



SNS REAAL closes acquisition of the Dutch insurance operations of AXA

Utrecht, 6 September 2007 - SNS REAAL has closed the acquisition of AXA Nederland B.V. ('AXA NL'), Winterthur Verzekeringen Holding B.V. ('Winterthur NL') and DBV Holding N.V. ('DBV NL'), together referred to as 'AXA NL Combined', after obtaining all relevant regulatory approvals and advice from the works councils. The acquisition of AXA NL Combined was previously announced on 4 June 2007, with the expectation that the closing would occur before year end 2007.

AXA NL Combined was acquired for a cash consideration of € 1,797 million, which consists of the acquisition price of € 1,750 million plus € 47 million of accrued interest (4% per annum as from 1 January 2007, the effective date of the acquisition, up to and including the date of the acquisition, 5 September 2007). AXA Nederland B.V., Winterthur Verzekeringen Holding B.V. and DBV Holding N.V. will become 100% subsidiaries of REAAL Verzekeringen and will be financially consolidated as of 6 September 2007. The pre-closing year-to-date net profit of AXA NL Combined has accrued to SNS REAAL's shareholders' equity.

Excellent strategic fit and financially attractive

The acquisition of AXA NL Combined fully fits SNS REAAL's acquisition strategy and provides an excellent strategic fit as it will significantly strengthen REAAL Verzekeringen by:

- ⊙ Nearly doubling its market share¹ in the overall Dutch insurance market: with the acquisition, SNS REAAL becomes a leading player in the total Dutch insurance market with a market share of 9.2% (versus 5.2% on a stand alone basis). SNS REAAL's market share in the life insurance market increases from 6.0% to 10.8%. Its market share in the non-life insurance market increases from 3.6% to 6.0% (excluding health insurance). The combined group is particularly strong in the individual life market segment where SNS REAAL will become the third largest player with an increased market share of 14.1% on a portfolio basis and more than 20% based on new production.
- ⊙ Significantly improving its distribution power, including in key growth areas: AXA NL Combined provides good access to underwriting agents and to the high end segment of the Dutch intermediary market, and strengthens REAAL Verzekeringen's distribution capabilities in growth markets such as disability insurance, pensions and the SME sector.
- ⊙ Providing substantial scope to increase operational efficiency / economies of scale: SNS REAAL and AXA NL Combined have complementary strengths. Sharing of best practices will increase the overall operational efficiency. The acquisition will allow SNS REAAL to make effective use of its scalable ICT systems. The integration and related cost synergies, as discussed below, are also expected to significantly contribute to the overall operational efficiency.

The acquisition will further diversify SNS REAAL's business mix and will increase the relative size of its insurance operations. Furthermore, the acquisition is expected to deliver substantial cost synergies. It enabled the effective use of the excess capital within SNS REAAL. The acquisition is expected to be EPS accretive as of 2008, generate a return on investment above cost of capital and contribute to SNS REAAL's ROE. SNS REAAL's current financial targets for 2007-2009 will remain in place.

¹ All market shares refer to 2005 and are based on gross written premiums (GWP) (on a portfolio basis). Source: AM Jaarboek 2006. Excluding health insurance.

Financing secured maintaining moderate risk profile

The entire funding for the acquisition of AXA NL Combined was completed on favourable conditions. SNS REAAL issued new shares for a total amount of € 350 million in June 2007 to partly finance the acquisition. Furthermore, it also raised € 350 million in hybrid capital in July 2007. The remaining financing, in the form of senior debt, was secured in the period June-August 2007. Given the market circumstances interest expenses will be fractionally higher than originally anticipated.

To be protected from a potential deterioration of the equity capital markets, the risk of a negative value development in the equity portfolio of AXA NL Combined was hedged with a bandwidth of 10% in July 2007.

Integration and expected synergies

As announced on 4 June 2007, SNS REAAL expects to realise substantial pre-tax cost synergies of € 50 million per annum as of 2011 on a fully phased basis, representing approximately 40% of AXA NL Combined's operational cost base. SNS REAAL estimates total pre-tax restructuring costs of € 60 million which will be front-end loaded with the majority of costs to be taken in the first 3 years and mainly consisting of ICT, facilities and HR related costs.

As announced on 4 June 2007, AXA NL and Winterthur NL will be integrated into REAAL Verzekeringen. DBV NL will continue to use its own brand, products and operations. SNS REAAL expects most cost synergies to be realised by the integration of operations and systems, the use of SNS REAAL's shared service centers concept, one single head-office and by the related reduction of FTEs.

The management teams of SNS REAAL and AXA NL Combined are jointly finalising the contemplated integration plan. Significant progress has been achieved already. The works councils' approvals related to the integration plan are expected before year end 2007, enabling the implementation as planned.

SNS REAAL 2007 Investor Day

On Tuesday, 20 November, SNS REAAL will host a seminar for investors, analysts and shareholders. The Investor Day will aim to provide more insight into the different operations of SNS REAAL, its strategy and risk profile. During the Investor Day, SNS REAAL will provide an update of the financial performance of AXA NL Combined in 2007 and present the main elements of the integration plan.

Lehman Brothers has acted as Sole Financial Advisor to SNS REAAL on the acquisition.

Profile of the acquired companies

AXA Nederland B.V.

AXA NL is a medium sized insurer in the Netherlands with € 808 million of GWP in 2006, of which 64% was generated by Life and 36% by Non-Life insurance products. Its net profit for 2006 was € 126 million. AXA NL focuses on retail and SME clients and is a significant player in disability products. In addition, AXA NL holds a leading position with underwriting agents. In 2006 AXA NL employed 574 FTEs. Its total stated Embedded Value ('EV') was € 1,078 million at year end 2006, consisting of € 924 million life EV and € 154 million non-life and other net asset value. The reintegration of its previously outsourced back-office systems limited new business value for 2006 to € 1 million.

Winterthur Verzekeringen Holding B.V.

Winterthur NL generated € 260 million of GWP, of which 64% was generated by its Life and 36% by its Non-Life insurance products. Winterthur NL's reported net profit for 2006 based on Dutch GAAP was € 57 million. Based on SNS REAAL IFRS standards this would be € 42 million. Winterthur NL focuses on retail and SME clients and has a loyal customer base. It employed 195 FTEs in 2006. Its total stated EV was € 319 million at year end 2006, consisting of € 257 million life EV and € 62 million non-life and other net asset value. In 2006 Winterthur NL generated € 9 million of new business value.

DBV Holding N.V.

DBV NL has a distinct business model and sells packaged mortgages with life insurance policies. DBV NL's GWP of € 585 million in 2006 was almost exclusively generated by its Life insurance products, of which 72% were single premiums. DBV NL's net profit was € 14 million for 2006. DBV NL originated € 2.1 billion in mortgages in 2006 of which a large part was funded on its balance sheet and a smaller part funded by third parties including securitisations. It employed 210 FTEs at year end 2006. Its total stated EV was € 151 million at year end 2006, consisting of € 175 million life EV, negative € 24 million non-life and other net asset value and it generated € 1 million of new business value over 2006.

AXA NL Combined

The three separate businesses of AXA NL, Winterthur NL and DBV NL combined generated € 1,653 million of GWP, of which 77% Life and 23% Non-Life, and € 182 million of net profit on a SNS REAAL IFRS basis. Adjusting this net profit for non-recurring items would result in a normalised pro forma net profit of AXA NL Combined of € 143 million over 2006.

SNS REAAL

With a balance sheet total of € 83 billion at the end of June 2007, SNS REAAL is one of the larger bancassurance companies in the Netherlands. SNS REAAL has a long history of close commitment to Dutch society. The organisation and the way in which its 5,604 (FTEs) employees as at the end of June 2007 operate (year end 2006 5,776 FTEs) are characterised by social involvement and a keen eye for new developments.

As a bank and insurer, SNS REAAL holds a distinct position in its market by quickly and effectively translating client needs into accessible and transparent products. In-depth knowledge of products and efficiently designed processes lead to effective standardisations and combination options within product and client groups. SNS REAAL is a strong and flexible organisation that, through its core brands and REAAL Verzekeringen and specialised sales labels, enjoys strong positions in the Dutch market.

SNS Bank sells its housing and commercial mortgages, savings, investment and insurance products through its own branch offices, independent intermediaries, the internet and by telemarketing. The investment products range from do-it-yourself to advisory products and asset management. With SNS Property Finance, SNS REAAL is one of the major financiers of property investments and projects in the Netherlands. SNS Property Finance is also active internationally.

REAAL Verzekeringen works almost exclusively through independent intermediaries to sell life insurance, including unit-linked policies and pensions, and non-life insurance, for example for home cover, mobility and disability insurance. Only its subsidiary Proteq sells non-life insurance to the consumer directly via the internet.

SNS Asset Management manages the investment funds of SNS Bank and ASN Bank, the investments of REAAL Verzekeringen and SNS REAAL Pension Fund as well as assets for institutional investors. SNS Asset Management also performs specialised investment research in the field of corporate social responsibility.

The SNS REAAL share is listed on Euronext Amsterdam. Since 2 March 2007, the SNS REAAL share has been included in the Amsterdam Mid Cap Index. The market capitalisation amounted to € 4.0 billion as of 31 August 2007.

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