

J. Sijbrand
Executive Director
J. Swank
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European Systemic Risk Board
p/a Mr. Francesco Mazzaferro
Head of the Secretariat
Eurotower
Kaiserstrasse 29
60311 Frankfurt am Main, Germany

Date
29 April 2014

Dear Mr. Mazzaferro,

With this letter, De Nederlandsche Bank N.V. (DNB) notifies the European Systemic Risk Board (ESRB) of its intention to impose an additional capital buffer requirement on Dutch systemic banks. This intended measure is in accordance with the legislation governing the other systemically important institutions (O-SII) buffer and the systemic risk buffer (SRB). In parallel, this intention is being made public on DNB's website (www.dnb.nl).

The buffer requirements will be imposed on the Dutch banks listed below. For each bank, the highest of the two requirements shall apply.

	O-SII buffer	SRB
ING Bank N.V.	2%	3%
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.	2%	3%
ABN Amro Bank N.V.	2%	3%
SNS Bank N.V.	1%	n/a

The motivation for these buffer requirements is provided in Annex 1 (O-SII buffer) and Annex 2 (SRB) to this letter, pursuant to articles 131.7 and 133.11 CRD IV. Both buffer requirements are intended to be activated starting from 1 July 2014, at which time the relevant national legislation is presumed to have formally transposed the CRD IV. A Supervisory Regulation for the SRB will be publicly consulted from 29 April 2014 to 1 June 2014. The buffer requirements shall be phased in as from January 2016 to January 2019.

Yours sincerely,



Job Swank
Executive Director
of Monetary Affairs and Financial Stability



Jan Sijbrand
Executive Director
and Chairman of Supervision

2014/412285

Central bank and prudential supervisor of financial institutions

Annex 1 O-SII buffer notification

O-SII buffer ING Bank N.V.

1. Notifying national authority (If several designated authorities, please mention all of them)	
1.1 Name of the notifying authority	De Nederlandsche Bank (DNB)
2. Buffer levels and the institution to which they apply	
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII
2.2 Concerned institution or group of institutions	On which institution is the measure applied? a. Name of the individual institution ING Bank N.V. b. Name of the parent company of the institution ING Group N.V. c. Name of the subsidiaries of the institution See p. 223 of ING's Annual Report 2013: http://www.ing.com/about-us/annual-reports.htm d. If parent institution, are subsidiaries notified as O-SII? N/A
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? 2%. The 2% cap is unfortunately constraining.
2.4 Firm level at which the buffer is applied	Is the buffer set on a: - Consolidated level
2.5 Information on other buffers already in application	Is the institution subject to a systemic risk buffer? Yes If yes, please provide the following information: a. What is the level of the systemic risk buffer (in %) applied to the concerned institution 3% b. Is the systemic risk buffer applied to all exposures located in your Member State only? No
2.6 Annual review of the G-SII or O-SII (Articles 131.6 and 131.12)	This box is to specify the outcome of the annual review of the G-SII or O-SII. What are the new levels? N/A - Maintained - Move in between G-SII buckets - Change of level of O-SII buffer

	<ul style="list-style-type: none"> - Changed from O-SII to G-SII - Changed from G-SII to O-SII - Cancellation of SII buffer
3. Rational for activation of the G-SII and O-SII buffer	
3.1 Description of the G-SII (Article 131.2)	<p>If notification as a G-SII, please provide information on the following categories:</p> <ul style="list-style-type: none"> a. size of the group; b. interconnectedness of the group, with the financial system; c. substitutability of the services or the financial infrastructure provided by the group; d. complexity of the group; e. cross border activity of the group, including cross border activity between Member States and between a Member State and a third country
3.2 Description of the O-SII (Article 131.3)	<p>If notification as a O-SII, please provide information on the criteria used:</p> <ul style="list-style-type: none"> a. size <ul style="list-style-type: none"> We use <i>size</i> as one of the criteria in our framework to assess systemic importance. This criterion contains the following quantitative indicators: total assets on balance (consolidated) and total assets including off-balance items (consolidated). These indicators are assessed in terms of the total of all banks in the Netherlands (in other words: market shares for each bank are calculated). b. importance for the economy of the EU, or relevant Member State <ul style="list-style-type: none"> We use <i>substitutability</i> as one of the criteria in our framework to assess systemic importance. This criterion measures the importance of a bank for the domestic economy. It considers especially, but not exclusively, the market share of loans provided to the domestic economy. A bank that provides a certain essential service or product that is not provided by other banks might also qualify as difficult to substitute. c. significance of cross-border activities: <ul style="list-style-type: none"> We do not explicitly use this criterion, as the reference system of our framework to assess systemic importance is the domestic economy. d. interconnectedness of the institution or group, with the financial system <ul style="list-style-type: none"> We use <i>interconnectedness</i> as one of the criteria in our framework to assess systemic importance. This criterion includes several quantitative indicators, like interbank loans, financial derivatives, repos and payments transactions. It also includes the interconnectedness through the Dutch deposit guarantee scheme, which is currently funded <i>ex post</i>. To assess interconnectedness, some qualitative indicators are included. Such indicators include whether the institution is part of a financial conglomerate, or has shareholdings in or is owned by other financial institutions.

	<p>e. other criteria used</p> <p>Apart from size, substitutability and interconnectedness, DNB finally assesses the degree of resolvability of a bank, and dynamic or qualitative aspects like potential contagion due to reputational effects and potential fire sales.</p>
<p>3.3 Indicators used for designation of the G-SII (Article 131.2 and 131.9)</p>	<p>Please provide information on:</p> <p>a. which overall score is attributed to the G-SII</p> <p>b. which quantifiable indicators were used for each category described under line 3.1 above</p> <p>c. which score reached each category</p> <p>d. what qualitative supervisory judgement has been taken into account?</p>
<p>3.4 Indicators used for designation of the O-SII (Article 131.3)</p>	<p>Please provide information on:</p> <p>a. which of the criteria mentioned under 3.2 was used to qualify the institution as an O-SII</p> <p>Size, interconnectedness, substitutability, resolvability. ING is the largest bank in the Netherlands. The bank is very interconnected with (Dutch) banks and other financial institutions. Also, the bank's activities are not easily substitutable: ING accounts for a large share of the domestic payment system and a large share of loans provided to Dutch companies and households.</p> <p>b. whether and how you followed the EBA guidelines</p> <p>The EBA guidelines have not yet been finalised. However, the Dutch framework is consistent with the current proposal of the guidelines.</p>
<p>3.5 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)</p>	<p>Please provide:</p> <p>a) the justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk;</p> <p>The impact of the failure of a systemic bank on the domestic financial sector and the real economy would be much larger than the impact of failure of a smaller, non-systemic bank. Therefore, the probability of default of systemic banks should be significantly reduced. This can be accomplished by increasing the loss going concern absorbing capacity; therefore, applying the O-SII buffer is an effective means to mitigate the risk. When a bank's systemic importance rises, it will be required to hold a proportionally higher O-SII buffer. As ING is the largest bank in the Netherlands, very interconnected with other financial institutions and important for the real economy, the maximum O-SII buffer (2%) is applied.</p> <p>b) an assessment of the likely positive or negative impact of the O-SII buffer on the single market, based on information which is available to the Member State.</p> <p>The higher capital requirements will structurally increase the solvency of Dutch systemic banks. This positively affects the stability of the financial system and the real economy in the Netherlands and with that, the Single Market. As the measure applies to Dutch banks at a consolidated level, there may be an impact on individuals or companies outside the Netherlands through exposures of subsidiaries and branches of Dutch banks in other jurisdictions. However, since the capital levels of the banking groups are already in the ballpark of the intended levels, and because DNB will use the full transitioning path, the impact is expected to be limited.</p>

3.6 In Case of O-SII, Assessment of likely impact on the internal market (Article 131.6)	Please motivate set out the assessment showing that the O-SII buffer requirement may not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or of the EU as a whole forming or creating an obstacle to the functioning of the internal market. See 3.5
4. Combinations and timing of the G-SII or O-SII notified	
4.1 combinations between G-SII and OSII buffers (Article 131.14)	In case both G-SII and O-SII criteria applied to the same institution at the consolidated level, which of the two buffers is the highest? N/A
4.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	a. In case an SRB was also applicable to the same institution, which of the SRB buffer or the G-SII or the O-SII buffer was the highest? SRB b. Is there a possibility of accumulation with SRB? No
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	a. Does the combined buffer requirement apply to the institution? Yes b. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Yes
4.4 Timing of the measure	What is the intended date of activation (i.e. as of which date shall the measure be applicable)? The O-SII buffer is already implemented in Dutch law. We intend to activate the buffer at the same time as the SRB. This will be as soon as the SRB is implemented in Dutch law (probably in July 2014). The O-SII buffer will be phased in between January 2016 and January 2019.
4.5 Review of the measure	What is the envisaged duration of the measure? What are conditions for its deactivation? a. How often will the G-SII buffer be reviewed (maximal periodicity of 1 year)? b. How often will the O-SII buffer be reviewed (maximal periodicity of 1 year)? Once a year
5. Miscellaneous	
5.1 Disclosure	Where do you disclose the SII-buffer to the public? On DNB's website (www.dnb.nl)
5.2 Contact person(s) at notifying authority	Contact person(s) for further inquiries (name, phone number and e-mail address) Shahin Kamalodin, +31 205242240, S.A.Kamalodin@dnb.nl Koen Holtring, +31 205242927, K.Holtring@dnb.nl
5.3 Any other relevant information	

O-SII buffer Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

4. Notifying national authority (If several designated authorities, please mention all of them)	
1.1 Name of the notifying authority	De Nederlandsche Bank (DNB)
5. Buffer levels and the institution to which they apply	
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII
2.2 Concerned institution or group of institutions	On which institution is the measure applied? a. Name of the individual institution Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. b. Name of the parent company of the institution Rabobank Group c. Name of the subsidiaries of the institution See p. 22 and 83 of Rabobanks' Annual Report 2013: https://www.rabobank.com/en/images/Annual_Report-2013-Rabobank-Group.pdf d. If parent institution, are subsidiaries notified as O-SII? N/A
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? 2% The 2% cap is unfortunately constraining.
2.4 Firm level at which the buffer is applied	Is the buffer set on a: - Consolidated level
2.5 Information on other buffers already in application	Is the institution subject to a systemic risk buffer? Yes If yes, please provide the following information: c. What is the level of the systemic risk buffer (in %) applied to the concerned institution 3% d. Is the systemic risk buffer applied to all exposures located in your Member State only? No
2.6 Annual review of the G-SII or O-SII (Articles 131.6 and 131.12)	This box is to specify the outcome of the annual review of the G-SII or O-SII. What are the new levels? N/A - Maintained - Move in between G-SII buckets - Change of level of O-SII buffer - Changed from O-SII to G-SII - Changed from G-SII to O-SII

	<ul style="list-style-type: none"> - Cancellation of SII buffer
6. Rational for activation of the G-SII and O-SII buffer	
3.1 Description of the G-SII (Article 131.2)	<p>If notification as a G-SII, please provide information on the following categories:</p> <ol style="list-style-type: none"> a. size of the group; b. interconnectedness of the group, with the financial system; c. substitutability of the services or the financial infrastructure provided by the group; d. complexity of the group; e. cross border activity of the group, including cross border activity between Member States and between a Member State and a third country
3.2 Description of the O-SII (Article 131.3)	<p>If notification as a O-SII, please provide information on the criteria used:</p> <ol style="list-style-type: none"> a. size <p>We use <i>size</i> as one of the criteria in our framework to assess systemic importance. This criterion contains the following quantitative indicators: total assets on balance (consolidated) and total assets including off-balance items (consolidated). These indicators are assessed in terms of the total of all banks in the Netherlands (in other words: market shares for each bank are calculated).</p> b. importance for the economy of the EU, or relevant Member State <p>We use <i>substitutability</i> as one of the criteria in our framework to assess systemic importance. This criterion measures the importance of a bank for the domestic economy. It considers especially, but not exclusively, the market share of loans provided to the domestic economy. A bank that provides a certain essential service or product that is not provided by other banks might also qualify as difficult to substitute.</p> c. significance of cross-border activities: <p>We do not explicitly use this criterion, as the reference system of our framework to assess systemic importance is the domestic economy.</p> d. interconnectedness of the institution or group, with the financial system <p>We use <i>interconnectedness</i> as one of the criteria in our framework to assess systemic importance. This criterion includes several quantitative indicators, like interbank loans, financial derivatives, repos and payments transactions. It also includes the interconnectedness through the Dutch deposit guarantee scheme, which is currently funded ex post. To assess interconnectedness, some qualitative indicators are included. Such indicators include whether the institution is part of a financial conglomerate, or has shareholdings in or is owned by other financial institutions.</p>

	<p>e. other criteria used</p> <p>Apart from size, substitutability and interconnectedness, DNB finally assesses the degree of resolvability of a bank, and dynamic or qualitative aspects like potential contagion due to reputational effects and potential fire sales.</p>
<p>3.3 Indicators used for designation of the G-SII (Article 131.2 and 131.9)</p>	<p>Please provide information on:</p> <ol style="list-style-type: none"> which overall score is attributed to the G-SII which quantifiable indicators were used for each category described under line 3.1 above which score reached each category what qualitative supervisory judgement has been taken into account?
<p>3.4 Indicators used for designation of the O-SII (Article 131.3)</p>	<p>Please provide information on:</p> <ol style="list-style-type: none"> which of the criteria mentioned under 3.2 was used to qualify the institution as an O-SII Size, interconnectedness, substitutability, resolvability. Rabobank is the second largest bank in the Netherlands. The bank is very interconnected with (Dutch) banks and other financial institutions. Also, the bank's activities are not easily substitutable; Rabobank accounts for a large share of the domestic payment system and a large share of loans provided to Dutch companies and households. whether and how you followed the EBA guidelines The EBA guidelines have not yet been finalised. However, the Dutch framework is consistent with the current proposal of the guidelines.
<p>3.5 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)</p>	<p>Please provide:</p> <ol style="list-style-type: none"> the justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk; The impact of the failure of a systemic bank on the domestic financial sector and the real economy would be much larger than the impact of failure of a smaller, non-systemic bank. Therefore, the probability of default of systemic banks should be significantly reduced. This can be accomplished by increasing the loss going concern absorbing capacity; therefore, applying the O-SII buffer is an effective means to mitigate the risk. When a bank's systemic importance rises, it will be required to hold a proportionally higher O-SII buffer. As Rabobank is the second largest bank in the Netherlands, very interconnected with other financial institutions and important for the real economy, the maximum O-SII buffer (2%) is applied. an assessment of the likely positive or negative impact of the O-SII buffer on the single market, based on information which is available to the Member State. The higher capital requirements will structurally increase the solvency of Dutch systemic banks. This positively affects the stability of the financial system and the real economy in the Netherlands and with that, the Single Market. As the measure applies to Dutch banks at a consolidated level, there may be an impact on individuals or companies outside the Netherlands through exposures of subsidiaries and branches of Dutch banks in other jurisdictions. However, since the capital levels of the banking groups are already in the ballpark of the intended levels, and because DNB will use the full transitioning path, the impact is expected to be limited.

3.6 In Case of O-SII, Assessment of likely impact on the internal market (Article 131.6)	Please motivate set out the assessment showing that the O-SII buffer requirement may not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or of the EU as a whole forming or creating an obstacle to the functioning of the internal market. See 3.5
6. Combinations and timing of the G-SII or O-SII notified	
4.1 combinations between G-SII and OSII buffers (Article 131.14)	In case both G-SII and O-SII criteria applied to the same institution at the consolidated level, which of the two buffers is the highest? N/A
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	a. In case an SRB was also applicable to the same institution, which of the SRB buffer or the G-SII or the O-SII buffer was the highest? SRB b. Is there a possibility of accumulation with SRB? No
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	a. Does the combined buffer requirement apply to the institution? Yes b. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Yes
4.4 Timing of the measure	What is the intended date of activation (i.e. as of which date shall the measure be applicable)? The O-SII buffer is already implemented in Dutch law. We intend to activate the buffer at the same time as the SRB. This will be as soon as the SRB is implemented in Dutch law (probably in July 2014). The O-SII buffer will be phased in between January 2016 and January 2019.
4.5 Review of the measure	What is the envisaged duration of the measure? What are conditions for its deactivation? a. How often will the G-SII buffer be reviewed (maximal periodicity of 1 year)? b. How often will the O-SII buffer be reviewed (maximal periodicity of 1 year)? Once a year
7. Miscellaneous	
5.1 Disclosure	Where do you disclose the SII-buffer to the public? On DNB's website (www.dnb.nl)
5.2 Contact person(s) at notifying authority	Contact person(s) for further inquiries (name, phone number and e-mail address) Shahin Kamalodin, +31205242240, S.A.Kamalodin@dnb.nl Koen Holtring, +31205242927, K.Holtring@dnb.nl
5.3 Any other relevant information	

O-SII buffer ABN AMRO Bank N.V.

7. Notifying national authority (If several designated authorities, please mention all of them)	
1.1 Name of the notifying authority	De Nederlandsche Bank (DNB)
8. Buffer levels and the institution to which they apply	
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII
2.2 Concerned institution or group of institutions	On which institution is the measure applied? a. Name of the individual institution ABN AMRO Bank N.V. b. Name of the parent company of the institution ABN AMRO Group N.V. c. Name of the subsidiaries of the institution See p.24 of ABN Amro's Annual Report 2013: https://extra.abnamro.nl/corporatereporting/2013/userfiles/media/Full-downloads/Annual_Report_2013_EN.pdf d. If parent institution, are subsidiaries notified as O-SII? N/A
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? 2%. The 2% cap is unfortunately constraining.
2.4 Firm level at which the buffer is applied	Is the buffer set on a: - Consolidated level
2.5 Information on other buffers already in application	Is the institution subject to a systemic risk buffer? Yes If yes, please provide the following information: a. What is the level of the systemic risk buffer (in %) applied to the concerned institution 3% b. Is the systemic risk buffer applied to all exposures located in your Member State only? No
2.6 Annual review of the G-SII or O-SII (Articles 131.6 and 131.12)	This box is to specify the outcome of the annual review of the G-SII or O-SII. What are the new levels? N/A - Maintained - Move in between G-SII buckets - Change of level of O-SII buffer - Changed from O-SII to G-SII - Changed from G-SII to O-SII

	- Cancellation of SII buffer
9. Rational for activation of the G-SII and O-SII buffer	
3.1 Description of the G-SII (Article 131.2)	<p>If notification as a G-SII, please provide information on the following categories:</p> <p>size of the group:</p> <p>interconnectedness of the group, with the financial system:</p> <p>substitutability of the services or the financial infrastructure provided by the group:</p> <p>complexity of the group:</p> <p>cross border activity of the group, including cross border activity between Member States and between a Member State and a third country</p>
3.2 Description of the O-SII (Article 131.3)	<p>If notification as a O-SII, please provide information on the criteria used:</p> <p>a. size</p> <p>We use <i>size</i> as one of the criteria in our framework to assess systemic importance. This criterion contains the following quantitative indicators: total assets on balance (consolidated) and total assets including off-balance items (consolidated). These indicators are assessed in terms of the total of all banks in the Netherlands (in other words: market shares for each bank are calculated).</p> <p>b. importance for the economy of the EU, or relevant Member State</p> <p>We use <i>substitutability</i> as one of the criteria in our framework to assess systemic importance. This criterion measures the importance of a bank for the domestic economy. It considers especially, but not exclusively, the market share of loans provided to the domestic economy. A bank that provides a certain essential service or product that is not provided by other banks might also qualify as difficult to substitute.</p> <p>c. significance of cross-border activities:</p> <p>We do not explicitly use this criterion, as the reference system of our framework to assess systemic importance is the domestic economy.</p> <p>d. interconnectedness of the institution or group, with the financial system</p> <p>We use <i>interconnectedness</i> as one of the criteria in our framework to assess systemic importance. This criterion includes several quantitative indicators, like interbank loans, financial derivatives, repos and payments transactions. It also includes the interconnectedness through the Dutch deposit guarantee scheme, which is currently funded ex post. To assess interconnectedness, some qualitative indicators are included. Such indicators include whether the institution is part of a financial conglomerate, or has shareholdings in or is owned by other financial institutions.</p>

	<p>e. other criteria used</p> <p>Apart from size, substitutability and interconnectedness, DNB finally assesses the degree of resolvability of a bank, and dynamic or qualitative aspects like potential contagion due to reputational effects and potential fire sales.</p>
<p>3.3 Indicators used for designation of the G-SII (Article 131.2 and 131.9)</p>	<p>Please provide information on:</p> <ul style="list-style-type: none"> a. which overall score is attributed to the G-SII b. which quantifiable indicators were used for each category described under line 3.1 above c. which score reached each category d. what qualitative supervisory judgement has been taken into account?
<p>3.4 Indicators used for designation of the O-SII (Article 131.3)</p>	<p>Please provide information on:</p> <ul style="list-style-type: none"> a. which of the criteria mentioned under 3.2 was used to qualify the institution as an O-SII <p>Size, interconnectedness, substitutability, resolvability. ABN AMRO is the third largest bank in the Netherlands. The bank is very interconnected with (Dutch) banks and other financial institutions. Also, the bank's activities are not easily substitutable: ABN AMRO accounts for a large share of the domestic payment system and a large share of loans provided to Dutch companies and households.</p> <ul style="list-style-type: none"> b. whether and how you followed the EBA guidelines <p>The EBA guidelines have not yet been finalised. However, the Dutch framework is consistent with the current proposal of the guidelines.</p>
<p>3.5 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)</p>	<p>Please provide:</p> <ul style="list-style-type: none"> a) the justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk; <p>The impact of the failure of a systemic bank on the domestic financial sector and the real economy would be much larger than the impact of failure of a smaller, non-systemic bank. Therefore, the probability of default of systemic banks should be significantly reduced. This can be accomplished by increasing the loss going concern absorbing capacity; therefore, applying the O-SII buffer is an effective means to mitigate the risk. When a bank's systemic importance rises, it will be required to hold a proportionally higher O-SII buffer.</p> <p>As ABN AMRO is the third largest bank in the Netherlands, very interconnected with other financial institutions and important for the real economy, the maximum O-SII buffer (2%) is applied.</p> <ul style="list-style-type: none"> b) an assessment of the likely positive or negative impact of the O-SII buffer on the single market, based on information which is available to the Member State. <p>The higher capital requirements will structurally increase the solvency of Dutch systemic banks. This positively affects the stability of the financial system and the real economy in the Netherlands and with that, the Single Market.</p> <p>As the measure applies to Dutch banks at a consolidated level, there may be an impact on individuals or companies outside the Netherlands through exposures of subsidiaries and branches of Dutch banks in other jurisdictions. However, since the capital levels of the banking groups are already in the ballpark of the intended levels, and because DNB will use the full transitioning path, the</p>

	impact is expected to be limited.
3.6 In Case of O-SII, Assessment of likely impact on the internal market (Article 131.6)	Please motivate set out the assessment showing that the O-SII buffer requirement may not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or of the EU as a whole forming or creating an obstacle to the functioning of the internal market. See 3.5
8. Combinations and timing of the G-SII or O-SII notified	
4.1 combinations between G-SII and OSII buffers (Article 131.14)	In case both G-SII and O-SII criteria applied to the same institution at the consolidated level, which of the two buffers is the highest? N/A
8.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	<p>a. In case an SRB was also applicable to the same institution, which of the SRB buffer or the G-SII or the O-SII buffer was the highest? SRB</p> <p>b. Is there a possibility of accumulation with SRB? No</p>
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	<p>a. Does the combined buffer requirement apply to the institution? Yes</p> <p>b. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Yes</p>
4.4 Timing of the measure	<p>What is the intended date of activation (i.e. as of which date shall the measure be applicable)? The O-SII buffer is already implemented in Dutch law. We intend to activate the buffer at the same time as the SRB. This will be as soon as the SRB is implemented in Dutch law (probably in July 2014). The O-SII buffer will be phased in between January 2016 and January 2019.</p>
4.5 Review of the measure	<p>What is the envisaged duration of the measure? What are conditions for its deactivation?</p> <p>a. How often will the G-SII buffer be reviewed (maximal periodicity of 1 year)? b. How often will the O-SII buffer be reviewed (maximal periodicity of 1 year)? Once a year</p>
9. Miscellaneous	
5.1 Disclosure	<p>Where do you disclose the SII-buffer to the public? On DNB's website (www.dnb.nl)</p>
5.2 Contact person(s) at notifying authority	<p>Contact person(s) for further inquiries (name, phone number and e-mail address) Shahin Kamalodin, +31205242240, S.A.Kamalodin@dnb.nl Koen Holtring, +31205242927, K.Holtring@dnb.nl</p>

5.3 Any other relevant information	
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O-SII buffer SNS Bank N.V.

10. Notifying national authority (If several designated authorities, please mention all of them)	
1.1 Name of the notifying authority	De Nederlandsche Bank (DNB)
11. Buffer levels and the institution to which they apply	
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII
2.2 Concerned institution or group of institutions	On which institution is the measure applied? a. Name of the individual institution SNS Bank N.V. b. Name of the parent company of the institution SNS REAAL N.V. c. Name of the subsidiaries of the institution No significant foreign subsidiaries d. If parent institution, are subsidiaries notified as O-SII? N/A
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? 1%
2.4 Firm level at which the buffer is applied	Is the buffer set on a: - Consolidated level
2.5 Information on other buffers already in application	Is the institution subject to a systemic risk buffer? No If yes, please provide the following information: a. What is the level of the systemic risk buffer (in %) applied to the concerned institution N/A b. Is the systemic risk buffer applied to all exposures located in your Member State only? N/A
2.6 Annual review of the G-SII or O-SII (Articles 131.6 and 131.12)	This box is to specify the outcome of the annual review of the G-SII or O-SII. What are the new levels? N/A - Maintained - Move in between G-SII buckets

	<ul style="list-style-type: none"> - Change of level of O-SII buffer - Changed from O-SII to G-SII - Changed from G-SII to O-SII - Cancellation of SII buffer
12. Rational for activation of the G-SII and O-SII buffer	
3.1 Description of the G-SII (Article 131.2)	<p>If notification as a G-SII, please provide information on the following categories:</p> <ul style="list-style-type: none"> a. size of the group; b. interconnectedness of the group, with the financial system; c. substitutability of the services or the financial infrastructure provided by the group; d. complexity of the group; e. cross border activity of the group, including cross border activity between Member States and between a Member State and a third country
3.2 Description of the O-SII (Article 131.3)	<p>If notification as a O-SII, please provide information on the criteria used:</p> <ul style="list-style-type: none"> a. size We use <i>size</i> as one of the criteria in our framework to assess systemic importance. This criterion contains the following quantitative indicators: total assets on balance (consolidated) and total assets including off-balance items (consolidated). These indicators are assessed in terms of the total of all banks in the Netherlands (in other words: market shares for each bank are calculated). b. importance for the economy of the EU, or relevant Member State We use <i>substitutability</i> as one of the criteria in our framework to assess systemic importance. This criterion measures the importance of a bank for the domestic economy. It considers especially, but not exclusively, the market share of loans provided to the domestic economy. A bank that provides a certain essential service or product that is not provided by other banks might also qualify as difficult to substitute. c. significance of cross-border activities: We do not explicitly use this criterion, as the reference system of our framework to assess systemic importance is the domestic economy. d. interconnectedness of the institution or group, with the financial system We use <i>interconnectedness</i> as one of the criteria in our framework to assess systemic importance. This criterion includes several quantitative indicators, like interbank loans, financial derivatives, repos and payments transactions. It also includes the interconnectedness through the Dutch deposit guarantee scheme, which is currently funded ex post. To assess interconnectedness, some qualitative indicators are included. Such indicators include whether the institution is part of a financial conglomerate, or has shareholdings in or is owned by other financial institutions. e. other criteria used

	<p>Apart from size, substitutability and interconnectedness, DNB finally assesses the degree of resolvability of a bank, and dynamic or qualitative aspects like potential contagion due to reputational effects and potential fire sales.</p>
<p>3.3 Indicators used for designation of the G-SII (Article 131.2 and 131.9)</p>	<p>Please provide information on:</p> <ul style="list-style-type: none"> a. which overall score is attributed to the G-SII b. which quantifiable indicators were used for each category described under line 3.1 above c. which score reached each category d. what qualitative supervisory judgement has been taken into account?
<p>3.4 Indicators used for designation of the O-SII (Article 131.3)</p>	<p>Please provide information on:</p> <ul style="list-style-type: none"> a. which of the criteria mentioned under 3.2 was used to qualify the institution as an O-SII Especially interconnectedness. Dutch consumers have placed a relatively large amount of deposits at SNS Bank. A large share of these deposits are insured through the deposit guarantee scheme. When the bank fails, other banks need to repay part of these guaranteed deposits; this is a direct contagion channel. In addition, SNS Bank accounts for a substantial share of loans provided to Dutch households. b. whether and how you followed the EBA guidelines The EBA guidelines have not yet been finalised. However, the Dutch framework is consistent with the current proposal of the guidelines.
<p>3.5 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)</p>	<p>Please provide:</p> <ul style="list-style-type: none"> a) the justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk; The impact of the failure of a systemic bank on the domestic financial sector and the real economy would be much larger than the impact of failure of a smaller, non-systemic bank. Therefore, the probability of default of systemic banks should be significantly reduced. This can be accomplished by increasing the loss going concern absorbing capacity; therefore, applying the O-SII buffer is an effective means to mitigate the risk. When a bank's systemic importance rises, it will be required to hold a proportionally higher O-SII buffer. As SNS Bank is less systemic than the three largest systemic banks in the Netherlands (i.e. smaller size, lower share of loans to households and businesses) a 1% O-SII buffer is applied. b) an assessment of the likely positive or negative impact of the O-SII buffer on the single market, based on information which is available to the Member State. The higher capital requirements will structurally increase the solvency of Dutch systemic banks. This positively affects the stability of the financial system and the real economy in the Netherlands and with that, the Single Market. As the measure applies to Dutch banks at a consolidated level, there may be an impact on individuals or companies outside the Netherlands through exposures of subsidiaries and branches of Dutch banks in other jurisdictions. However, since the capital levels of the banking groups are already in the ballpark of the intended levels, and because DNB will use the full transitioning path, the

	impact is expected to be limited,
3.6 In Case of O-SII, Assessment of likely impact on the internal market (Article 131.6)	Please motivate set out the assessment showing that the O-SII buffer requirement may not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or of the EU as a whole forming or creating an obstacle to the functioning of the internal market. See 3.5
10. Combinations and timing of the G-SII or O-SII notified	
4.1 combinations between G-SII and OSII buffers (Article 131.14)	In case both G-SII and O-SII criteria applied to the same institution at the consolidated level, which of the two buffers is the highest? N/A
10.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	a. In case an SRB was also applicable to the same institution, which of the SRB buffer or the G-SII or the O-SII buffer was the highest? N/A b. Is there a possibility of accumulation with SRB? No
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	a. Does the combined buffer requirement apply to the institution? Yes b. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Yes
4.4 Timing of the measure	What is the intended date of activation (i.e. as of which date shall the measure be applicable)? The O-SII buffer is already implemented in Dutch law. We intend to activate the buffer at the same time as the SRB. This will be as soon as the SRB is implemented in Dutch law (probably in July 2014). The O-SII buffer will be phased in between January 2016 and January 2019.
4.5 Review of the measure	What is the envisaged duration of the measure? What are conditions for its deactivation? a. How often will the G-SII buffer be reviewed (maximal periodicity of 1 year)? b. How often will the O-SII buffer be reviewed (maximal periodicity of 1 year)? Once a year
11. Miscellaneous	
5.1 Disclosure	Where do you disclose the SII-buffer to the public? On DNB's website (www.dnb.nl)
5.2 Contact person(s) at notifying authority	Contact person(s) for further inquiries (name, phone number and e-mail address) Shahin Kamalodin, +31205242240, S.A.Kamalodin@dnb.nl Koen Holtring, +31205242927, K.Holtring@dnb.nl

5.3 Any other relevant information	
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Annex 2 SRB notification

13. Notifying national authority (If several designated authorities, please mention all of them)	
1.1 Name of the notifying authority	De Nederlandsche Bank (DNB)
14. Buffer levels and the institution to which they apply	
2.1 Type of measure intended (also for reviews of existing measures)	Which SRB measure do you intend to implement? - Activate a new SRB
2.2 Buffer level	<p>This box is to specify the level of the intended buffer and to confirm that the measure is subject to the 'notification only procedure' under Article 133(11) of the Capital Requirements Directive (CRD).</p> <p>a. Which case is applicable? None of the options below</p> <ul style="list-style-type: none"> - Above 3% before 1 January 2015 - Above 3% and applying to all exposures (including those located in other Member States) - Between 3% and 5% and not applying to exposures located in other Member States and a subsidiary whose parent is established in another Member State - Between 3% and 5% and not applying to exposures located in other Member States but applying to a subsidiary whose parent is established in another Member State - Above 5% to exposures in the Member State setting the buffer and third countries <p>b. What is the level of the intended SRB? 3%</p>
2.3 Institutions covered by the intended SRB	The intended SRB only addresses the very largest systemic banks: banks authorised in the Netherlands with a size (on-and off balance items) of at least 50% of the Dutch annual gross domestic product (GDP). The intended SRB includes all exposures, including those to third countries.
15. Reasons for the intended SRB	
3.1 Description of the structural systemic risk (Article 133(1) of the CRD)	<p>Description of the long-term non-cyclical systemic risks not covered by the Capital Requirements Regulation (CRR). Please include:</p> <ul style="list-style-type: none"> - Whether these risks are widespread through the whole financial sector? - Or whether they are concentrated only on one or more subsets of the sector? <p>The SRB intends to mitigate the long-term non-cyclical systemic risk resulting from the large and concentrated banking sector in the Netherlands. In the Netherlands, the balance sheet of the banking sector amounted to 430% of the GDP in mid-2013. This is much larger than the European average of approximately 300%. In addition, the largest banks</p>

	<p>dominate the banking sector. At this moment, the three largest banks combined (ING Bank, Rabobank and ABN AMRO Bank) account for approximately three quarters of the sector. The size of each of these three banks individually (including off-balance sheet items) exceeds 75% of the Dutch GDP. Also, the three banks provide the lion's share of loans to Dutch households and non-financial corporations: at this moment their share is 85% and 60% respectively. As a consequence, these banks are pivotal to the Dutch financial system as well as to the real economy.</p>
<p>3.2 Analysis of the potential to have serious negative consequences for the financial system and the real economy in your Member State</p>	<p>The loss of any of the functions of these large banks would have an immediate negative effect on many other financial institutions, consumers and businesses. In other words, the impact of failure of these large systemic banks is much larger than that of a small bank. Therefore, the probability of default of these institutions needs to be significantly reduced. This will be accomplished by the higher capital buffer requirements for these banks. However, the other systemically important institutions (O-SII) buffer is capped at 2%. For the reasons summarized under 3.1) DNB does not consider this sufficiently prudent. Therefore the SRB is activated.</p>
<p>3.3 Indicators used for activation of the measure</p>	<p>Size (including on-balance and off-balance items) versus the Dutch annual GDP. All banks with a size larger than 50% of the GDP are in scope of the 3% SRB.</p>
<p>3.4 Justification of the scope of the SRB</p>	<p>The SRB is only applied to institutions that contribute to the risk of a large and concentrated banking sector. Therefore, it is applied only to the very largest institutions.</p> <p>Other macroprudential measures, alone or in combination, cannot adequately address the identified systemic risk. First of all, the 2% O-SII buffer is not considered by DNB sufficiently prudent in the Netherlands. In principal, the scope of Pillar II is institution-specific, with continuous evaluation in the SREP-ICAAP dialogue. The systemic risk that DNB would like to address (a large and concentrated banking sector) is structural in nature. Pillar II measures are not adequate for this type of risk, while the SRB is. The SRB offers the additional advantage that it is a variable capital reserve that banks can accumulate during economically good times. Banks can draw upon these reserves to continue lending and borrowing when economic conditions worsen.</p>
<p>3.5 Suitability, effectiveness and proportionality of the measure</p>	<p>The SRB is likely to be effective because it increases the loss absorbing capacity of the largest systemic banks. Therefore, it positively affects the stability of the financial system and the real economy in the Netherlands. Studies indicate that an additional capital buffer for the most systemic banks at least in line with the intended measure will be proportionate to mitigate the risk. A higher level than the intended 3% is currently not desirable in view of level playing field considerations.</p>
<p>3.6 Assessment of the likely impact on the internal market</p>	<p>The higher capital requirements will structurally increase the solvency of Dutch systemic banks. This positively affects the stability of the financial system and the real economy in the Netherlands and with that, the Single Market. As the measure applies to Dutch banks at a consolidated level, there may be an impact on individuals or companies outside the Netherlands through exposures of subsidiaries and branches of Dutch banks in other jurisdictions. However, since capital levels of the banking groups are already in the ballpark of the intended levels, and because DNB will use the full transitioning path, the impact is expected to be limited.</p>
<p>12. Combination of the SRB with other buffers and timing of the measure</p>	

<p>4.1 Combination with G-SII buffers (Article 133(4) and (5) of the CRD)</p>	<p>a. If a G-SII buffer (buffer for global systemically important institutions) is applied to the same group at consolidated level, which of the two buffers is the higher? N/A b. Is there a possibility for the SRB to be applied cumulatively with a G-SII buffer? (Article 133(5) of the CRD) N/A</p>
<p>4.2 Combination with O-SII buffers (Article 133(4) and (5) of the CRD)</p>	<p>a. If an O-SII buffer (buffer for other systemically important institutions) is also applicable to the same institution, which of the two buffers is the higher? SRB b. Is there a possibility for the SRB to be applied cumulatively with an O-SII buffer? (Article 133(5) of the CRD) No</p>
<p>4.3 Combined buffer requirement (Article 133(6) and (7) of the CRD)</p>	<p>Do the combined buffer requirements of Article 133(6) and (7) apply to some institutions? Yes</p>
<p>4.4 Timing of the measure</p>	<p>What is the intended date of activation (i.e. date from which the measure will apply)? We intend to activate the SRB as soon as the measure is implemented in Dutch law (probably in July 2014). Subsequently, the SRB will be phased in between January 2016 and January 2019.</p>
<p>4.5 Review of the measure</p>	<p>What is the envisaged term of the measure? What are the conditions for its deactivation? How often will the appropriateness of the level of the measure be reviewed? (Article 133(10)(b) of the CRD specifies that reviews must take place at least every second year.) Every second year (or more often under specific circumstances).</p>
<p>13. Miscellaneous</p>	
<p>5.1 Publication (Article 133(16) of the CRD)</p>	<p>On DNB's website (www.dnb.nl). We also plan to provide a justification for the measure, in line with the reasoning in this template.</p>
<p>5.2 Contact person(s) at notifying authority</p>	<p>Contact person(s) for further inquiries (name, phone number and e-mail address) Koen Holtring, +31205242927, K.Holtring@dnb.nl Shahin Kamalodin, +31205242240, S.A.Kamalodin@dnb.nl</p>
<p>5.3 Any other relevant information</p>	