSOLIDATED ACCOUNTS**

### **CONSOLIDATED BALANCE SHEET**

Before profit appropriation and in € millions	31-12-2006	31-12-2005
<b>Assets</b>		
Goodwill and other intangible assets	883	559
Tangible fixed assets	320	302
Investment in associates	139	126
Investment property	135	129
Investments	10.626	9.953
Investments for insurance products on behalf of policy holders	3.955	3.426
Derivatives	943	1.174
Deferred tax assets	66	132
Reinsurance contracts	338	365
Loans and advances to customers	56.700	46.143
Loans and advances to credit institutions	3.769	4.207
Corporate tax	250	189
Other assets	658	307
Cash and cash equivalents	960	1.076
<b>Total Assets</b>	<b>79.742</b>	<b>68.088</b>
<b>Equity and Liabilities</b>		
Share capital	383	340
Other reserves	2.498	1.865
Retained profit	319	323
Equity attributable to shareholders	3.200	2.528
Third party interests	-	-
Group equity	3.200	2.528
Participation certificates and subordinated debts	1.664	1.616
Debt certificates	31.259	25.654
Technical provisions, insurance operations	13.283	12.658
Provision for employee benefits	68	76
Other provisions	29	44
Derivatives	692	976
Deferred tax liabilities	243	324
Savings	13.678	12.333
Other amounts due to customers	6.479	7.078
Amounts due to credit institutions	7.534	3.419
Corporate tax	13	4
Other liabilities	1.600	1.378
<b>Total equity and liabilities</b>	<b>79.742</b>	<b>68.088</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

In € millions	2006	2005
<b>Income</b>		
Interest income banking operations	2.314	1.996
Interest expenses banking operations	1.715	1.374
Net interest income banking operations	599	622
Premium income	2.007	1.789
Reinsurance premiums	49	44
Net premium income	1.958	1.745
Commission and management fees receivable	171	153
Commission and management fees due	24	24
Net commission and management fees	147	129
Share in the result of associates	13	9
Result on Investments	627	549
Result on investments for insurance contracts on behalf of policy holders	215	394
Results on derivatives and other financial instruments	6	31
Other operating income	2	1
<b>Total income</b>	<b>3.567</b>	<b>3.480</b>
<b>Expenses</b>		
Technical expenses on insurance contracts	1.391	1.313
Technical expenses on insurance products on behalf of policy holders	663	782
Acquisition costs for insurance contracts	218	167
Value adjustments to financial instruments and other assets	35	60
Staff costs	503	443
Depreciation and amortisation on tangible and intangible fixed assets	41	38
Other operating expenses	209	201
Other interest expenses	48	60
<b>Total expenses</b>	<b>3.108</b>	<b>3.064</b>
<b>Operating profit before taxation</b>	<b>459</b>	<b>416</b>
Taxation	88	93
<b>Net profit (including third party interests)</b>	<b>371</b>	<b>323</b>
Attribution:		
Net profit attributable to shareholders	371	323
Net profit attributable to minority interests	-	-
<b>Net profit for the year</b>	<b>371</b>	<b>323</b>

## CONSOLIDATED CASH FLOW STATEMENT

In € millions	2006	2005
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<b>Cash flow from operating activities</b>		
Profit for the financial year	371	323
Adjustments for:		
Depreciation and amortisation of tangible and intangible fixed assets	45	38
Amortisation Value of Business Acquired	6	3
Amortisation of acquisition costs	83	48
Changes in provisions and deferred taxes	-33	259
Value adjustments to financial instruments and other assets	35	60
Revaluation of investment property	-4	--
Retained profit share in associates	-5	-9
<b>Operating cash flow</b>	<b>498</b>	<b>722</b>
Change in loans and advances to customers	-2.702	-2.810
Change in loans and advances to credit institutions	-3.252	-823
Change in savings	1.345	1.360
Change in technical provisions and provision for employee benefits	644	544
Change in investments and derivatives (other than from purchases and sales)	-367	-1.140
Change in debt certificates	-323	333
Change in other operating activities	-377	268
<b>Net cash flow from operating activities</b>	<b>-4.534</b>	<b>-1.546</b>
<b>Cash flow from investing activities</b>		
Receipts from the sale of intangible fixed assets	2	-
Receipts from the sale of tangible fixed assets	10	23
Receipts from the sale of subsidiaries	7	8
Receipts from the sale of investment property	3	2
Income from the sale and redemption of investments and derivatives	5.180	5.611
Purchase of intangible fixed assets	-214	-202
Purchase of tangible fixed assets	-54	-40
Purchase of subsidiaries	-839	-71
Purchase of investment property	-	-
Purchase of investments and derivatives	-6.074	-5.753
<b>Net cash flow from investing activities</b>	<b>-1.979</b>	<b>-422</b>
<b>Cash flow from financing activities</b>		
Receipts from issue of shares	405	-
Receipts from subordinated loans	267	297
Receipts from debt certificates	14.665	9.614
Redemption of subordinated loans	-210	-121
Redemption of debt certificates	-8.678	-7.820
Dividends paid	-52	-
<b>Net cash flow from financing activities</b>	<b>6.397</b>	<b>1.970</b>
Cash and cash equivalents as at 1 January	1.076	1.074
Net increase in cash and cash equivalents	-116	2
<b>Cash and cash equivalents as at 31 December</b>	<b>960</b>	<b>1.076</b>

## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise indicated in the applicable Final terms) be initially represented by a temporary global note (the "**Temporary Global Note**") (or, if so specified in the applicable Final Terms, a permanent global Note (the "**Permanent Global Note**")), without receipts, interest coupons or talons, which, if it is not intended to be issued in NGN form, as specified in the relevant Final Terms, will either (i) be delivered to a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing systems or (ii) be deposited with Euroclear Nederland and each global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Whilst any Note is represented by a Temporary Global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) has or have given a like certification (based on the certifications it has or they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

On and after the date (the "**Exchange Date**") which is not less than 40 days nor more than 90 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge) upon request as described therein, either for interests in a Permanent Global Note without receipts, interest coupons or talons, or for definitive Notes (the "**Definitive Notes**") (as indicated in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of the preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes") the Agent shall arrange that, where a Temporary Global Note representing a further Tranche of Notes is issued, the

Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg and/or a Fondscode by Clearnet S.A. Amsterdam Branch Stock Clearing (the securities clearing corporation of Euronext Amsterdam N.V.) which are different from the ISIN, common code and Fondscode assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche. In case of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent) that are not integral multiples of €50,000 (or its equivalent). So long as such Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, these Notes will be tradeable only in the minimum authorised denomination of €50,000 increased with integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination over €99,000.

Definitive Notes will be either in the standard euromarket form, in K-form (including verzamelbewijs) (with Coupons) and/or in CF-form (with Coupon sheets). Definitive Notes and global Notes will be to bearer. Notes in K-form may, if applicable, have talons for further coupons attached but will not be issued with Receipts attached. Notes in CF-form will have neither Talons nor Receipts attached on issue and will be governed by the rules of the *Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie B.V* in Amsterdam.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Global Note to or to the order of any Paying Agent without any requirement for certification. A Permanent Global Note (other than a Permanent Global Note deposited with Euroclear Nederland) will be exchangeable (free of charge), in whole in accordance with the applicable Final Terms for security printed Definitive Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made only upon the occurrence of any Exchange Event. An "**Exchange Event**" means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (2) any of the circumstances described in Condition 10 occur or (3) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event as described in (1) above, Euroclear and/or Clearstream, Luxembourg, acting on the instructions of any holder of an interest in the global Note, may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date of receipt of the relevant notice by the Agent.

Global Notes and Definitive Notes will be issued pursuant to the Agency Agreement. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in

definitive form. In case of Notes represented by a Permanent Global Note deposited with Euroclear Nederland, a Noteholder shall not have the right to request delivery (*uitlevering*) of his Notes under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

The following legend will appear on all global Notes, Definitive Notes, receipts and interest coupons (including talons) which are subject to TEFRA D selling restrictions:

*"Any United States person who holds this obligation will be subject to limitation under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986."*

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss of Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or Euroclear Nederland as the case may be.

Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The following legend will appear on all global Notes held in Euroclear Nederland:

*"Notice: This Note is issued for deposit with Euroclear Nederland in Amsterdam, The Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved."*

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Nederland) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Nederland) will become entitled to proceed directly against the



Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Nederland) on and subject to the terms of the relevant global Note. In the case of a global Note deposited with Euroclear Nederland, the rights of Noteholders will be exercised in accordance with the Dutch Securities Giro Transfer Act (as amended).

## **USE OF PROCEEDS**

Except as otherwise specified in the applicable Final Terms, the Issuer will lend the net proceeds from each issue of Notes to, or invest these net proceeds in, companies within the group to which it belongs, for use by those companies for general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## TAXATION

The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. Prospective purchasers are strongly advised to acquaint themselves as with the overall tax consequences of purchasing, holding and/or selling the Notes. This summary is based on the tax laws, published case law and tax regulations in force in The Netherlands as of the date of this Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

The Issuer has been advised that under the existing laws of The Netherlands:

- (a) All payments by the Issuer of interest and principal under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as a loan that is regarded as equity for tax purposes as referred to in Section 10 (1) (d) of the Dutch Corporate Income Tax Act (*Wet op de vennootschapsbelasting 1969*).
- (b) A holder of a Note who derives income from a Notes or who realizes a gain on the disposal or redemption of a Notes will not be subject to Dutch taxation on such income or capital gains unless:
  - (i) the holder is, or is deemed to be, resident in The Netherlands or has opted to be treated as a resident of The Netherlands; or
  - (ii) such holder has an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative in The Netherlands and the Notes are attributable to this permanent establishment or permanent representative; or
  - (iii) such holder is an entity and has a substantial interest\* in the Issuer and such interest does not form part of the assets of an enterprise ; or
  - (iv) such holder is an entity and has a deemed Netherlands enterprise to which enterprise the Notes are attributable; or
  - (v) such holder is an individual and derives benefits from miscellaneous activities carried out in The Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; or
  - (vi) such holder or a person related to the holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of The Netherlands has or is deemed to have substantial interest\* in the Issuer.

\* Generally speaking an interest in the Issuer should not be considered as a substantial interest if

the holder of such interest, and if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer.

- (c) No gift, estate or inheritance tax will arise in The Netherlands on the transfer by way of gift or inheritance of the Notes, unless:
  - (i) the donor or the deceased at the time of the gift or the death is a resident or a deemed resident of The Netherlands;
  - (ii) at the time of the gift such holder has, or at the time of his or her death such holder had, an enterprise or interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part the Notes are or were attributable; or
  - (iii) in the case of a gift of Notes by an individual who, at the date of the gift, was neither a resident nor deemed to be a resident of The Netherlands, and such individual dies within 180 days after the date of the gift, and at the time of his or her death is or is deemed to be a resident of The Netherlands.
- (d) There will be no registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty due in The Netherlands other than court fees payable in respect of or in connection with the issue, transfer, execution, delivery and/or enforcement by legal proceedings of the Notes of the Notes or the performance of the Issuer's obligations under the Notes.
- (e) There will be no value added tax due in The Netherlands in respect of payments made in consideration for the issue of the Notes, whether in respect of the payment of interest and principal or in respect of the transfer of Notes.
- (f) A holder of Notes will not become, and will not be deemed to be, resident in The Netherlands by the sole virtue of holding such Note or the execution, performance, delivery and/or enforcement of the Notes.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealership agreement dated 25 June 2007 (the "**Dealership Agreement**") (as supplemented from time to time) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, (each a "**Relevant Member State**") each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State of the European Economic Area, except that it may, with effect from the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (*or in Germany, where the offer starts within*) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each

Relevant Member State.

### United Kingdom

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to communicate, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act (the "**FSMA**") received by it in connection with the issue or sale of Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Issuer would not, if it was not an authorized person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### United States of America

1. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of, or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer represents and agrees that it has offered and sold any Notes, and will offer and sell any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and notified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer further represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche subscribed for by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and notify to the Agent the completion of the distribution by it of the Notes of such Tranche. On the basis of such notification or notifications, the Agent will notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*"The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and notified by the*

*Agent for the Securities to [name of the relevant Dealer], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them in Regulation S."*

Terms used in this sub-clause 1(1) have the meanings given to them by Regulation S.

2. In addition (but only in relation to Notes with an initial maturity in excess of 365 days):  
*where TEFRA D is specified in the applicable Final Terms:*

- (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules"), each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions Definitive Notes in bearer form that are sold during the restricted period;
- (b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each Dealer represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph 1(2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

*where TEFRA C is specified in the applicable Final Terms:*

Each Dealer understands that under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, the Dealer has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or the prospective purchaser is within the United States or its possessions or



otherwise involve a U.S. office of the Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph 1(2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

3. Each issue of Index Linked Notes or Dual Currency Notes shall be subject to any additional U.S. selling restrictions set out in the applicable Final Terms. Each relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or deliveries and the Issuer shall not have any responsibility therefor. Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer will be required to comply with any other additional restrictions set out in the applicable Final Terms.

### **Zero Coupon Notes**

In addition, Zero Coupon Notes in definitive form may only be transferred or accepted directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act (*Wet inzake Spaarbewijzen*) (including identification and registration requirements) (as amended), provided that no mediation is required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and delivery by individuals who do not act in the conduct of a profession or trade, and (iii) the issue and trading of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter. As used herein,

**"Zero Coupon Notes"** are Notes which qualify as savings certificates under the Savings Certificates Act (*Wet inzake spaarbewijzen*), i.e. Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## **GENERAL INFORMATION**

### **Authorisation**

The 2007 update of the Programme, each future issue under the Programme and the increase of the Programme limit to €2,000,000,000 was duly authorized by a resolution of the Board of Directors of the Issuer dated 5 March 2007 and a resolution of the Supervisory Board of the Issuer dated 12 March 2007. All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been or will be obtained for the issue of Notes and for the Issuer to undertake and perform its obligations under the Dealership Agreement, the Agency Agreement and the Notes.

### **Listing**

For listing purposes, the Luxembourg Stock Exchange has allocated the number 12446 to the Programme.

### **Documents Available**

So long as Notes are outstanding under the Programme, copies of the following documents will, when published, be available free of charge from the registered office of the Issuer, from the specified office of the Agent and the Other Paying Agent, from the specified offices of The Netherlands Listing Agent and the Luxembourg Listing Agent and at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, Amsterdam, The Netherlands:

- (i) the Dutch language version and an English translation of the most recent Articles of Association of the Issuer;
- (ii) the audited annual reports of the Issuer for the two most recent financial years and the most recently available unaudited (semi-annual) interim financial statements (in English) of the Issuer;
- (iii) the Dealership Agreement and the Agency Agreement (which contains the forms of the Temporary and Permanent Global Note, the Definitive Notes, the Receipts, the Coupons and the Talons);
- (iv) a copy of this Prospectus;
- (v) any future prospectuses, offering circulars, supplementary listing particulars, information memoranda, supplements to this Prospectus and any other documents incorporated herein or therein by reference; and
- (vi) the Final Terms for each Tranche of Notes.

### **Clearing and Settlement Systems**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and Clearnet (the securities clearing corporation of Euronext Amsterdam). The appropriate common code, ISIN and Fondscode for each Tranche allocated by Euroclear, Clearstream, Luxembourg and Clearnet (the securities clearing corporation of Euronext Amsterdam), and any other relevant security code, will be

specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

#### *Clearing systems addresses*

The address of Euroclear is 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg. The address of Euroclear Nederland is Damrak 70, 1012 LM Amsterdam, The Netherlands.

### **Ratings**

#### *Rating definitions Moody's*

- A: Obligations rated A are considered upper-medium grade and are subject to low credit risk.
- Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.
- Prime-1 (P-1): Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

#### *Rating definitions Standard & Poor's*

- A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- Plus (+) or minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.
- A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

### **Liquidity Providers**

The Issuer has appointed AFS and Van der Moolen as special bond liquidity providers for certain Notes issued under the Programme, admitted to listing and trading on Eurolist by Euronext Amsterdam. The obligations of a liquidity provider are mainly based on the interest of ensuring orderly trading conditions in particularly for a maximum spread between the bid and ask prices. The special bond liquidity providers are obliged to enter limit bid and ask orders simultaneously, also to be referred to as "quotes", in the trading system and to enter into transactions on the basis of such quotes at all times during Euronext Amsterdam trading hours.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the AFM or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) SNS REAAL N.V.'s publicly available annual reports (including the consolidated audited annual financial statements and auditor's reports) for the years ended 31 December 2006 (set forth on pages 104 up to and including 211, and page 216 of its 2006 annual report), and 31 December 2005 (set forth on pages 94 up to and including 183 and page 185) ;
- (b) SNS REAAL N.V.'s articles of association as per the Publication Date of this Prospectus (in the original Dutch language version as well as in English translation); and
- (c) the terms and conditions set forth on pages 41 up to and including 68 of the prospectus relating to the Programme dated 22 December 2005, the ("**2005 Terms and Conditions**").

These documents can be obtained without charge at the offices of the Issuer and the Agent, each as set out at the end of this Prospectus. In addition these documents are available on the Issuer's website at [www.snsreaal.com](http://www.snsreaal.com).

## CHAPTER 2: MEDIUM TERM NOTES

### PART 1: TERMS AND CONDITIONS OF THE MEDIUM TERM NOTES

*The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each global Note and which will be endorsed on (or, if permitted by the rules of the relevant stock exchange and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form and K-form and will be applicable to each definitive Note in CF-form. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note in the standard euromarket form and K-form and will be applicable to each definitive Note in CF-form. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a series of Notes issued by SNS REAAL N.V. (the "**Issuer**", which expression shall include any Substituted Debtor pursuant to Condition 17) pursuant to the Agency Agreement (as defined below). References herein to the "**Notes**" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 25 June 2007 (as supplemented from time to time, the "**Agency Agreement**") and made between the Issuer, Dexia Banque Internationale à Luxembourg as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to "**Noteholders**" shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective deposits held

by Euroclear Nederland or one of its participants.

Interest bearing definitive Notes in K-form will have Coupons and, if indicated in the applicable Final Terms, Talons attached but will not be issued with Receipts attached. Interest bearing definitive Notes in CF-form will have Coupon sheets attached but will not be issued with Talons or Receipts attached. References in these Terms and Conditions to "Coupons" will include references to such Coupon sheets.

The Final Terms for this Note are endorsed hereon, attached hereto, applicable hereto or incorporated by reference herein and supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranche of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement and the applicable Final Terms are available at the specified offices of each of the Agent and the other Paying Agents save that Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the Specified Form(s).

This Note is a Senior Note or a Subordinated Note, as indicated in the applicable Final Terms.

This Note is either a Fixed Rate Interest Note, a Floating Rate Interest Note, a Zero Coupon Note, an Index Linked Interest Note, a Share Linked Interest Note, an Inflation Linked Interest Note, a Fund Linked Interest Note, an Index Linked Redemption Amount Note, a Non Interest Bearing Index Linked Note, a Dual Currency Note, an Instalment Note or a Partly Paid Note or a combination of any of the foregoing or such other Note, as indicated in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, unless otherwise indicated in the applicable



Final Terms or if they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. For Notes held by Euroclear Nederland, deliveries will be made in accordance with the Securities Giro Transfer Act (*Wet giraal effectenverkeer*, the “**Wge**”) (as amended). Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depositary for Euroclear or Clearstream, Luxembourg or by a common safekeeper will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Nederland.

## **2. Status of the Senior Notes and Negative Pledge**

### *(a) Status of the Senior Notes*

The Senior Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

### *(b) Negative Pledge*

This Condition 2(b) applies only to Senior Notes (unless otherwise specified in the applicable Final Terms). So long as any Senior Note remains outstanding (as defined in the Agency Agreement), the Issuer will not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of any person without at the same time or prior thereto securing the Senior Notes equally and rateably therewith or providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In this Condition:

**"Relevant Indebtedness"** means:

- (a) any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock or certificate in physical form which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and
- (b) any guarantee or indemnity in respect of any such indebtedness.

**"Permitted Encumbrance"** means (i) an Encumbrance over any asset in the form as specified under Relevant Indebtedness, whether arising under any plan of securitisation or repackaging of the Issuer or any subsidiary thereof and (ii) an Encumbrance created or permitted to subsist by SNS Bank N.V. or its subsidiaries over mortgage loans and mortgage receivables of the Issuer or its subsidiaries.

**"Encumbrance"** means any mortgage, charge, pledge, lien or other encumbrance.

**"Material Subsidiary"** means any subsidiary, direct or indirect, of the Issuer which is a bank or an insurer within the meaning of the Wft and is supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*).

### **3. Status and Characteristics relating to Subordinated Notes (Subject to review on Tier 1))**

The Subordinated Notes and the relative Receipts and Coupons constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.

The claims of the holders of the Subordinated Notes of this Series and the relative Receipts and Coupons (the **"Subordinated Holders"**) against the Issuer are (i) in the event of the liquidation or bankruptcy of the Issuer or (ii) in the event that a competent court has declared that the Issuer is in a situation which requires emergency regulations (*noodregeling*) in the interests of all creditors, as referred to in Section

3.5.5. of the Wft and for so long as such situation is in force (such situation being hereinafter referred to as a Moratorium), subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Holder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of the Issuer resulting from deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

#### **4. Redenomination**

##### *(a) Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes, the Receipts and the Coupons denominated in the Specified Currency (or Specified Currencies) (each the "**Old Currency**") shall be redenominated in another currency (the "**New Currency**") being either euro, or, in the event of redenomination upon the occurrence of a Convertibility Event, another currency than euro, as the case may be.

The election will have effect as follows:

- (i) the Notes and the Receipts and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of euro 0.01, or its equivalent in another currency, with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into the New Currency at the Established Rate provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01 or its equivalent in another currency;
- (iii) if definitive Notes are required to be issued after the Redenomination Date they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations

as the Agent may approve) euro 0.01 or any of its equivalents in another currency, and such other denominations as the Agent shall, in consultation with the Issuer, determine and notify to the Noteholders;

- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") to the Noteholders in accordance with Condition 14 that replacements of Old Currency denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent, in consultation with the Issuer, may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) on or after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Notes to the Specified Currency were to the New Currency. Payments will be made in New Currency by credit or transfer to an account in that New Currency (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque;
- (vi) if the Notes are Fixed Rate Interest Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 5(a)), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (vii) if the Notes are Floating Rate Interest Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (viii) the applicable Final Terms will specify the exact date on which the redenominations will occur in case the notes were issued in a currency other than euro and in a currency in which the TARGET System does not apply.

(b) *Definitions*

In these Conditions, the following expressions have the following meanings:

**"Convertibility Event"** means the determination by the national government of the country in the currency of which the Notes were issued, that such currency is substituted by another currency.

**"Established Rate"** means the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community regulations) shall be as established by the Council of the European Union pursuant to Article 109 I(4) of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**"Redenomination Date"** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which in case of (i) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (ii) the New Currency being a currency other than euro shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender; and

**"Treaty"** means the Treaty establishing the European Communities, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam.

## **5. Interest**

### *(a) Interest on Fixed Rate Interest Notes*

Each Fixed Rate Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date (if that does not fall on an Interest Payment Date).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date or the Maturity Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business

Day Convention specified is:

- (i) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (ii) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (iii) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (iv) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Calculation Period**"), such interest shall be calculated by applying the fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

For the purposes of these Conditions, "**Fixed Day Count Fraction**" means:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms, it means:
  - (a) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (b) where the Calculation Period is longer than one Determination Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

**"Determination Period"** means the period from and including an Interest Payment Date in any year to but excluding the next Interest Payment Date; and

- (ii) if **"30/360"** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

The applicable Final Terms shall contain provisions (if necessary) relating to the calculation of interest in respect of Interest Payment Dates that fall in the interval between the Issue Date and the First Interest Payment Date or the interval between the Maturity Date and the immediately preceding Interest Payment Date.

- (b) *Interest on Floating Rate Interest Notes, Index Linked Interest Notes, Share Linked Interest Notes, Inflation Linked Interest Notes and Fund Linked Interest Notes*

- (i) Interest Payment Dates

Each Floating Rate Interest Note, Index Linked Interest Note, Share Linked Interest Note, Inflation Linked Interest Note and Fund Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year; or
- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **"Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms

and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5 (b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (5) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for



general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre of the country of the relevant Specified Currency (if other than London) and any Additional Business Centre and which if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET System is open. In these Conditions, "TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System;

(ii) **Rate of Interest**

The rate of Interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate Interest Notes, Index Linked Interest Notes, Share Linked Interest Notes, Inflation Linked Interest Notes and Fund Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(a) *ISDA Determination For Floating Rate Interest Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line before the word "general" and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

When this sub-paragraph (a) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5 (b) (iv) in respect of the determination

of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (a).

*(b) Screen Rate Determination for Floating Rate Interest Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (b) in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Interest Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

*(iii) Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

*(iv) Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent, in the case of Floating Rate Interest Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes,, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Interest Notes or Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**"Floating Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/365**" or "**Actual/Actual ISDA**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365, or, in the case of an Interest Payment Date falling in a leap year, divided by 366;
- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "**30E/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (b)

the last day of the Interest Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

- (vi) if "**30/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Interest Notes, Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements may be made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Interest Notes, Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms ("**Rate of Exchange**").

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

**6. Payments**

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, in case of Australian dollars, shall be Sydney, in case of New Zealand dollars, shall be Wellington, in the case of Hong Kong dollars, shall be Hong Kong and in the case of Japanese yen, shall be Tokyo); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Presentation of Notes, Receipts and Coupons*

Other than in the case of definitive Notes in CF-form, payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent (in the case of any payments to be made in U.S. dollars, outside the United States).

Payments of principal in respect of any definitive Notes in CF-form will be made in the manner provided in paragraph (a) above only against surrender of definitive Notes together with the Coupon sheet attached. Payments of interest in respect of any definitive Notes in CF-form will be made in conformity with the agreement concluded between the Issuer and the *Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie BV* (the "**Obligatiekantoor**") in Amsterdam, under which agreement the Issuer has accepted the rules and regulations of the Obligatiekantoor.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Interest Notes in definitive form (other than Dual Currency Notes, Index Linked Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Interest Note becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Interest Note, Dual Currency Note, Index Linked Note or Long Maturity Note (as defined below) in definitive form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it,

redemption shall be made only against the provision of such indemnity as the Issuer may require. A "**Long Maturity Note**" is a Fixed Rate Interest Note (other than a Fixed Rate Interest Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note to or to the order of any Paying Agent. On each occasion on which a payment of principal or interest is made in respect of a Classic Global Note, the payment is noted in a schedule thereto and in respect of a New Global Note the payment is entered pro rata in the record of Euroclear and Clearstream, Luxembourg.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note. Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(c) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Final Terms), "**Payment Day**" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (a) the relevant place of presentation;
  - (b) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo, or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under



Condition 8.

## **7. Redemption and Purchase**

### *(a) At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date or by instalments in the Instalment Amount(s) and on the Instalment Date(s) specified in the applicable Final Terms (in the case of a Note redeemable in instalments, an "**Instalment Note**").

### *(b) Redemption for Tax Reasons*

- (i) Subject as provided in paragraph (e) below Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Interest Notes, Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes) or on any Specified Interest Payment Date (in the case of Floating Rate Interest Notes, Index Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes or Fund Linked Interest Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.
- (ii) Subject as provided in paragraph (e) below Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if it becomes or will within 21 days become unlawful for the Issuer to have Notes outstanding or make payments on the Notes as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any change in the application of official interpretation of such laws or regulations or in the position of any regulator, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Notes redeemed pursuant to this Condition 7(b) will be deemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### *(c) Redemption at the Option of the Issuer*

If the Issuer is specified in the applicable Final Terms as having an option to redeem, the Issuer may, subject as provided in paragraph (e) below and having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or Higher Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor of a reduction in principal amount at their discretion) and/or Euroclear Nederland, in the case of Redeemed Notes represented by a global Note, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

*(d) Redemption of Notes at the Option of the Noteholders*

Subject as provided in paragraph (e) below, if the Noteholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in

whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note its holder must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **"Put Notice"**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

*(e) Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated at the amount specified in, or determined in the manner specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;
- (iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the product of:
  - (A) the Reference Price; and
  - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of  $x$ , where " $x$ " is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Notes become due and repayable and the denominator of which is 360, or (in either case) such other calculation basis as may be specified in the applicable Final Terms.

*(f) Instalments*

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Date. In the case of early

redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

*(g) Partly Paid Notes*

If the Notes are Notes issued on a partly paid basis ("**Partly Paid Notes**"), the Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

*(h) Purchases*

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmaturing Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

*(i) Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmaturing Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmaturing Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

*(j) Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 14.

**8. Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The

Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms, either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:
  - (i) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
  - (ii) by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
  - (iv) in The Netherlands; or
  - (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (vi) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14. If and to the extent that in

respect of the Tier 3 Notes of any Series any amount is not payable or repayable pursuant to Condition 5(f) or 7(k), the Relevant Date shall be the date on which any such amount becomes first payable or repayable.

## 9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the Relevant Date (as defined in Condition 8) thereof.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## 10. Events of Default

If (in the case of an issue of Senior Notes) any one or more of the following events or (in the case of an issue of Subordinated Notes) any one or more of the events specified in (ii), (iv) and (v) (each an "**Event of Default**") shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) (a) any indebtedness for money borrowed or raised (in an aggregate principal amount equal to or greater than euro 20,000,000 or its equivalent in other currencies) of the Issuer or any Material Subsidiary is not paid when due or, as the case may be, within any originally applicable grace period, (b) any such indebtedness of the Issuer or any Material Subsidiary in an aggregate principal amount as aforesaid becomes, or becomes capable of being declared, due and payable prior to its stated maturity other than at the option of the Issuer or any such Material Subsidiary or (c) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any guarantee or indemnity given by it in respect of any indebtedness for money borrowed or raised in an aggregate principal amount as aforesaid; or
- (iv) the Issuer or any Material Subsidiary is declared bankrupt, or the Issuer or any Material Subsidiary applies for *surséance van betaling* (within the meaning of The Netherlands Bankruptcy Act (*Faillissementswet*), or a declaration in respect of any Material Subsidiary is made as referred to in Section 3.5.5. of the Wft; or
- (v) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer

or any Material Subsidiary unless this is done in connection with a merger, consolidation or other form of combination or this involves a solvent liquidation of a Material Subsidiary,

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

#### **11. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent;
- (iv) there will at all times be a Paying Agent with a specified office situated outside The Netherlands; and
- (v) the Issuer will ensure that it maintains a paying agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive. EU Savings Directive means the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such EU Savings Directive.

In addition, the Issuer shall forthwith appoint a paying agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

### **13. Exchange of Talons**

On and after the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

### **14. Notices**

All notices regarding the Notes shall be published (i) if and for so long as the Notes are listed on Euronext Amsterdam, in the Euronext Amsterdam Daily Official List (Officiële Prijscourant) and in at least one daily newspaper of wide circulation in The Netherlands, and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, in a leading daily newspaper having general circulation in Luxembourg or the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication in a daily newspaper will be made in Het Financieele Dagblad (in the case of (i) above) and d'Wort (in the case of (ii) above). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made or on the date of publication on the website of the Luxembourg Stock Exchange.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the global Note(s) is or are held in its or their entirety with a depository or a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be d'Wort) or published on the website of the Luxembourg



Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (after consultation with the relevant Stock Exchange (where relevant)) give notice individually to such holders in lieu of publication as provided above, except that, so long as the Notes are listed on the Luxembourg Stock Exchange and/or Euronext Amsterdam and the rules of that Stock Exchange so require, such notices will also be published in a daily newspaper of general circulation in Luxembourg and/or The Netherlands respectively.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such meetings may be convened by the Issuer or Noteholders holding not less than 5% in a nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 % in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **17. Substitution of the Issuer**

- (b) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal of or interest on any of the Notes is in default and after written approval of De Nederlandsche Bank N.V. be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Notes and the relative Receipts and Coupons provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "Documents") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relevant Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "Guarantee") in favour of each Noteholder and each holder of the relative Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8) payable in respect of the Notes and the relative Receipts and Coupons;
  - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor

is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
- (iv) each stock exchange which has Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Notes would continue to be listed on such stock exchange;
- (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Notes, Receipts and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent;
- (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent; and
- (vii) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than 3 days prior to the date of

substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent.

- (c) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the relative Receipts and Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (d) In respect of any substitution pursuant to this Condition in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 of the Terms and Conditions.
- (e) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of DNB (*De Nederlandsche Bank N.V.*) by notice to the Noteholders given in accordance with Condition 14, at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (f) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Notes and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and the relative Receipts and Coupons save that any claims under the Notes and the relative Receipts and Coupons prior to release shall endure for the benefit of Noteholders and Couponholders.
- (g) The Documents shall be deposited with and held by the Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder and

Couponholder to the production of the Documents for the enforcement of any of the Notes or the relative Receipts and Coupons or the Documents.

- (h) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

#### **18. Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of The Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, The Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.

## PART 2: FORM OF FINAL TERMS FOR MEDIUM TERM NOTES

### FORM OF FINAL TERMS

Copies of the Final Terms will be provided upon request by the Issuer. [In addition, in case of Notes listed on Eurolist by Euronext Amsterdam, the Final Terms will be displayed on the website of Euronext Amsterdam (\_\_\_\_\_) and in case of Notes listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (\_\_\_\_\_)].

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

#### Final Terms

SNS REAAL N.V.

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

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**")  
issued under SNS REAAL N.V.'s € 2,000,000,000 Debt Issuance Programme

dated [•] 2007

This document constitutes the Final Terms of the issue of Notes under the € 2,000,000,000 Debt Issuance Programme (the "**Programme**") of SNS REAAL N.V. (the "**Issuer**"), described herein for the purposes of article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). It must be read in conjunction with the Issuer's base prospectus pertaining to the Programme, dated 25 June 2007 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained. Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained there.

These Final Terms are to be read in conjunction with the Terms and Conditions (the "**Terms and Conditions**") set forth in the Prospectus. The Terms and Conditions as supplemented, amended and/or disappplied by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Terms and Conditions which are not defined therein have the meaning set forth in these Final Terms. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in the Prospectus.

*[The following language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date: This document constitutes the Final Terms of the issue of Notes under the € 2,000,000,000 Debt Issuance Programme (the "**Programme**") of SNS REAAL N.V. (the "**Issuer**"), described herein for the purposes of 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). It must be read in conjunction with the Issuer's base prospectus pertaining to the Programme, dated 25 June 2007 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions (as defined below) which are extracted from the prospectus dated 22 December 2005 and are incorporated by reference and form part of the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained. Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained there.*

These Final Terms are to be read in conjunction with the Terms and Conditions (the "**Terms and Conditions**") set forth in the prospectus dated 22 December 2005 which are incorporated by reference in the Prospectus. The Terms and Conditions as supplemented, amended and/or disappplied by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Terms and Conditions which are not defined therein have the meaning set forth in these Final Terms. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in the Prospectus.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information at, for example, items 9, 10, 15, 16, 17, 18 or 34 or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of 2 business days.]*

1. Issuer: SNS REAAL N.V.

2. [(i)] Series Number: [ ]

[(ii)] Tranche Number: [ ]

(If fungible with an existing Series, details of that Series,

including the date on which the Notes become fungible)

3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount [of Notes admitted to trading]\*:  
[(i) Tranche: [Up to]]  
[(ii) Series: [Up to]]
5. [(i)] Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- [(ii)] Dealer Commission: [ ]
6. [(i)] Specified Denominations: [ ]
- [(ii)] Form of Definitive Notes] [K/CF/Standard Euromarket]
7. [(i)] Issue Date: [ ]
- [(ii)] Interest Commencement Date (if different from the Issue Date): [ ]
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/other] +/- [ ] %. Floating Rate]  
[Dual Currency Interest]  
[Zero Coupon]  
[Index Linked Interest]  
[Inflation Linked Interest]  
[Share Linked Interest]  
[Fund Linked Interest]  
Non Interest Bearing]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]



[Instalment]  
[specify other]

11. Change of interest Basis or Redemption/  
Payment Basis: [Specify details of any provision for change of Notes into  
another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: [Senior/ Subordinated]
14. Method of distribution: [Syndicated/Non-syndicated/Not applicable]

*PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE*

15. Fixed Rate Interest Note Provisions [Applicable/Not Applicable]  
[(If not applicable, delete the remaining sub-  
paragraphs of this paragraph)]
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-  
annually/quarterly] in arrear] If payable other than  
annually, consider amending Condition 4)
- (ii) Interest Payment Date(s): [ ] in each year [(NB: This will need to be amended in  
the case of long or short coupons)]
- (iii) Interest Period [Please specify in case of step-up note/Not Applicable]
- (iv) Fixed Coupon Amount(s): [ ] per [ ] in nominal amount
- (v) Broken Amount(s): [Insert particulars of any initial or final broken interest  
amounts which do not correspond with the Fixed Coupon  
Amount[(s)] and the Interest Payment Date(s) to which  
they relate]
- (vi) Business Day Convention  
- Business Day Convention Following Business Day  
Convention/Modified Following Business Day  
Convention/No adjustment/Preceding Business Day  
Convention/[specify other]]

- Adjustment or Unadjustment  
for Interest Period [Adjusted] or [Unadjusted]
- (vii) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (viii) Other terms relating to  
The method of calculating  
interest for Fixed Rate Interest  
Notes: [None/give details]
- 16. Floating Rate Interest Note Provisions [Applicable/Not Applicable]  
[(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)]
  - (i) Specified Period(s): [ ] [only applicable if no Specified Interest Payment  
Dates are set out]
  - (ii) Specified Interest Payment Dates: [ ]
  - (iii) Business Day Convention
    - Business Day Convention Floating Rate Convention/Following Business Day  
Convention/Modified Following Business Day  
Convention/No Adjustment/Preceding Business Day  
Convention/[specify other]]
    - Adjustment or Unadjustment  
for Interest Period [Adjusted] or [Unadjusted]
  - (iv) Additional Business Centre(s): [ ]
  - (v) Manner in which the Rate of  
Interest and Interest Amount is  
to be determined: [Screen Rate Determination/ISDA Determination/ specify  
other]
  - (vi) Party responsible for calculating  
the Rate of Interest and interest  
Amount (if not the Agent): [ ]
  - (vii) Screen Rate Determination: [Yes/No]
    - Reference Rate: [ ]  
[(Either LIBOR, EURIBOR or other, although additional

information is required if other –including fallback provisions in the Agency Agreement)]

- Interest Determination Date(s): [   ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR, euro LIBOR or any other inter-bank offered rate prevailing in a country which the TARGET System does not apply))

- Relevant Screen Page: [   ]  
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- Relevant Time: [   ]  
(For example, 11.00 a.m. London time/Brussels time)

(viii) ISDA Determination: [Yes/No]

- Floating Rate Option: [   ]

- Designated Maturity: [   ]

- Reset Date: [   ]

(ix) Margin(s): [ +/– ] [   ] per cent. per annum

(x) Minimum Rate of Interest: [   ] per cent. per annum

(xi) Maximum Rate of Interest: [   ] per cent. per annum

(xii) Floating Day Count Fraction: [Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
[(See Condition 5 for alternatives)]

(xiii) Fall back provisions, rounding

provisions and any other terms  
relating to the method of  
calculating interest on Floating  
Rate Interest Notes, if different from  
those set out in the Conditions: [ ]

(xiv) Description of any market  
disruption or settlement  
disruption events that  
affect the underlying: [ ]

17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
[(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)]

(i) Accrual Yield: [ ] per cent. per annum

(ii) Reference Price: [ ]

(iii) Any other formula/basis of  
determining amount payable: [ ]

18. Index Linked Interest Note Provisions [Applicable/Not Applicable]  
[(If not applicable, delete the remaining subparagraphs of  
this paragraph)]

(i) Index/Formula: [Give or annex details, name index and description]

(ii) Calculation Agent responsible  
for calculating the principal  
and/or interest due: [ ]

(iii) Alternative provisions for determining  
coupon where calculation by  
reference to index and/or  
formula is impossible or  
impracticable: [ ]

(iv) Specified Period(s)/Specified  
Interest Payment Dates: [ ]

(v) Business Day Convention:

- Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/ specify other]
  - Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
  - (vi) Additional Business Centre(s): [ ]
  - (vii) Minimum Rate of Interest: [ ] per cent. per annum
  - (viii) Maximum Rate of Interest: [ ] per cent. per annum
  - (ix) Floating Day Count Fraction: [Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
[(See Condition 5 for alternatives)]
  - (x) Description of any market disruption or settlement disruption events that affect the underlying: [ ]
19. Inflation Linked Interest Note Provisions [Applicable/Not Applicable]  
[(If not applicable, delete the remaining subparagraphs of this paragraph)]
- (i) Inflation/Formula: [Give or annex details, name inflation and description]
  - (ii) Calculation Agent responsible for calculating the principal and/or interest due: [ ]
  - (iii) Alternative Provisions for determining coupon where calculation by reference to inflation and/or

- Formula is impossible or impracticable: ☐
- (iv) Specified Period(s)/Specified Interest Payment Dates: ☐
- (v) Business Day Convention:  
 - Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ Unadjusted/ specify other]
- Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (vi) Additional Business Centre(s): ☐
- (vii) Minimum Rate of Interest: ☐ per cent. per annum
- (viii) Maximum Rate of Interest: ☐ per cent. per annum
- (ix) Floating Day Count Fraction: Actual/365  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 Other]  
 [(See Condition 5 for alternatives)]
- (x) Description of any market disruption or settlement disruption events that affect the underlying: ☐
20. Share Linked Interest Note Provisions [Applicable/Not Applicable]  
 [(If not applicable, delete the remaining subparagraphs of this paragraph)]
- (i) Share/Formula: [Give or annex details, name share and description]

- (ii) Calculation Agent responsible for calculating the principal and/or interest due: ☐
- (iii) Alternative Provisions for determining coupon where calculation by reference to share and/or Formula is impossible or impracticable: ☐
- (iv) Specified Period(s)/Specified Interest Payment Dates: ☐
- (v) Business Day Convention:
- Business Day Convention: ☐ Floating Rate Convention/ ☐ Following Business Day Convention/ ☐ Modified Following Business Day Convention/ ☐ Preceding Business Day Convention/ ☐ Unadjusted/ specify other]
  - Adjustment or Unadjustment for Interest Period ☐ [Adjusted] or ☐ [Unadjusted]
- (vi) Additional Business Centre(s): ☐
- (vii) Minimum Rate of Interest: ☐ per cent. per annum
- (viii) Maximum Rate of Interest: ☐ per cent. per annum
- (ix) Floating Day Count Fraction: ☐ Actual/365  
☐ Actual/365 (Fixed)  
☐ Actual/365 (Sterling)  
☐ Actual/360  
☐ 30/360  
☐ 30E/360  
☐ Other]  
☐ [(See Condition 5 for alternatives)]
- (x) Description of any market disruption or settlement disruption events that affect the underlying: ☐

21. Fund Linked Interest Note Provisions [Applicable/Not Applicable]  
 [(If not applicable, delete the remaining subparagraphs of this paragraph)]
- (i) Fund/Formula: [Give or annex details, name fund and description]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: [ ]
- (iii) Alternative Provisions for determining coupon where calculation by reference to fund and/or Formula is impossible or impracticable: [ ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Business Day Convention:
- Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ Unadjusted/ specify other]
  - Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Floating Day Count Fraction: Actual/365  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 Other]  
 [(See Condition 5 for alternatives)]



- (x) Description of any market disruption or settlement disruption events that affect the underlying: [ ]

22. Dual Currency Note Provisions [Applicable/Not Applicable]  
 [(If not applicable, delete the remaining sub paragraphs of this paragraph)]

- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [ ]

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]

- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

#### *PROVISIONS RELATING TO REDEMPTION*

23. Issuer Call: [Applicable/Not Applicable]  
 [(If not applicable, delete the remaining sub-paragraphs of this paragraph)]

- (i) Optional Redemption Date(s): [ ]

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]

- (iii) If redeemable in part:  
 (a) Minimum Redemption Amount: [ ]  
 (b) Maximum Redemption Amount: [ ]

- (iv) Notice period (if other than as set out in the Conditions): [ ]

[(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]

24. Investor Put: [Applicable/Not Applicable]  
 [(If not applicable, delete the remaining sub-paragraphs of this paragraph)]

(i) Optional Redemption Date(s): [ ]

(ii) Optional Redemption Amount(s)  
 and method, if any, of calculation  
 of such amount(s): [ ] per Note of [ ] Specified Denomination

(iii) Notice period (if other than as set  
 out in the Conditions): [ ]  
 [(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]

25. Final Redemption Amount [par/specify other/see Appendix]

26. Early Redemption Amount(s) payable on  
 redemption for taxation reasons or on  
 event of default and/or the method of  
 calculating the same (if required or if  
 different from that set out in  
 Condition 7(e)): [ ]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event.]

[Temporary Global Note exchangeable for Definitive

Notes on and after the Exchange Date.]

[Permanent Global Note exchangeable for Definitive Notes only upon the occurrence of an Exchange Event.]

[Permanent Global Note not exchangeable for Definitive Notes]

28. New Global Note [Applicable/Not Applicable]  
[Please refer to item 50 (vi)]
29. Additional Financial Centre(s) or other special provisions relating to payment  
Dates: [Not Applicable/give details]  
[Note that this item relates to the date and place of payment and not Interest Period end dates to which items 15(ii), 16(ii), 18(iv), 19(iv), 20(iv) and 21(iv) relate]
30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
31. Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
32. Redenomination: [Redenomination [not] applicable  
(if Redenomination is applicable, include (i) either the applicable Fixed Day Count Fraction or any provisions necessary to deal with floating rate interest, inflation linked interest, share linked interest, fund linked interest or index linked interest calculation (including alternative reference rates) and (ii) the New Currency]
33. Whether Condition 8 first paragraph under (a) of the Notes applies (in which case Condition 7(b) of the Notes will not apply) or whether Condition 8 first paragraph under (b) of the Notes applies (in which case Condition 7(b) of the Notes

will apply): [Condition 8 first paragraph under (a) applies and Condition 7(b) does not apply] [Condition 8 first paragraph under (b) applies and Condition 7(b) applies]

34. Other terms or special conditions: [Not Applicable/give details]  
[(when adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

#### DISTRIBUTION

35. (i) [If syndicated, names of Managers and underwriting commitments] [Not Applicable/give names/ give legal names, addresses and underwriting commitments]  
*[Please note that the process for notification to potential investors of the amount allotted and an indication whether the dealing may begin before notification is made will be provided for by the Manager(s) to potential investors]*

(ii) Date of Syndication Agreement: [ ]\*\*

(iii) Stabilising Manager (if any): [Not Applicable/give legal name]

36. If non-syndicated, name and address of relevant Dealer: [specify name [and address]\*\* of Dealer/Not applicable. The Notes are not being underwritten by any Dealer(s).]

37. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount\*\*

#### OTHER PROVISIONS

38. Whether TEFRA D or TEFRA C rules applicable [TEFRA D/TEFRA C]
39. Additional selling restrictions: [Not Applicable/give details]
40. Listing
- (i) Listing [Eurolist by Euronext Amsterdam/other (specify)/ None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on Eurolist by Euronext Amsterdam with effect

from [ ], [Not Applicable]. [(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)\*\* [ ]\*]

41. Ratings: The Notes to be issued have [not] been rated:
- [S & P: [ ]]
- [Moody's: [ ]]
- [Fitch: [ ]]
- [[Other]: [ ]]
- [Include here a brief explanation of the meaning of the ratings if this deviates from the explanations given in "General Information" published by the rating provider.]\*\*

42. [Notification]

The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, "**AFM**") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

43. Interests of Natural and Legal Persons Involved in the Issue

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]

44. Reasons for the Offer (if different from making a profit and/or hedging certain risks):[ ]

45. Estimated net proceeds and total expenses

- (i) Estimated net proceeds [ ]
- [(Also see "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

- (ii) Estimated total expenses: [ ]. [Include breakdown of expenses]

46. Yield (Fixed Rate Interest Notes only)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]\*\*

47. Historic Interest Rates (Floating Rate Interest Notes only)\*\*

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from Reuters EURIBOR 01

48. Performance of index/formula, inflation/formula, share/formula or fund/formula explanation of effect on value of investment and associated risks (Index-Linked Interest Notes, Inflation Linked Interest Notes, Share Linked Interest Notes and Fund Linked Interest Notes only)\*\*

[Name of index] [ ]

[Description of index/inflation/share/fund

if composed by Issuer:] [ ]

[Information on index/inflation/share/fund

if not composed by Issuer:] [ ]

[Need to include details of where information on the past and future performance and volatility of the index/formula, inflation/formula, share/formula or fund/formula can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

The underlying is a security:

[Name of the issuer of the security]

[ISIN Code or other identification code]

The underlying is a basket of

underlyings:

[disclosure of relevant weightings of each underlying in the basket]

49. Performance of rate[s] of exchange and explanation of effect on value of investment (Dual Currency Notes only)

[Need to include details of where information on the past and future performance and volatility of the relevant rates can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

50. Operational Information

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Fondscod: [ ] [Not Applicable]

(iv) WKN Code: [ ] [Not Applicable]

(v) Other relevant code: [ ] [Not Applicable/give name(s) and numbers(s)]

(vi) New Global Note intended to be

held in a manner which would  
allow Eurosystem eligibility:

[Not Applicable/Yes/No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[Include this text if "Yes" selected in which case the Notes must be issued in NGN form]*

(vii) Offer Period:

[The offer of the Notes is expected to open at [ ] hours ([ ] time) on [ ] and close at [ ] hours ([ ] time) on [ ] or such earlier or later date or time as the Issuer may determine, following consultation with the relevant Dealer where practical,] (and announce)] [Not Applicable]

(viii) Delivery:

Delivery [against/free of] payment

(ix) Payment:

[Method and time limits of paying up the Notes – to be included if any agreement in this respect is entered into between Issuer and Manager(s)]

(x) Settlement Procedure:

[Method of settlement procedure]

(xi) Clearing System:

[Euroclear /Clearstream Luxembourg/ Euroclear Nederland/other alternative clearing system]

51. Additional paying agent (if any)

[Name:]

[Address:]

52. Additional information

[The following information should be consulted in connection with the offer of the Notes:  
[- insert relevant information which does not necessitate a Supplement to the Prospectus].

53. Listing Application

[These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the issuance of Notes of SNS REAAL N.V./Not Applicable]

## Responsibility

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:  
Duly authorised

By:  
Duly authorised

Notes:

\* Not required if the minimum denomination is less than €50,000

\*\* Not required if the minimum denomination is €50,000



## CHAPTER 3: CAPITAL SECURITIES

### PART 1: TERMS AND CONDITIONS OF CAPITAL SECURITIES

*The following are the Terms and Conditions of the Capital Securities which will be applicable to each Series of Capital Securities, provided that the relevant Final Terms in relation to any Capital Securities may specify other Terms and Conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of such Capital Securities:*

The Capital Securities are issued in accordance with an amended and restated agency agreement dated 25 June 2007 (as supplemented from time to time, the Agency Agreement) and made between, inter alia, SNS REAAL N.V. (the Issuer), Dexia Banque Internationale à Luxembourg as issuing and principal paying agent and agent bank (the Agent, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the Paying Agents, which expression shall include any additional or successor paying agents). Copies of the Agency Agreement are available for inspection at the specified office of each of the Paying Agents. All persons from time to time entitled to the benefit of obligations under any Capital Securities shall be deemed to have notice of, and shall be bound by, all of the provisions of the Agency Agreement and the Final Terms (as defined below) insofar as they relate to the relevant Capital Securities.

The Capital Securities are issued in series (each, a Series), and each Series may comprise one or more tranches (Tranches and each, a Tranche) of Capital Securities. Each Tranche will be the subject of the Final Terms (each, the Final Terms), a copy of which will, in the case of a Tranche in relation to which application has been made for admission to Eurolist by Euronext Amsterdam N.V. (Eurolist by Euronext Amsterdam) be lodged with Euronext Amsterdam N.V. (Euronext Amsterdam) and will be available for inspection at the specified office of the Paying Agents.

The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Final Terms applicable to them.

References in these Terms and Conditions to Securities are to Capital Securities of the relevant Series.

#### 1. FORM, DENOMINATION AND TITLE

##### 1.1 Form and Denomination

The Securities are in bearer form and shall be in denominations as indicated in the applicable Final Terms. The Securities will be represented by a Temporary Global Security which is exchangeable for a Permanent Global Security (each a **Global Security**) without interest coupons. Unless specified otherwise in the Final Terms, each Global Security will be deposited with Euroclear Nederland and thereby become subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*, **WGE**). Unless specified otherwise in the Final Terms, the Global Security will not be exchangeable for definitive bearer Securities.

## 1.2 Transfer and Title

Unless specified otherwise in the Final Terms, interests in a Global Security will be transferable only in accordance with the provisions of the WGE and the rules and procedures for the time being of Euroclear Nederland and its participants (*aangesloten instellingen*) and all transactions in (including transfer of) Securities, in the open market or otherwise must be effected through participants of Euroclear Nederland. The bearer of a Global Security will be the only person entitled to receive payments in respect of such Global Security. Each person who is for the time being shown in the records of Euroclear Nederland or any of its participants as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by Euroclear Netherlands or such participant as to the nominal amounts of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on the Securities, for which purpose the bearer of a Global Security shall be treated by the Issuer and the Paying Agent as the holder of such Securities in accordance with and subject to the terms of the Global Security.

## 2. STATUS

### (a) Status and Subordination of the Securities

The Securities constitute direct, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Holders under the Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future.

### (b) Condition of Payment by the Issuer

Payments in respect of the Securities (and using the proceeds of the issue of Ordinary Shares in accordance with Condition 6) are conditional upon the Required Deferral Condition not having been met at the time of payment (or at the time of using the proceeds of issue of such Ordinary Shares) and no principal or Payments shall be due and payable in respect of the Securities (including using the proceeds of the issue of Ordinary Shares in accordance with Condition 6) except to the extent that the Required Deferral Condition has not been met and the Issuer could make such payment (or using the proceeds of such issue of Ordinary Shares) without meeting the Required Deferral Condition.

For the purposes of this Condition 2(b) any reference to a payment by the Issuer in respect of a Security shall be deemed to include a redemption or purchase of such Security by the Issuer.

### (c) Winding-Up Claims of the Issuer

Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(b) are not satisfied on the date upon which the same would otherwise be due and payable and have since not been paid (**'Winding-Up Claims'**) will be payable by the Issuer in a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer as provided in Condition 3 or on any redemption pursuant to Condition 7(b), 7(c) or 7(d). A Winding-Up Claim shall not bear interest.

### (d) Set-off

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each

Holder shall, by virtue of being the holder of any Security, be deemed to have waived all such rights of set-off.

### 3. WINDING-UP

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement)), there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) a winding-up amount. The Securities will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on all classes of share capital of the Issuer and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future.

In a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer, the Holders will have (a) only a claim for payment in full or part of principal and Deferred Coupon Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or part such amount of principal and such Deferred Coupon Payments and (b) if the Final Terms indicate that the Ordinary Shares Threshold is applicable, no claim in respect of any amount of a Deferred Coupon Payment which has not yet been settled by means of the Alternative Coupon Satisfaction Mechanism in accordance with Condition 6 as a result of the Issuer having reached the Ordinary Shares Threshold during an ACSM Cap Period preceding wind up.

### 4. DEFERRALS

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions. Without prejudice to the generality of Condition 2 and subject to Condition 4(c) as specified below, the Issuer must or may defer a Coupon Payment and any other Payment in the following circumstances:

(a) Required Deferral of Payment

- (i) If the Required Deferral Condition is met on the 20th Business Day prior to the date on which any Payment (such term does not include principal) would be otherwise due and payable,, the Issuer must (subject to Condition 6) defer such Payment or such part thereof, as the case may be, by giving a notice (also a “**Deferral Notice**”) to the Holders, the Agent and the Calculation Agent not less than 16 Business Days prior to such date.

If, following the deferral of a Payment by the Issuer under this Condition 4(a)(i), the Required Deferral Condition is no longer met on the 20th Business Day preceding a Coupon Payment Date, then the Issuer shall satisfy such Payment on the relevant Deferred Coupon Satisfaction Date having given, not less than 16 Business Days prior to the Deferred Coupon Satisfaction Date, notice to the Holders and the Calculation Agent that it will satisfy such Payment on such date.

- (ii) The Issuer shall not satisfy such Payment on the relevant Deferred Coupon Satisfaction Date referred to in Condition 4(a)(i) above, if:

- (1) it has previously elected to satisfy such Payment earlier (provided that, at the time of satisfying such payment, the Required Deferral Condition fails to be met) by delivering a notice to the Holders, the Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date that it will satisfy such Payment on such date; or
    - (2) it validly elects to defer under Condition 4(b) the Payment which would otherwise have been satisfied under Condition 4(a)(i).
  - (iii) If any Payment is deferred pursuant to Condition 4(a)(i) then no amount will be payable by way of interest on any such deferred Payment, save as provided in Condition 6(e). Any such deferred Payment shall be satisfied from the proceeds of the issue of Ordinary Shares in accordance with, and subject to the limitations contained in, Condition 6.
- (b) Optional Deferral of Payments
- (i) Subject to Condition 4(c), the Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4, be due and payable, defer all or part of such Payment by giving a notice (also a '**Deferral Notice**') to the Agent, the Calculation Agent and the Holders not less than 16 Business Days prior to the relevant due date. Subject to Condition 4(c), the Issuer may then satisfy any such Payment at any time by means of an issue of Ordinary Shares in accordance with, and subject to the limitations contained in, Condition 6 upon delivery of a notice to the Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Satisfaction Date.
  - (ii) If any Payment is deferred pursuant to this Condition 4(b) then such deferred Payment shall bear interest at the Applicable Coupon Rate from (and including) the date on which (but for such optional deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.
  - (iii) Subject to Condition 4(b)(iv), the Issuer may give a Deferral Notice under this Condition 4(b) in its sole discretion and for any reason, except that a Deferral Notice as to a Payment required to be paid pursuant to (i), (ii) or (iii) under (c) below shall have no force or effect.
  - (iv) Notwithstanding the foregoing, if the Final Terms indicate that a Capital Disqualification Event is applicable to the Securities, then on any Coupon Payment Date with respect to which (A) a Capital Disqualification Event has occurred and is continuing and (B) the Issuer is in compliance with the applicable Capital Adequacy Regulations, the Issuer shall be obliged to make the Coupon Payment on such Coupon Payment Date and may not exercise its discretion to defer a Coupon Payment.
- (c) Dividend Pusher; Mandatory Payments and Mandatory Partial Payments

The Issuer will be required to make payments on the Securities in the following circumstances:

- (i) If a Mandatory Payment Event or a Mandatory Partial Payment Event occurs then all Deferred Coupon Payments will become mandatorily due and payable in full on or within 60 days following the date of the Mandatory Payment Event or Mandatory Partial Payment Event in accordance with, and subject to the limitations contained in, Condition 6. The Issuer may satisfy its obligations to pay such Deferred Coupon Payment only in accordance with the Alternative Coupon Satisfaction Mechanism. For the avoidance of doubt, the Issuer will not be required to utilise the Alternative Coupon Satisfaction Mechanism in order to satisfy its obligation to pay any Mandatory Partial Payment payable on a Mandatory Partial Payment Date that coincides with the date on which such Deferred Coupon Payment has become mandatory due and payable in full.
- (ii) If in six months prior to a Coupon Payment Date a Mandatory Payment Event occurs (such an event being referred to as a '**Junior Coupon Pusher Event**'), then the Coupon Payments payable on the next number of Coupon Payment Dates as specified in the Final Terms will be mandatorily due and payable in full on the relevant consecutive Coupon Payment Dates following such Junior Coupon Pusher Event, subject to the occurrence or existence of any Required Deferral Condition at the time such payment would otherwise have to be made. The Issuer is permitted, but shall not be required, to satisfy its obligation to make the Coupon Payment payable on such Coupon Payment Date in accordance with the Alternative Coupon Satisfaction Mechanism.
- (iii) If, in six months prior to a Coupon Payment Date, a Mandatory Partial Payment Event occurs (such an event being referred to as a '**Parity Coupon Pusher Event**'), then Mandatory Partial Payments will be mandatorily due and payable in respect of each Security on the next number of consecutive Coupon Payment Dates following such Parity Coupon Pusher Event as specified in the Final Terms, subject to the occurrence or existence of the Required Deferral Condition at the time such payment would otherwise have to be made and provided that such Mandatory Partial Payment Event was not itself compulsorily required to be paid solely as a result of a dividend or other payment having been made on a Parity Security or a Parity Guarantee, as applicable. The Issuer is permitted, but shall not be required, to satisfy its obligation to pay any Mandatory Partial Payments in accordance with the Alternative Coupon Satisfaction Mechanism.

(d) Dividend Stopper

The Issuer agrees that, beginning on the day the Issuer gives a Deferral Notice until all Deferred Coupon Payments are paid or satisfied in full, the Issuer will not recommend to its shareholders, and to the fullest extent permitted by applicable law will otherwise act to prevent, any action which would constitute a Mandatory Payment Event or a Mandatory Partial Payment Event.

## 5. COUPON PAYMENTS

(a) Coupon Payment Dates

The Securities bear interest from (and including) the Issue Date. Such interest will (subject to Conditions 2(b), 4(a), 4(b), 6(d) and 6(e)) be payable in arrear on each Coupon Payment Date as indicated in the Final Terms. Each Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing rate in accordance with this Condition (both before and after judgment).

If any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall, unless specified otherwise in the Final Terms, be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the preceding Business Day and after the foregoing each subsequent Coupon Payment Date is the last Business Day of the month which falls three months after such Coupon Payment Date. The amount of the relevant Coupon Payment shall not be adjusted as a result.

(b) Fixed Coupon Rate

Securities in relation to which this Condition 5(b) is specified in the relevant Final Terms as being applicable, shall bear a fixed rate interest at the Coupon Rate per annum as specified in the Final Terms.

(c) Floating or Variable Coupon Rate

Securities in relation to which this Condition 5(c) is specified in the relevant Final Terms as being applicable, shall bear a floating or variable interest at the Coupon Rate per Coupon Period as specified in the relevant Final Terms and determined in accordance with Condition 5(d).

(d) Determination of Coupon Rate and Coupon Amounts

The Calculation Agent will, upon the determination of each Coupon Rate pursuant to Condition 5(c), calculate the Coupon Amount and cause the Coupon Rate and each Coupon Amount payable in respect of a Coupon Period to be notified to the Issuer, the Agent, Euronext Amsterdam and the Holders as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

Unless specified otherwise in the relevant Final Terms, the amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months.

(e) No Determination or Calculation by Calculation Agent

If the Calculation Agent does not at any time for any reason (i) determine the Coupon Rate in accordance with Conditions 5(c) or (ii) calculate a Coupon Amount in accordance with Condition 5(d), the Issuer shall appoint an agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Issuer or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(e) by such agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders,

## **6. ALTERNATIVE COUPON SATISFACTION MECHANISM**

(a) Alternative Coupon Satisfaction Mechanism

If any Deferred Coupon Payment (with any interest accrued on such Deferred Coupon Payment, as applicable) is to be made, it will be satisfied using the Alternative Coupon Satisfaction Mechanism.

In addition, the Issuer may elect at any time to satisfy its obligation to make any Payment (other than Deferred Coupon Payments and a payment of principal) to Holders by using the Alternative

Coupon Satisfaction Mechanism. “Alternative Coupon Satisfaction Mechanism” means that the relevant payment is satisfied from the proceeds of the issue of such amount of Ordinary Shares for cash as required to provide enough cash for the Issuer to make full payments on the Securities in respect of the relevant Payment, in accordance with and subject to the following provisions of this Condition 6.

Investors will always receive payments made in respect of Securities in cash.

If the Issuer uses the Alternative Coupon Satisfaction Mechanism, the Issuer shall notify the Holders and the Agent not less than 16 Business Days prior to the relevant Coupon Payment Date. In the absence of or save to the extent of such issue, subject to Condition 4(a) (Required Deferral of Payments) and Condition 4(b) (Optional Deferral of Payments), Payments must be satisfied in accordance with Condition 9(a).

Any relevant Deferred Coupon Payment will only be made by operation of the Alternative Coupon Satisfaction Mechanism to the extent that the proceeds raised from the issuance or sale of Ordinary Shares is received no more than six months before the relevant Deferred Coupon Satisfaction Date (or such other period as may be specified in the Final Terms) and, if the Final Terms indicate that the Ordinary Shares Threshold is applicable, to the extent that the number of Ordinary Shares does not exceed the Ordinary Shares Threshold during the relevant ACSM Cap Period. To the extent the Issuer is unable to satisfy a Deferred Coupon Payment in full as a result of it reaching the Ordinary Shares Threshold, if applicable, (A) the Issuer shall satisfy such Deferred Coupon Payment in part with proceeds raised from the issuance or sale of Ordinary Shares up to the Ordinary Shares Threshold and (B) any unsettled Deferred Coupon Payment amount shall remain outstanding and, to the extent the Issuer is not wound up, be satisfied during the next ACSM Cap Period or ACSM Cap Periods, in each case subject to the Ordinary Shares Threshold applicable to the respective ACSM Cap Period and, in all cases, the limitation contained in the immediately following paragraph, with proceeds raised from the issuance or sale of Ordinary Shares received no more than six months before the relevant Deferred Coupon Satisfaction Date.

If the Final Terms indicate that the Ordinary Shares Threshold is applicable, the Issuer shall use its best efforts to satisfy any Deferred Coupon Payment by way of the foregoing Alternative Coupon Settlement Mechanism during the period of time specified under the subparagraph titled “ACSM Settlement Period” in the Final Terms (the ‘**ACSM Settlement Period**’). If at the end of the relevant ACSM Settlement Period in respect of any Deferred Coupon Payment the Issuer has been unable to make full payment of such Deferred Coupon Payment in accordance with the ACSM, the obligations of the Issuer to satisfy any Coupon Payment that was deferred during such ACSM Settlement Period shall, to the extent not already settled under the ACSM, be cancelled, and Holders will have no claim in respect thereof.

(b) Issue of shares

If any Payment (for the purposes of this Condition 6, a **Due Amount**) is to be satisfied on a particular date (the **Due Date**) in accordance with the Alternative Coupon Satisfaction Mechanism then, subject to Conditions 6(d), 6(e) and 6(f):

- (i) on or prior to the eleventh Business Day prior to the Due Date the Issuer shall calculate the number of its Ordinary Shares that have an aggregate market value of not less than the Due Amount and shall notify the Holders accordingly;
- (ii) on or prior to the eleventh Business Day prior to the Due Date the Issuer shall calculate the number of Ordinary Shares (the **Associated Cost Ordinary Shares**) required to be

issued by the Issuer as, on sale, produce a net amount of not less than the Associated Costs and shall notify the Holders accordingly;

- (iii) on or prior to the seventh Business Day preceding the Due Date, the Issuer shall duly authorise the issue of the relevant number of Ordinary Shares and the Associated Costs Ordinary Shares and on the Business Day prior to the relevant payment date, shall validly issue, free from lien or any other encumbrance such Ordinary Shares and Associated Cost Ordinary Shares to market investors;
- (iv) following the sale of the Ordinary Shares and the Associated Cost Ordinary Shares, the Issuer shall apply the proceeds of the issuance of the Ordinary Shares and the Associated Cost Ordinary Shares in or towards satisfaction of the Associated Costs and the Due Amount with such proceeds of the issuance in respect of the Due Amount being paid by the Issuer to the Agent in the manner provided in the Agency Agreement in order that it can be paid to the Holders in accordance with such Agreement;
- (v) if the proceeds of the issuance of the Ordinary Shares and the Associated Cost Ordinary Shares will not, in the opinion of the Issuer despite the arrangements contained herein, result in each case in a sum at least equal to the Due Amount and Associated Costs being available to satisfy the relevant Payment and the Associated Costs in full on the Due Date, the Issuer shall promptly notify the Holders and shall then take such steps as are reasonably necessary to ensure, so far as practicable, that through issuing additional Ordinary Shares in accordance with this Condition 6 in each case a sum at least equal to respectively the relevant Payment and the Associated Costs will be available to make the relevant Payment and pay the Associated Costs in full on the Due Date, provided that for such purpose this Condition 6 (b) shall be modified as follows:
  - (A) references therein to **Payment** shall be deemed to be references to the amount by which the aggregate sum then paid to the Agent in respect of the relevant Payment pursuant to this Condition 6(b) is less than the Due Amount (the **Payment Shortfall**);
  - (B) references therein to **Associated Costs** shall be deemed to be references to the aggregate of (A) the amount by which the sum received by or on behalf of the Issuer in respect of Associated Costs is less than the Associated Costs and (B) the Associated Costs determined under Condition 6(b)(ii) above but by reference to the numbers of additional Ordinary Shares required to be issued in order to satisfy the shortfall (such aggregate being the **Costs Shortfall**); and
  - (C) all matters required to be done by a stated time shall be done as soon as practicable,

and further provided for the avoidance of doubt that the parties' obligations under this Condition 6(b)(v) shall only apply to the extent that it is practicable to raise funds by the Due Date by following the procedures contained in Condition 6(b)(i) to 6(b)(iv), as modified by subclauses (A) to (C) above.

- (c) Receipt of cash proceeds in respect of Issue of Ordinary Shares satisfies Payment

Where the Issuer either elects or is required to make a Payment hereunder by using the proceeds of an issue of Ordinary Shares and issues such shares, the Issuer will sell such shares in the market. Receipt of the cash proceeds by the Issuer on the sale of the Ordinary Shares in the



market by the Issuer shall, subject to Condition 6(b) and 6(e), be used to satisfy the relevant Payment or, as the case may be, in the circumstances referred to in Condition 6(d) below, the relevant part of such Payment. The proceeds of sale of Ordinary Shares in accordance with this Condition 6 shall be paid by the Agent to the Holders in respect of the relevant Payment.

(d) Reservation and Insufficiency of Ordinary Shares

- (i) The Issuer is required to keep available for issue enough Ordinary Shares as it reasonably considers would be required to satisfy from time to time the number of scheduled Coupon Payments falling within an annual period and any Deferred Coupon Payments. No damages will be payable for breach of this covenant but, in the event of breach by the Issuer of this paragraph (d)(i), any Holder may require that the Issuer holds as soon as practicable an extraordinary general meeting of the shareholders of the Issuer at which a resolution is passed to remedy the breach.
- (ii) If the Issuer is to satisfy a Payment in accordance with this Condition 6 and does not, on the date when the number of Ordinary Shares required to be issued is determined in accordance with this Condition 6, have sufficient number of Ordinary Shares available for issue, then the Issuer shall notify the Agent and the Holders that all or part, as the case may be, of the relevant Payment cannot be so satisfied due to the events described in this paragraph. In this case the Payment or part thereof shall be satisfied following the date of the next annual general meeting or extraordinary general meeting of shareholders of the Issuer at which a resolution is passed making a sufficient number of Ordinary Shares available to satisfy all or such part of the relevant Payment provided that if the number of Ordinary Shares authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant Payment then those Ordinary Shares so issued shall be applied by the Issuer in part satisfaction of all or such part of the relevant Payment. Following the passage of any such resolution, the Issuer shall notify the Paying Agents and the Holders of the date upon which the relevant Payment or, as the case may be, the part thereof is to be made in accordance herewith on not less than 16 Business Days' notice. The relevant Payment or, as the case may be, the part thereof which is not so satisfied shall, unless it is a required Deferred Coupon Payment which had been deferred under Condition 4(a) and has not been subsequently either satisfied or deferred in accordance with Condition 4(b), continue to accrue interest at the rate specified in Condition 4(b)(ii) from (and including) the date on which Payment would otherwise have been due to (but excluding) the date on which such Payment or part thereof is satisfied or, in the event of a Market Disruption Event, the date on which such Payment or part thereof would, but for the occurrence of such Market Disruption Event, have been satisfied (from which date interest (if any) will accrue on such Payment as provided in Condition 6(e)).
- (iii) If, in the case of an insufficiency of Ordinary Shares, the Issuer does not hold an annual general meeting within 6 months of giving the above first-mentioned notice, at which a resolution to make a sufficient number of Ordinary Shares so available is proposed, any Holder may by notice require the Issuer to convene an extraordinary general meeting at which such a resolution shall be proposed on a date falling within 10 weeks of such notice from the relevant Holder.
- (iv) In the event that any such resolution proposed at any such annual general meeting or extraordinary general meeting of the Issuer is rejected, such resolution will be proposed at each annual general meeting or any extraordinary general meeting of the Issuer thereafter until such time as such resolution has been passed by the shareholders of the Issuer.

(e) Market Disruption

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Issuer a Market Disruption Event on or after the 15th Business Day preceding any date upon which a Payment or, in the case of an insufficiency as provided in paragraph (d) above, part thereof is due to be made or satisfied in accordance with this Condition 6, then the Issuer may give a notice to the Agent and the Holders as soon as possible after the Market Disruption Event has arisen or occurred, whereupon the relevant Payment shall be deferred until such time as (in the opinion of the Issuer) the Market Disruption Event no longer exists.

Any such deferred Payment or part thereof will be satisfied as soon as practicable following such time as the Market Disruption Event no longer exists. Interest shall not accrue on such deferred Payment or part thereof unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant Payment or part thereof for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such deferred Payment or part thereof from (and including) the date on which the relevant Payment or part thereof was due to be made to (but excluding) the date on which such Payment or part thereof is made. Any such interest shall accrue at the rate provided for in Condition 5 and shall be satisfied only in accordance with this Condition 6 and as soon as reasonably practicable after the relevant deferred Payment is made.

(f) Shortfall at Due Date

- (a) If, despite the operation of Condition 6(b), there is a Payment Shortfall and/or Costs Shortfall as at the Due Date the Issuer will, upon being notified of such shortfall, either:
  - (i) save where Condition 6(f)(ii) applies, pay to the Agent as soon as practicable an amount equal to the Payment Shortfall; or
  - (ii) where the Issuer was originally obliged to satisfy such Payment pursuant to this Condition 6 or if in its discretion it so determines, give notice to the Agent that the Payment Shortfall and Costs Shortfall will be satisfied by using the proceeds of the issue of Ordinary Shares subject to Conditions 6(d) and 6(e), and in accordance with the procedures contained in Condition 6(b)
- (b) If following the operation of Condition 6(f)(ii) above there is for any reason still a Payment Shortfall and/or Costs Shortfall, then the provisions of Condition 6(f)(ii) above shall be applied (as often as necessary) in respect of this shortfall until the Agent shall have received funds equal to the full amount of the Payment Shortfall and the Cost Shortfall has been satisfied provided that the Issuer shall not be obliged to effect the issue of any amount of Ordinary Shares in accordance with Condition 6(b) or this Condition 6(f) where in the opinion of the Issuer the proceeds of issuance of such amount of Ordinary Shares would not amount to at least the Associated Costs of such issuance.

(g) Issuer certification to Agent

The Issuer will certify to the Agent that the proceeds used to make any Deferred Coupon Payment have been funded through the issue of Ordinary Shares which will provide the cash amount due in respect of the Deferred Coupon Payment.

## 7. REDEMPTION AND PURCHASES

### (a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 12) only have the right to repay them in accordance with the following provisions of this Condition 7. The Issuer may from time to time, in connection with an issue of Securities, enter into a replacement capital covenant for the benefit of one or more series of the Issuer's debt securities by specifying that a replacement capital covenant is applicable in the Final Terms (thereby indicating the Issuer's intention to enter into a replacement capital covenant in connection with such issue of Securities). A replacement capital covenant will generally provide that the Issuer will not redeem or repurchase any Securities, and will not permit any subsidiary to purchase any Securities, unless and to the extent the aggregate redemption, repurchase or purchase price is equal to or less than the net proceeds (or in certain circumstances a percentage of such net proceeds specified in the Final Terms) received by the Issuer or its subsidiaries, during the six months prior to such redemption, repurchase or purchase date (or such other period as may be specified in the terms of the replacement capital covenant and the Final Terms), from one or more new issues of qualifying securities as specified in the terms of the replacement capital covenant, unless the replacement capital covenant is terminated prior to redemption, repurchase or purchase in accordance with its terms. If not terminated sooner, the replacement capital covenant will terminate on the redemption, repurchase or purchase of the Securities. If applicable, the replacement capital covenant will continue to be effective following any substitution or variation of the Securities in accordance with these Terms and Conditions.

### (b) Issuer's Call Option

Subject to Condition 2(b) and prior consent of the Dutch Central Bank, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15 and to the Agent, which notice shall be irrevocable, elect to redeem all, but not some only, of the Securities on the Coupon Payment Date falling on the date specified as such in the Final Terms and any Coupon Payment Date thereafter at the Optional Redemption Amount specified in the Final Terms together with any Outstanding Payments.

### (c) Redemption or Conversion due to Taxation

If the Issuer satisfies the Holders immediately prior to the giving of the notice referred to below that, on the next due date for a Coupon Payment:

- (i) the Issuer would, for reasons outside its control, be unable to make such payment without being required to pay additional amounts as provided or referred to in Condition 11; or
- (ii) payments of amounts in respect of interest on the Securities including, for the avoidance of doubt, from the proceeds of the issue of Ordinary Shares pursuant to Condition 6, may be treated as 'distributions' within the meaning of Section II of the Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) (or such other Section and/or Act as may from time to time supersede or replace Section II of the Dividend Withholding Tax Act 1965 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith) deems appropriate; or

- (iii) as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of The Netherlands or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by Statutory Instrument on or after the Issue Date of the relevant Securities (a **'Tax Law Change'**) or (B) if no such Tax Law Change has occurred, the Issuer reasonably determines, based on an opinion of competent legal counsel, that, in either case, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the payment of interest is to be satisfied from the proceeds of the issue of Ordinary Shares,

then

(x) the Issuer may (and subject to Condition 2(b) and prior consent of the Dutch Central Bank), having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), redeem, in accordance with these Terms and Conditions, at any time all, but not some only, of the Securities at the Early Redemption Amount specified in the Final Terms or

(y) subject to compliance with applicable regulatory requirements and prior consent of the Dutch Central Bank, the Issuer may convert or exchange the Securities in whole (but not in part) to another series of capital securities of the Issuer having materially the same terms as the Securities and which are no less favourable to an investor than the current terms of the Securities. Any conversion of the Securities into another series of capital securities under this paragraph (c)(y) shall be made on not less than 30 nor more than 60 days' notice to the Holders. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

(d) Redemption or Conversion for Regulatory Purposes

If securities of the nature of the Securities cease to qualify as own funds and core capital (tier 1 capital or equivalent), for the purposes of determination of its solvency margin, capital adequacy ratios or comparable margins or ratios under such Capital Adequacy Regulations, then

- (i) the Issuer may (subject to Condition 2(b) and prior consent of the Dutch Central Bank), having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable) redeem, in accordance with these Terms and Conditions, at any time all, but not some only, of the Securities at the Early Redemption Amount specified in the Final Terms; or
- (ii) subject to compliance with applicable regulatory requirements and prior consent of the Dutch Central Bank, the Issuer may at any time convert or exchange the Securities in whole (but not in part) to another series of capital securities of the Issuer having materially the same terms as the Securities and which are no less favourable to an investor than the current terms of the Securities. Any conversion of the Securities into

another series of capital securities under this paragraph (d)(ii) shall be made on not less than 30 nor more than 60 days' notice to the Holders. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

(e) Purchases

The Issuer may (subject to Condition 2(b) and prior consent of the Dutch Central Bank) at any time purchase Securities in any manner and at any price.

(f) Cancellation

Cancellation of any Securities will be effected by reduction in the principal amount of the Global Security and such cancelled Securities may not be reissued or resold. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled by decreasing the number of Securities represented by the Global Security by an equal number. The obligations of the Issuer in respect of any such Securities shall be discharged.

## 8. ALTERATION OF TERMS

Upon the occurrence of a Regulatory Event, (i) Condition 4(b)(iv) will no longer apply to the Securities and (ii) Condition 4(c) will no longer apply to the Securities to the extent such Condition refers to Mandatory Partial Payments and Mandatory Partial Payment Events. The Securities thus altered will be referred to as the "**Altered Capital Securities**" so to reflect that for International Financial Reporting Standards ('IFRS') purposes they are classified as equity applying the current IFRS standards. After the Alteration Date the Issuer will be allowed to defer Coupon Payments on the Altered Capital Securities, subject to the suspension of payments on the Issuer's ordinary shares and/or other instruments which are classified as equity for IFRS purposes. Subject to the above, following a Regulatory Event the Altered Capital Securities will remain outstanding on the Conditions applicable to the Securities as of the Alteration Date.

## 9. PAYMENTS

(a) Method of Payment

- (i) Payments of principal and Coupon Amounts and all other payments on or in respect of the Securities will be in the applicable currency and will be calculated by the Calculation Agent and effected through the Paying Agents. Payments of redemption amounts and interest in respect of the Securities will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of the Global Security to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part of the schedule to the Global Security by or on behalf of the Paying Agent, which endorsement shall be prima facie evidence that such payment has been made in respect of the Securities.
- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (aa) a Paying Agent having a specified office in The Netherlands (bb) for so long as the Securities are listed on Eurolist by Euronext Amsterdam, or any other stock exchange or regulated securities market and the rules of such exchange or

securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (cc) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 15.

(b) Payments subject to fiscal laws

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11.

(c) Payments on Business Days

A Global Security may only be presented for payment on a Business Day , unless specified otherwise in the Final Terms.

No further interest or other payment will be made as a consequence of the day on which a Global Security may be presented for payment under this paragraph falling after the due date.

**10. NON-PAYMENT WHEN DUE**

*Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment has become due. Pursuant to Condition 2(b) and subject as provided in the next sentence no principal or Payment will be due by the Issuer if the Issuer is not Solvent or would not be Solvent if payment of such principal or Payment was made. Also, in the case of any Payment, such Payment will not be due if the Issuer has elected to defer that Payment pursuant to Condition 4(a) or 4(b) or if the circumstances referred to in any of Conditions 6(d) or 6(e) then apply.*

(a) If the Issuer shall not make a payment in respect of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities, and any Holder may, notwithstanding the provisions of paragraph (b) of this Condition 10, institute proceedings in The Netherlands (but not elsewhere) for the winding-up (*faillissementsprocedure*) of the Issuer.

(b) Subject as provided in this Condition 10, any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the Securities provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

**11. TAXATION**

(a) All payments by the Issuer of principal, Coupon Amounts, Deferred Coupon Payments, Mandatory Partial Payments, Accrued Coupon Payments and Winding-Up Claims in respect of the Securities will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of The Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay

such additional amounts as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Securities in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Security:

- (i) to or to a third party on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of such Holder or, as the case may be, having some connection with The Netherlands other than the mere holding of such Security; or
- (ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) to, or to a third party on behalf of, a Holder, that is a partnership, or a Holder, that is not the sole beneficial owner of the Security or which holds the Security in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these Terms and Conditions to principal, Coupon Amounts, Deferred Coupon Payments, Mandatory Partial Payments and/or Accrued Coupon Payments shall be deemed to include any additional amounts which may become payable pursuant to the foregoing provisions.

In the event that any payment is satisfied by using the proceeds of an issue of Ordinary Shares pursuant to Condition 6, then any additional amounts which are payable shall also be satisfied through the issue of Ordinary Shares.

## **12. PRESCRIPTION**

Claims for payment in relation to Securities will become void unless exercised within a period of 5 years from the due date for payment thereof.

## **13. MEETINGS OF HOLDERS, MODIFICATION, WAIVER**

The Agency Agreement contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of the Securities or certain provisions of the Agency Agreement. Such meetings may be convened by the Issuer or Holders holding not less than 5% in a nominal amount of the Securities for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons

holding or representing not less than 50% in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities (including modifying any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Securities or altering the currency of payment of the Securities), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

The Agent and the Issuer may agree, without the consent of the Holders to:

(iii) any modification (except as mentioned above) of the Securities or the Agency Agreement which is not materially prejudicial to the interests of the Holders; or

(iv) any modification of the Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 15 as soon as practicable thereafter.

#### **14. REPLACEMENT OF THE SECURITIES**

Should the Global Security, be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent (or such other place of which notice shall have been given in accordance with Condition 15) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced Global Security must be surrendered before any replacement Global Security will be issued.

#### **15. NOTICES**

Notices to Holders may be given by the delivery of the relevant notice to Euroclear Nederland except for so long as the Securities are listed on Eurolist by Euronext Amsterdam and the rules of Euronext Amsterdam so require, notices shall also be published in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*) and in a newspaper having general circulation in The Netherlands. Any such notice shall be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Any Notice delivered to Euroclear Nederland shall be deemed to have been given to the Holders on the day on which such notice is so delivered.

#### **16. FURTHER ISSUES**

The Issuer is at liberty from time to time without the consent of the Holders to create and issue further Securities ranking *pari passu* in all respects (or in all respects save for the date from which



interest thereon accrues and the amount of the first payment of interest on such further Securities) and so that the same shall be consolidated and form a single series with the outstanding Securities.

## 17. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, with the consent of the Holders which will be deemed to have been given in respect of each issue of Securities on which no payment of principal or interest on any of the Securities is in default and after written approval of the Dutch Central Bank be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Securities provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Holder to be bound by the Terms and Conditions of the Securities and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Securities and the Agency Agreement as the principal debtor in respect of the Securities in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Holder (including any additional amounts payable pursuant to Condition 11) payable in respect of the Securities;
  - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Holder has the benefit of a covenant in terms corresponding to the provisions of Condition 11 with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Holder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Holder by any political sub-division or taxing authority of any country in which such Holder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
  - (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Holder;

- (iv) each stock exchange which has Securities listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Securities would continue to be listed on such stock exchange;
  - (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Securities will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Agent;
  - (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Agent; and
  - (vii) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Holders, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Securities any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Furthermore, the Documents shall provide for such further amendment of the Terms and Conditions as shall be necessary to ensure that the Securities of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Securities of such Series under the Terms and Conditions.
- (d) The Issuer shall be entitled, after written approval of Dutch Central Bank by notice to the Holders given in accordance with Condition 15, at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Holders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.

- (e) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Securities as the principal debtor in place of the Issuer and the Securities shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Securities save that any claims under the Securities prior to release shall endure for the benefit of Holders.
- (f) The Documents shall be deposited with and held by the Agent for so long as any Securities remain outstanding and for so long as any claim made against the Substituted Debtor by any Holder in relation to the Securities or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Holder to the production of the Documents for the enforcement of any of the Securities or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Holders in accordance with Condition 15.

## **18. AGENTS**

The Issuer will procure that there shall at all times be a Calculation Agent and an Agent so long as any Security is outstanding. If either the Calculation Agent or the Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint an independent investment bank to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents and the Holders.

The Issuer nor any of the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

## **19. GOVERNING LAW AND JURISDICTION**

- (a) The Agency Agreement and the Securities, are governed by, and shall be construed in accordance with, the laws of The Netherlands.
- (b) The Issuer submits for the exclusive benefit of the Holders to the jurisdiction of the courts of Amsterdam, The Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement or the Securities may be brought in any other court of competent jurisdiction.

## **20. DEFINITIONS**

In these Terms and Conditions:

**'Accrued Coupon Payment'** means, as at any time, where these Terms and Conditions provide that interest shall continue to accrue after a Coupon Payment Date in respect of a Security the amount of interest accrued thereon in accordance with Conditions 4(b), 5, 6(d) and 6(e);

**'ACSM Cap Period'** means an Initial ACSM Cap Period or any Subsequent ACSM Period, as applicable;

**'Agency Agreement'** means the Agency Agreement dated 25 June 2007 between the Issuer and the Paying Agents relating to the Securities under which each Paying Agent agrees to perform the duties required of it under these Terms and Conditions;

**'Agent'** means the Agent appointed pursuant to the Agency Agreement;

**'Agents'** means the agents appointed pursuant to the Agency Agreement and such term shall unless the context otherwise requires, include the Agent.

**'Alternative Coupon Satisfaction Mechanism'** has the meaning ascribed to it in Condition 6(a);

**'Applicable Coupon Rate'** means in relation to any Payment deferred pursuant to Condition 4(b) or Condition 6(e), the Coupon Rate payable on the Securities as determined by the Calculation Agent in accordance with Condition 5(b) or 5(c) for the Coupon Periods during which such Payment is deferred;

**'Assets'** means the non-consolidated gross assets of the Issuer as shown by the then latest published audited balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as the directors or, as the case may be, the liquidator may determine to be appropriate;

**'Associated Cost'** means (1) any duty and/or tax that would be payable by the Issuer in respect of the Issue and sale of the Ordinary Shares and the Associated Cost Ordinary Shares and (2) other costs (including any brokerage fees) that would be payable, in respect of the issue and sale of the Ordinary Shares and the Associated Cost Ordinary Shares.

**'Business Day'** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms and, if applicable, the relevant place of presentation of a Global Security; and
- (B) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre of the country of the relevant Specified Currency (if other than London) and any Additional Business Centre and which if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a TARGET Settlement Date;

**'Calculation Agent'** means the calculation agent in relation to the Securities, or its successor or successors for the time being appointed under the Agency Agreement;

**'Capital Adequacy Regulations'** means at any time the regulations, requirements, guidelines, policies, decrees imposing obligations on the Issuer with respect to the maintenance of minimum levels of solvency margins and/or capital adequacy ratios and /or comparable margins or ratios, as well as regarding the supervision thereof by any existing or future regulator having primary supervisory authority with respect to the Issuer (currently the Dutch Central Bank);

**'Capital Disqualification Event'** means a change in any applicable law or regulation or in the official interpretation or application thereof, as a result of which, for the purposes of the Capital Adequacy Regulations, the Securities no longer qualify as regulatory capital resources of the Issuer on a consolidated basis (except where such non-qualification is only as a result of any applicable limitation on the amount of such capital);

**'Coupon Amount'** means (i) in respect of a Coupon Payment, the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 7(c) and 7(d), any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5(a);

**'Coupon Payment'** means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

**'Coupon Payment Date'** means the date(s) specified as such in the Final Terms;

**'Coupon Period'** means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date;

**'Coupon Rate'** has the meaning ascribed to that term in Condition 5(b) (Fixed Coupon Rate) and 5(c) (Floating or Variable Coupon Rate);

**'Deferred Coupon Payment'** means any Payment, or part thereof, which has been deferred in accordance with Condition 4(a) or 4(b) and has not subsequently been satisfied;

**'Deferred Coupon Satisfaction Date'** means:

- (i) with respect to a deferral under Condition 4(a)(i), the Coupon Payment Date following the 19th Business Day after the Required Deferral Condition fails to be met or, if earlier, the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Holders, the Agent and the Calculation Agent in accordance with Condition 4(a)(ii); or
- (ii) the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Holders, the Agent and the Calculation Agent in accordance with Condition 6; or
- (iii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(c);

**'Dutch Central Bank'** means De Nederlandsche Bank N.V.;

**'Holder'** means the bearer of any Security;

**'Initial ACSM Cap Period'** means the period of time as specified under the paragraph titled "Initial ACSM Cap Period" in the Final Terms;

**'Interest'** shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

**'Issue Date'** means the date of initial issue of the Securities as specified in the Final Terms;

**'Issuer'** means SNS REAAL N.V.;

**'Junior Guarantee'** means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or Undertaking and ranking on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or in respect of distributions or payment of dividends or any other payment thereon, after the Securities;

**'Junior Securities'** means the Ordinary Shares, any preference shares of the Issuer or any other securities of the Issuer which rank as regards distributions on a return of assets on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or in respect of distributions or payment of dividends or any other payments thereon, after the Securities;

**'Liabilities'** means the non-consolidated gross liabilities of the Issuer as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events and to such extent as the directors, the auditors or, as the case may be, the liquidator may determine;

**'Mandatory Partial Payment'** payable on any Coupon Payment Date means a payment in respect of each Security in an amount that results in payment of a proportion of a full Coupon Payment on the Security on such Coupon Payment Date equal to the proportion of a full dividend on the relevant Parity Securities and/or payment on the relevant Parity Guarantee paid on the dividend or payment date in respect of the relevant Parity Securities and/or Parity Guarantee immediately preceding;

A **'Mandatory Partial Payment Event'** shall occur if any of the following occurs:

- (i) the Issuer declares, pays or distributes a dividend or makes a payment on any of its Parity Securities or makes any payment on a Parity Guarantee (except where it concerns a payment, purchase or redemption which the Issuer is obliged to make pursuant to its Articles of Association as they read prior to the relevant deferral or equity swap, forward, repo or equity derivative transactions concluded by the Issuer prior to the relevant deferral); or
- (ii) any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Parity Guarantee or makes a payment on any security issued by it benefiting from a Parity Guarantee;

A **'Mandatory Payment Event'** shall occur if any of the following occurs:

- (i) the Issuer declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of its Junior Securities or makes any payment on a Junior Guarantee;

- (ii) any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Junior Guarantee or makes a payment (other than a dividend in the form of Ordinary Shares) on any security issued by it benefiting from a Junior Guarantee; or
- (iii) the Issuer or any Subsidiary or Undertaking redeems, purchases or otherwise acquires any of the Issuer's Junior Securities, any Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee (other than (1) by conversion into or in exchange for Ordinary Shares, (2) in connection with transactions effected by or for the account of customers of the Issuer or any Subsidiary or in connection with the distribution, trading or market making in respect of those securities, (3) in connection with the satisfaction by the Issuer or any Subsidiary of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants, (4) as a result of a reclassification of the Issuer or any Subsidiary or the exchange or conversion of one class or series of capital stock for another class or series of capital stock, or (5) the purchase of fractional interests in shares of the capital stock of the Issuer or any Subsidiary pursuant to the conversion or exchange provisions of that capital stock or the security being converted or exchanged) for any consideration, or any moneys are paid to or made available for a sinking fund or for redemption of any of any Junior Securities, Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee; in all such cases, except where it concerns a payment, purchase or redemption which the Issuer is obliged to make pursuant to its Articles of Association as they read prior to the relevant deferral or equity swap, forward, repo or equity derivative transactions concluded by the Issuer prior to the relevant deferral;

**'Market Disruption Event'** means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by Euronext Amsterdam or on settlement procedures for transactions in the Ordinary Shares on Eurolist by Euronext Amsterdam). if, in any such case, that suspension or limitation is, in the determination of the Issuer, material in the context of the sale of the Ordinary Shares, or (ii) in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Ordinary Shares or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Payment Ordinary Shares, or (iii) where, pursuant to these Terms and Conditions, moneys are required to be converted from one currency into another currency in respect of any Payment, the occurrence of any event that makes it impracticable to effect such conversion;

**'Ordinary Shares'** means ordinary shares of the Issuer;

**'Ordinary Shares Threshold'** means, in connection with any Deferred Coupon Payment if specified as being applicable in the Final Terms, the aggregate number of Ordinary Shares issued and/or sold by the Issuer in any ACSM Cap Period shall not exceed 2 per cent. of the aggregate number of the Ordinary Shares in issue (including those held in issue and held in treasury), or such other amount as may be specified in the Final Terms;

**'Outstanding Payment'** means:

- (i) in relation to any Coupon Payment, Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, that such payment or amount (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the conditions referred to in Condition 2(b) or the

deferral, postponement or suspension of such payment in accordance with any of Conditions 4(a), 4(b), 6(d) or 6(e) and (b) in any such case has not been satisfied; and

- (ii) in relation to any Accrued Coupon Payment, any amount thereof which has not been satisfied whether or not payment has become due;

**'Parity Guarantee'** means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or an Undertaking or other securities (regardless of name or designation) of the Issuer or such Subsidiary or Undertaking which rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or in respect of distributions or payments thereon *pari passu* with the Securities;

**'Parity Securities'** means, in respect of the Issuer, any securities which rank *pari passu* with the Securities as regards distributions on a return of assets on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or in respect of distribution or payment of any amounts thereunder by the Issuer;

**'Paying Agents'** means the paying agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Agent;

**'Payment'** means any Coupon Payment, Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

**'Payment Ordinary Shares'** has the meaning ascribed to it in Condition 6(b);

**'Regulatory Event'** means that the minimum capital adequacy required by the regulation on prudential supervision of financial groups (*Besluit prudentieel toezicht financiële groepen Wft*) or such other capital adequacy ratios or other comparable margins or ratios under the Capital Adequacy Regulations, if any, are or as a result of a Payment would become less than the relevant minimum requirements as applied and enforced by the Dutch Central Bank or such other applicable regulator;

**'Relevant Date'** means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Agent on or prior to such date, the 'Relevant Date' means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 15, and (ii) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up (*faillissement of vereffening na ontbinding*);

the **'Required Deferral Condition'** means any of the following:

- (a) the Issuer determines that it is not or, on the relevant date on which a Payment would be made after taking into account amounts payable on that date on the Securities, will not be Solvent;
- (b) a Regulatory Event has occurred and continues to exist; or
- (c) the Dutch Central Bank has requested or required the Issuer not to make any Payments on the Securities;



**'Securities'** means the Capital Securities specified in the relevant Final Terms and, unless the context otherwise requires, any further Securities issued pursuant to Condition 16 and forming a single series with the Securities;

**'Senior Creditors'** means present and future creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer, but not further or otherwise, or (c) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders;

**'Solvent'** means that the Issuer is (a) able to pay its debts to Senior Creditors as they fall due and (b) its Assets exceed its Liabilities (other than its liabilities to persons who are not Senior Creditors);

**'Subsequent ACSM Cap Period'** means the period of time as specified under the paragraph titled "Subsequent ACSM Cap Period" in the Final Terms;

**'Subsidiary'** means a subsidiary of the Issuer within the meaning of Section 2:24a of the Dutch Civil Code;

**'successor in business'** means, in relation to the Issuer:

(a) a company or other entity to whom the Issuer validly and effectually, in accordance with all enactments, orders and regulations in force for the time being and from time to time, transfers the whole or a substantial part of its business, or assets for the purpose of assuming and conducting the business of the Issuer in its place; or

(b) any other entity which acquires in any other manner all or substantially all the property and/or assets of the Issuer or carries on as a successor to the Issuer the whole or substantially the whole of the business carried on by the Issuer prior thereto,

where in each of the cases in paragraphs (a) and (b) above the terms of the proposed transaction have previously been approved by an Extraordinary Resolution of the Holders.

**'TARGET Settlement Day'** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;

**'Undertaking'** means a body corporate, partnership, limited partnership, cooperative or an incorporated association carrying on a trade or business with or without a view to profit in which the Issuer has a direct or indirect financial, commercial or contractual majority interest; and

**'Winding-Up Claim'** has the meaning ascribed to it in Condition 2(c).

## PART 2: FORM OF FINAL TERMS FOR CAPITAL INSTRUMENTS

*Set out below is the form of Final Terms which will be completed for each Tranche of Capital Securities issued under the Programme.*

### Final Terms

SNS REAAL N.V.

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

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Capital Securities]

issued under SNS REAAL N.V.'s € 2,000,000,000 Debt Issuance Programme

dated [•] 2007

This document constitutes the Final Terms of the issue of Capital Securities under the € 2,000,000,000 Debt Issuance Programme (the "**Programme**") of SNS REAAL N.V. (the "**Issuer**"), described herein for the purposes of article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). It must be read in conjunction with the Issuer's base prospectus pertaining to the Programme, dated 25 June 2007 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Capital Securities is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.snsreaal.com](http://www.snsreaal.com) as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, The Netherlands, where copies may also be obtained. Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained there.

These Final Terms are to be read in conjunction with the Terms and Conditions of the Capital Securities (the "**Terms and Conditions**") set forth in the Prospectus. The Terms and Conditions as supplemented, amended and/or disapplied by these Final Terms constitute the conditions (the "**Conditions**") of the Capital Securities. Capitalised terms not defined herein have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Terms and Conditions which are not defined therein have the meaning set forth in these Final Terms. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in the Prospectus.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to*

*the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of 2 business days.]*

1. Issuer: SNS REAAL N.V.
2. (a) Series Number: [     ]  
 (b) Tranche Number: [     ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Capital Securities become fungible)*
3. Specified Currency or Currencies: [     ]
4. Aggregate Nominal Amount:  
 (a) Series: [     ]  
 (b) Tranche: [     ]
5. (a) Issue Price: [     ] per cent. of the Aggregate Nominal Amount  
 [plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: [     ]  
 [     ]
7. (a) Issue Date: [     ]  
 (b) Interest Commencement Date: [     ]
8. Interest Basis:  
 [[     ] per cent. Fixed Rate]  
 [[LIBOR/EURIBOR] +/- [     ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Dual Currency Interest]  
 [*specify other*]  
 (further particulars specified below)

9. Redemption/Payment Basis: [Redemption at par]  
[Dual Currency Redemption]  
  
[specify other]  
  
*(N.B. If the Final Redemption Amount is less than 100% of the nominal value the Capital Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
10. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Capital Securities into another Interest Basis or Redemption/Payment Basis]
11. Call Option: [Issuer Call]  
[(further particulars specified below)]
12. [Date [Board] approval for issuance of Capital Securities obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Capital Securities)*
13. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Capital Security Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (b) Coupon Payment Date(s): [[ ] in each year up to and including the redemption date][specify other]  
*(N.B. This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): [ ] per [ ] in nominal amount
- (d) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]

- (f) Determination Date(s): [ ] in each year  
*[Insert regular Coupon Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon  
N.B. This will need to be amended in the case of regular Coupon Payment Dates which are not of equal duration  
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Capital Securities: [None/Give details]
15. Floating or Variable Rate Capital Security Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Coupon Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/Variable Rate/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (f) Screen Rate Determination:
- Reference Rate: [ ].  
*(Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

- Relevant Screen Page: [      ]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
  
- (g) ISDA Determination:
  - Floating Rate Option: [      ]
  - Designated Maturity: [      ]
  - Reset Date: [      ]
  
- (h) Margin(s): [ +/- ] [      ] per cent. per annum
  
- (i) Minimum Rate of Interest: [      ] per cent. per annum
  
- (j) Maximum Rate of Interest: [      ] per cent. per annum
  
- (k) Day Count Fraction: [Actual/365  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 Other]

- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Capital Securities, if different from those set out in the Conditions: [ ]
- (m) Number of required Coupon Payments Dates following a Junior Coupon Pusher Event and/or a Parity Coupon Pusher Event pursuant to Condition 4(c): [ ]  
[Applicable/Not Applicable]
- (n) Ordinary Shares Threshold: [ ]
- (i) Initial ACSM Cap Period: [ ]
- (ii) Subsequent ACSM Cap Period: *[delete if not applicable]*
- (iii) ACSM Settlement Period [ ]
- (iv) Ordinary Shares Threshold amount (if different from 2 per cent.): *[delete if not applicable]*
- (o) Other provisions relating to ACSM:
- (p) Capital Disqualification Event [Applicable/Not Applicable]

#### PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount of each Capital Security and method, if any, of calculation of such amount(s): [ ] per Capital Security of [ ] Specified Denomination  
[details of any make whole premium]
- (c) Notice period (if other than as set out in the Conditions): [ ]

- |     |   |   |
|-----|---|---|
| 17. | Early Redemption Amount of each Capital Security payable on redemption for taxation or regulatory reasons and/or the method of calculating the same | [details of any make whole premium]   |
| 18. | Replacement Capital Covenant:   | [Applicable/Not Applicable]<br><i>(If not applicable, delete subparagraph 19 of this paragraph)</i> |
| 19. | Other provisions relating to the Replacement Capital Covenant:  | <i>[delete if not applicable]</i>   |

#### **GENERAL PROVISIONS APPLICABLE TO THE CAPITAL SECURITIES**

- |     |  |   |
|-----|--|---|
| 20. | Form of Capital Securities:  | [Temporary Global Capital Security exchangeable for a Permanent Global Capital Security]<br><br>[other]   |
| 21. | Additional Financial Centre(s) or other special provisions relating to Payment Days: | [Not Applicable/give details]<br><i>(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraph 15(c) relates)</i>  |
| 22. | Other final terms:   | [Not Applicable/give details]<br><br>[Number of Coupon Payments specified in Condition 4(c)(ii) and 4(c)(iii).]<br><br><i>(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)</i> |



## DISTRIBUTION

23. (a) If syndicated, names [and addresses]\*\* of Managers [and underwriting commitments]\*\*:
- [Not Applicable/give names [and addresses and underwriting commitments]\*\*]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)* \*\*
- [Please note that the process for notification to potential investors of the amount allotted and an indication whether the dealing may begin before notification is made will be provided for by the Manager(s) to potential investors]
- (b) Date of Syndication Agreement:\*\* [ ]\*\*
- (c) Stabilising Manager (if any): [Not Applicable/give name]
24. If non-syndicated, name [and address]\*\* of relevant Dealer: [Name [and address]\*\*]
25. Total commission and concession:\*\* [ ] per cent. of the Aggregate Nominal Amount\*\*

## OTHER PROVISIONS

26. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
27. Additional selling restrictions: [Not Applicable/give details]
28. (i) Listing: [Amsterdam/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Capital Securities to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading:\* [ ]\*

29. Ratings: The Capital Securities to be issued have been rated:

[S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]

*[Include here a brief explanation of the meaning of the ratings if this deviates from the explanations given in "General Information" published by the rating provider]\*\**

30. [Notification]

The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, "**AFM**") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

31. Interests of Natural and Legal Persons involved in the Issue

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Capital Securities has an interest material to the offer. - *Amend as appropriate if there are other interests*]

32. Reasons for the Offer (if different from making a profit and/or hedging certain risks): [ ]

33. Estimated net proceeds and total expenses

(iii) Estimated net proceeds [ ]

[(Also see "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

(ii) Estimated total expenses: [ ]. [Include breakdown of expenses]

34. Yield (Fixed Rate Capital Securities only)

Indication of yield: [ ]

indication of

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an future yield.

35. Performance of Rate[s] of Exchange and Explanation of Effect on Value of Investment (Dual Currency Capital Securities only)

[Need to include details of where past and future performance and volatility of the relevant ~~rates~~ can be obtained.]

36. Operational Information

- |       |   |  |
|-------|---|--|
| (i)   | ISIN Code:  | [ ]  |
| (ii)  | Common Code:  | [ ]  |
| (iii) | Fondscore:  | [ ]  |
| (iv)  | Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and Euroclear Nederland and the relevant identification number(s): | [Not Applicable/ <i>give name(s) and number(s)</i> ] |
| (v)   | Delivery:   | Delivery [against/free of] payment                   |
| (vi)  | Names and addresses of additional Paying Agent(s) (if any):   | [ ]  |

- (vii) Offer Period: [[The offer of the Capital Securities is expected to open at [●] hours([●] time) on [●] and close at [●] hours ([●] time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in [●].]
- [The Issuer reserves the right to withdraw the offer of the Capital Securities until [●] at the latest. Such withdrawal will be announced in the forementioned publications.]
- [The aggregate principal amount of the Capital Securities to be issued and allotted will be announced by the Issuer at [●] hours ([●] time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publications.]
- [The Issuer reserves the right to increase the aggregate principal amount of the Capital Securities to be issued. Such increase will be announced in the aforementioned publications]
- [[No]/[D/d]ealing in the Capital Securities will be possible before the aggregate principal amount of the Capital Securities is announced as set out above.]
- [Not Applicable]
- (viii) Reduction of subscriptions: [[Subscriptions in excess. If the Issuer determines to increase the aggregate principal amount of the Capital Securities to be issued this will be announced by the Issuer at [●] hours ([●] time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publications.]
- [in [ ]Not Applicable]
- (ix) Maximum and minimum subscription amount: [[●] and [●].]
37. [Additional information]
- [The following information should be consulted in connection with the offer of the Capital Securities:  
[- *insert relevant information which does not necessitate a Supplement to the Prospectus*].
38. [Other]
- [*insert any other relevant information*]

39. [Listing and Admission to Trading Application

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Capital Securities described herein pursuant to the Programme for the issuance of Notes of SNS REAAL N.V.]

Responsibility

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

By:

Duly authorised

**Notes:**

\* **Delete if the minimum denomination is less than €50,000**

\*\* **Delete if the minimum denomination is €50,000**

**REGISTERED OFFICE OF THE ISSUER**

**SNS REAAL N.V.**

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3521 BJ Utrecht  
The Netherlands

**AGENT**

**Dexia Banque Internationale à Luxembourg**

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Luxembourg

**OTHER PAYING AGENT**

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To the Issuer  
(as to Netherlands law except tax law)

**NautaDutilh N.V.**

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To the Dealers in England

**Clifford Chance**

**Limited Liability**

**Partnership**

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To the Dealers in The Netherlands

**Clifford Chance LLP**

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1012 GL Amsterdam  
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**Coöperatieve Centrale  
Raiffeisen-  
Boerenleenbank B.A.**

**Credit Suisse  
Securities  
(Europe) Limited**

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1 Great Winchester Street  
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United Kingdom

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London EC2M 2PP  
United Kingdom

**ESBG Dealers**  
**(European Saving Banks Group)**

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