

FEDERAL RESERVE SYSTEM

SNS Property Finance B.V.  
Hoevelaken, The Netherlands

Order Approving Establishment of a Representative Office

SNS Property Finance B.V. (“Bank”), Hoevelaken, the Netherlands, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA<sup>1</sup> to establish a representative office in Arlington, Virginia. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Arlington, Virginia (*The Washington Post*, February 6, 2008). The time for filing comments has expired, and all comments received have been considered.

Bank, with total consolidated assets of approximately \$17 billion,<sup>2</sup> is the tenth largest bank in the Netherlands by asset size.<sup>3</sup> Bank provides project financing, participation financing, and investment financing.<sup>4</sup> Bank and its subsidiaries conduct

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<sup>1</sup> 12 U.S.C. § 3107(a).

<sup>2</sup> Data are as of December 31, 2007.

<sup>3</sup> Bank is the largest project finance company and the third largest investment finance company in the Netherlands by asset size.

<sup>4</sup> Bank is wholly owned by SNS Bank N.V., which is in turn wholly owned by SNS REAAL N.V. (“Company”). Stichting Beheer SNS REAAL (“Stichting Beheer”), a Dutch foundation, owns approximately 54.2 percent of Company, and the remaining shares are publicly held. Stichting Beheer’s activities are limited to holding shares of Company, representing and safeguarding the interests of Company, and making disbursements of a philanthropic or social nature. Aviva plc, London, United Kingdom, indirectly owns a 5.85 percent interest in Company, and no other shareholder owns as much as 5 percent of the shares of Company.

business in Europe, Canada, and the United States. Bank currently operates a number of nonbanking subsidiaries in the United States that engage in real estate financing and other real estate activities. Bank operates one representative office in Paris, France.

The proposed representative office would act as a liaison between Bank's head office in the Netherlands and existing and prospective customers in the United States. The office would perform market research, conduct preliminary underwriting analysis, make new loan solicitations, and prepare loan proposals for internal review and approval by Bank's head office. In connection with Bank's lending and real estate operations, the proposed office would perform preliminary tasks, including assembling credit information, making property inspections, requesting appraisals, and securing title information.

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a representative office, the Board must consider whether the foreign bank: (1) engages directly in the business of banking outside of the United States; (2) has furnished to the Board the information it needs to assess the application adequately; and (3) is subject to comprehensive supervision on a consolidated basis by its home country supervisor.<sup>5</sup> The Board also considers additional standards set forth in the IBA and Regulation K.<sup>6</sup> The Board considers the supervision standard to have been met when it determines that the applicant bank is subject to a supervisory framework that is consistent

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<sup>5</sup> 12 U.S.C. § 3107(a)(2); 12 CFR 211.24(d)(2). In assessing this standard, the Board considers, among other indicia of comprehensive, consolidated supervision, the extent to which the home country supervisors (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination.

<sup>6</sup> 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2)-(3).

with the activities of the proposed representative office, taking into account the nature of such activities.<sup>7</sup> This is a lesser standard than the comprehensive, consolidated supervision standard applicable to applications to establish branch or agency offices of a foreign bank. The Board considers the lesser standard sufficient for approval of representative-office applications because representative offices may not engage in banking activities.<sup>8</sup> This application has been considered under the lesser standard.

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

With respect to supervision by home country authorities, the Board has considered the following information. The Board previously has determined, in connection with applications involving other banks in the Netherlands, that those banks were subject to home country supervision on a consolidated basis.<sup>9</sup> Bank and SNS Bank N.V. are primarily supervised by the De Nederlandsche Bank N.V. (“Central Bank”) on substantially the same terms and conditions as those other banks.<sup>10</sup> Based on all the facts of record, including the above information, it has been determined that Bank and SNS Bank N.V. are subject to a supervisory framework that is consistent with the

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<sup>7</sup> See, e.g., Kreditanstalt für Wiederaufbau, 92 Federal Reserve Bulletin C135 (2006); Macquarie Bank Limited, 90 Federal Reserve Bulletin 105 (2004); RHEINHYP Rheinische Hypothekenbank AG, 87 Federal Reserve Bulletin 558 (2001).

<sup>8</sup> 12 CFR 211.24(d)(2).

<sup>9</sup> See, e.g., ING Bank, 85 Federal Reserve Bulletin 448 (1999); Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, 80 Federal Reserve Bulletin 947 (1994).

<sup>10</sup> On January 1, 2007, a new financial institutions law, the Act on Financial Supervision (“AFS”), became effective in the Netherlands. The AFS and subsequent regulations transitioned the Netherlands from sector-based to function-based supervision of financial institutions. The AFS was not intended to revise the material standards for financial supervision in the Netherlands and has not changed the material substantive standards for the supervision of Bank.

activities of the proposed representative office, taking into account the nature of such activities.

The additional standards set forth in section 7 of the IBA and Regulation K have also been taken into account.<sup>11</sup> The Central Bank has no objection to the establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration its record of operations in its home country, its overall financial resources, and its standing with its home country supervisor, financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

The Netherlands is a member of the Financial Action Task Force (“FATF”) and subscribes to its recommendations on measures to combat money laundering. In accordance with these recommendations, the Netherlands has enacted laws and created legislative and regulatory standards to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in the Netherlands, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Bank has policies and procedures to comply with these laws and regulations that are monitored by governmental entities responsible for anti-money laundering compliance.

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<sup>11</sup> See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2)-(3). These standards include: whether the bank’s home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank’s operations with the Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank’s record of operation.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with regarding access to information. Bank and Stichting Beheer have committed to make available to the Board such information on the operations of Bank and any of its affiliates as the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and Stichting Beheer have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Central Bank may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank and Stichting Beheer have provided adequate assurances of access to any necessary information that the Board may request.

Based on the foregoing and all the facts of record, and subject to the commitments made by Bank and Stichting Beheer and the terms and conditions set forth in this order, Bank's application to establish the representative office is hereby approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.<sup>12</sup> Should any restriction on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct and indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and Stichting Beheer with the conditions imposed in this order and the commitments made to the Board in connection with this application. For purposes of

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<sup>12</sup> See 12 CFR 265.7(d)(12).

this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

By order, approved pursuant to authority delegated by the Board, effective May 23, 2008.

*(signed)*

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Robert deV. Frierson  
Deputy Secretary of the Board