



**SNS REAAL**

## Financial Results First Half 2009

*‘Rebound in underlying profit, strong solvency position improved’*

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18 August 2009



# **I. Highlights, Update Strategy, Risk Profile**

# Update on Strategy

## Strategic Evaluation

- Strategic evaluation initiated in 2Q09
- Preliminary conclusions endorse existing strategic priorities and product groups
- Customer service more relevant than ever

## Moderate Risk Profile

- Derisking the balance sheet:
  - Refocus SNS Property Finance exclusively on the Netherlands
- Strong solvency and liquidity remains key: *'More capital and less risk'*
- Too early to predict resumption ordinary dividend and repayment of capital securities

## Best-in-Class Efficiency

- *'From scale to economies of scale'*
- Good results from integration programmes demonstrate strengths
- Further streamlining of activities, locations, brands, distribution and IT

**Realising the full potential of SNS REAAL,  
providing a strong platform for creating value for all stakeholders**

# Highlights First Half 2009

## Strong Solvency Ratios

- Significant increase IFRS solvency Insurance activities to 274% (Regulatory 202%)
- Strong capital ratios at SNS Bank. Core Tier 1: 8.2% and Tier 1: 10.6%
- Double leverage at Group level 115%
- Further strengthening of liquidity position of Banking activities to €15.2bn

## Limited Half Year Net Loss

- Limited net loss of €30m
- Net loss includes -€92m impact from volatile financial markets, sharply lower vs. 2H08 (-€685m)
- Net loss also includes -€67m of one-off items, mainly consisting of a €55m goodwill impairment at SNS Property Finance (2H08: -€133m)
- Underlying profit of €129m, up 47% vs. 2H08, down 41% vs. 1H08

# Tentative Financial Markets Recovery, but Challenging Environment

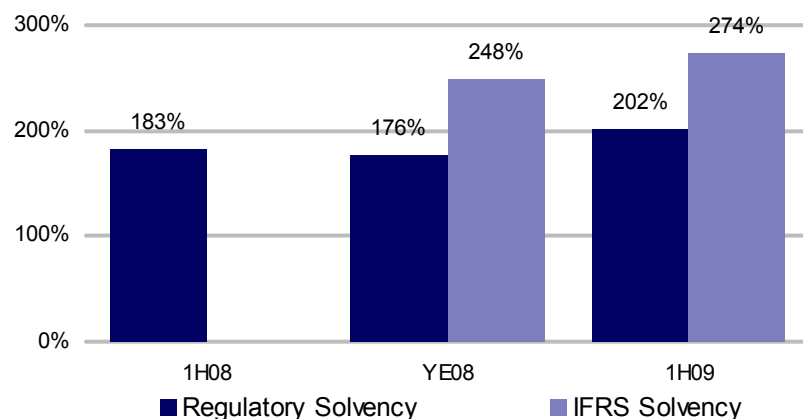
Developments Financial Markets 1H09					
	30/06/08	31/12/08	30/06/09	Δ YOY	Δ 1H09
Equities (AEX)	425.9	245.9	254.7	-40.2%	+3.6%
Interest Rate (10 yr ECB AAA)	4.85%	3.76%	4.07%	-78 bps	+31 bps
Credit Spread (IBoxx Corp. A)	209	539	321	+112 bps	-218 bps

## Developments Core Markets SNS REAAL 1H09 (YOY)

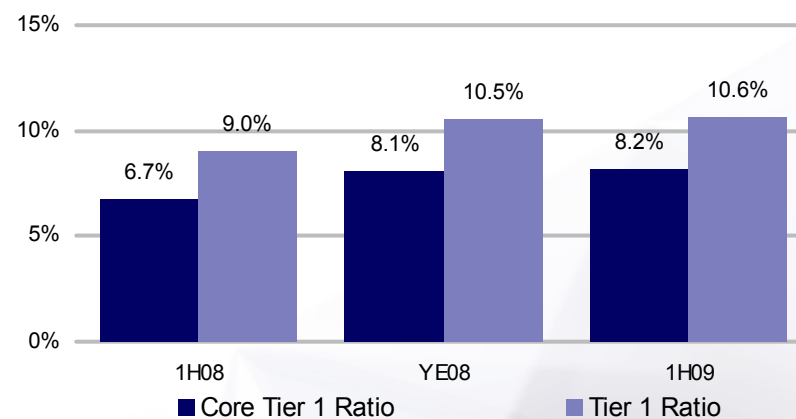
- Market volumes of new Dutch residential mortgages declined 37%
- Market for Dutch savings grew 8% since YE08
- Market for new Dutch life insurance premiums declined 28%
- Market for new Dutch non-life insurance premiums was slightly lower

# Significant Increase in Insurance Solvency and Strong Capital Ratios at SNS Bank

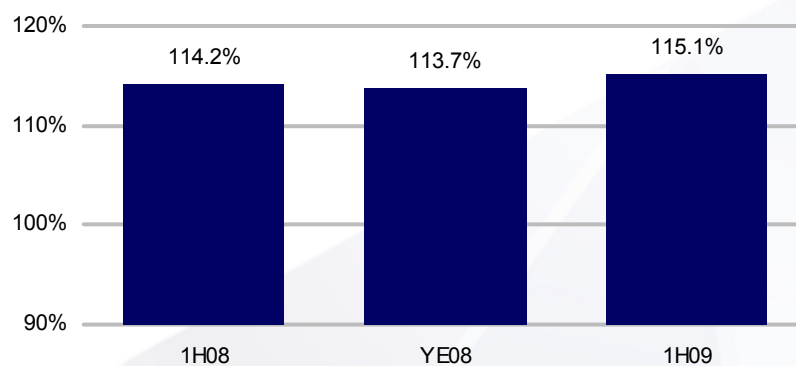
## Insurance Solvency Ratios



## Banking Capital Ratios<sup>(1)</sup>



## Double Leverage



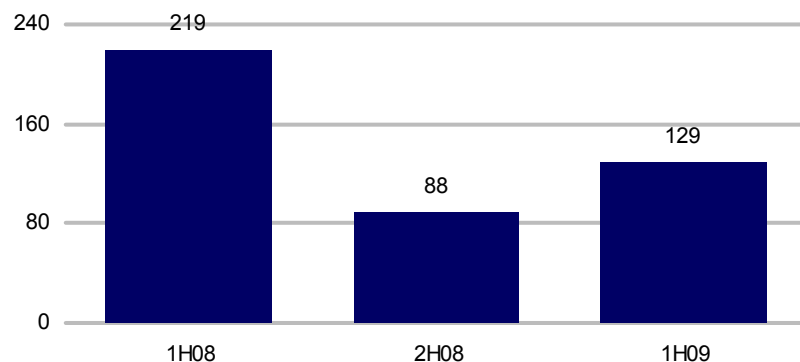
## Changes in Shareholders' Equity (€m)

<b>Shareholders' Equity YE08</b>	<b>4,892</b>
Fair Value Reserve Equities	+59
Fair Value Reserve Fixed Income	-417
Net Result First Half 2009	-30
Other	-13
<b>Shareholders' Equity 1H09</b>	<b>4,491</b>

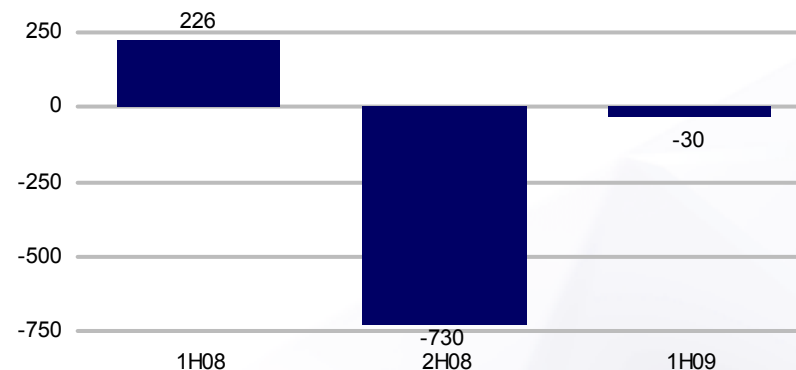
1. Including 80% floor from Basel I.

# Rebound Underlying and Net Result compared to 2H08

## Underlying Result SNS REAAL (€ m)



## Net Result SNS REAAL (€ m)



## Underlying Result Business Units

(€ m)	1H08	2H08	1H09
<b>Underlying Result SNS REAAL</b>	<b>219</b>	<b>88</b>	<b>129</b>
of which SNS Retail Bank	98	89	80
of which SNS Property Finance	51	(23)	(36)
of which REAALVerzekeringen	87	43	96
of which ZwitserLeven	8	9	13
of which Group Activities	(25)	(30)	(24)

## Net Result Business Units

(€ m)	1H08	2H08	1H09
<b>Net Result SNS REAAL</b>	<b>226</b>	<b>(730)</b>	<b>(30)</b>
of which SNS Retail Bank	72	44	64
of which SNS Property Finance	51	(23)	(91)
of which REAALVerzekeringen	103	(582)	5
of which ZwitserLeven	3	(74)	29
of which Group Activities	(3)	(95)	(37)

## Good Progress with Reducing Operating Costs and Integrations

Efficiency Programmes	FTEs Reduction	Targeted Cost Savings	Completion Date
Focus on distribution, SNS Retail Bank	380	€35m	2010
Integration AXA NL	400	€50m	2010
Integration ZwitserLeven	300	€35m	2012
Group-wide programme	170	€20m	2010
<b>Total of all efficiency programmes</b>	<b>1,250</b>	<b>€140m</b>	

- Total operating expenses of SNS REAAL declined by €89m (-13%) vs. 2H08
- Transformation of branches into shops has started at SNS Retail Bank, cost savings will become evident mainly in 2010
- Annualised cost synergies realised to date at AXA NL of €37m (74% of target already achieved)
- Reverse integration ZwitserLeven progressing well; integration costs and synergies limited so far
- Group-wide efficiency programme on track; will lead to cost savings of at least €20m by end 2010



# Developments in Core Products in 1H09

## Retail Mortgages & Property Finance

- Retail mortgage portfolio up €0.3bn to €47.6bn (+1%)
- Market share new retail mortgages decreased from 8.2% to 7.3%; margins on new production and portfolio increased substantially
- SNS Property Finance loan portfolio grew slightly to €13.8bn (+2%)

## Savings

- Savings up €1.5bn to €23.4bn (+7%), ASN Bank contributed considerably
- Market share savings stable (8.3%); margins decreased due to high interest rates offered on term deposits in 2H08 and 1Q09 in competitive environment
- SNS Retail Bank's client base increased by 16,000 customers

## Life Insurance

- Regular premiums up 2% to €1,291m; market share 17.5% (2008: 17.9%)
- Single premiums down 45% to €589m due to pricing discipline in a continued competitive market; market share 17.0% (2008: 22.6%)
- Value New Business up to €21m (1H08: €8m)

## Non-life Insurance

- Gross premiums up 2% to €412m in a slightly lower market
- 7% growth in disability premiums

# Moderate Risk Profile Reaffirmed by Continued Balance Sheet De-risking

## Moderate Risk Profile

- Reasserting moderate risk profile: insurance solvency and banking capital levels improved, coupled with balance sheet de-risking

## Investment Portfolio

- Equity portfolio reduced to €1.4bn (YE08: €2.1bn). Portfolio includes 62% of equities with a fixed income or real estate character
- Securities lending programme ZwitterLeven reduced to €1.4bn (YE08: €2.3bn)
- Interest rate sensitivity of fixed income portfolio significantly reduced

## Property Finance Portfolio

- To re-focus exclusively on its domestic Dutch market; international activities will be reduced in a controlled and gradual manner
- Loan portfolio has not grown in terms of commitments in 1H09

# Financial Targets

## Returns Targets

- SNS REAAL will publish revised targets in due course

## Operational Efficiency Targets

- Efficiency Ratio < 55% (2009)
- Op. Cost / Premium Ratio < 13% (2009)
- Combined Ratio (non-life) < 97% (2009)

**YE08**

**1H09**

62.8%

55.1%

15.9%

12.0%

92.3%

91.8%

## Capital / Solvency Targets

- Tier I Ratio > 8%
- BIS Ratio > 11%
- Life Solvency > 150%
- Non-life Solvency > 200%
- Double Leverage < 115%

10.5%\*

10.6%\*

14.0%\*

13.8%\*

177%

208%

307%

307%

113.7%

115.1%

\* Figures are calculated based on Basel II, taking into account 80% floor from Basel I.

## **II. Financial Performance**

# Limited Half Year Net Loss, Rebound in Underlying Profit compared to 2H08

## Net Profit

(€ m)	1H09	1H08	2H08
<b>NET RESULT SNS REAAL</b>	<b>(30)</b>	<b>226</b>	<b>(730)</b>
SNS Retail Bank	64	72	44
SNS Property Finance	(91)	51	(23)
REAAL Verzekeringen	5	103	(582)
of which REAAL Life	(29)	85	(558)
of which REAAL Non-Life	28	15	11
of which REAAL Other	6	3	(35)
ZwitserLeven	29	3	(74)
<b>Group Activities</b>	<b>(37)</b>	<b>(3)</b>	<b>(95)</b>
Impact volatile financial markets	(92)	(41)	(685)
One-off items	(67)	48	(133)
<b>UNDERLYING NET RESULT</b>	<b>129</b>	<b>219</b>	<b>88</b>

## Highlights

- Lower net profit at SNS Retail Bank, impacted by lower interest income and higher impairments; efficiency ratio improved to 66.2% from 70.8% (1H08)
- Net profit SNS Property Finance impacted by €55m impairment on goodwill and higher impairments on international project finance; efficiency ratio improved to 21.8% from 30.3% (1H08)
- Result at REAAL Life still impacted by impairments on equity & fixed income portfolios, but to a much lesser extent than in 2H08
- Net profit at REAAL Non-life up driven by lower claims ratio of 52.1% (1H08: 55.9%) and higher investment income
- Net profit at ZwitserLeven increased significantly, supported by realised gains on fixed-income securities
- Group Activities negatively impacted by impairments
- Underlying net result still negatively impacted by volatile financial markets and one-off items

## Underlying Result by Business Unit

	1H09	1H08	Δ	2H08	Δ
<b>Total SNS REAAL</b>	<b>(30)</b>	<b>226</b>	<b>-113%</b>	<b>(730)</b>	<b>+96%</b>
<b>Impact volatile financial markets</b>	<b>(92)</b>	<b>(41)</b>		<b>(685)</b>	
of which impairments and realised gains/losses on equity portfolio <sup>1</sup>	(73)	(36)		(387)	
<b>One-offs</b>	<b>(67)</b>	<b>48</b>		<b>(133)</b>	
<b>Underlying result SNS REAAL</b>	<b>129</b>	<b>219</b>	<b>-41%</b>	<b>88</b>	<b>+47%</b>
– underlying result SNS Retail Bank	80	98	-19%	89	-10%
– underlying result SNS Property Finance	(36)	51		(23)	
– underlying result REAAL Verzekeringen	96	87	+10%	43	+123%
– underlying result ZwitserLeven	13	8	+63%	9	+44%
– underlying result Group Activities	(24)	(25)	+4%	(30)	+20%

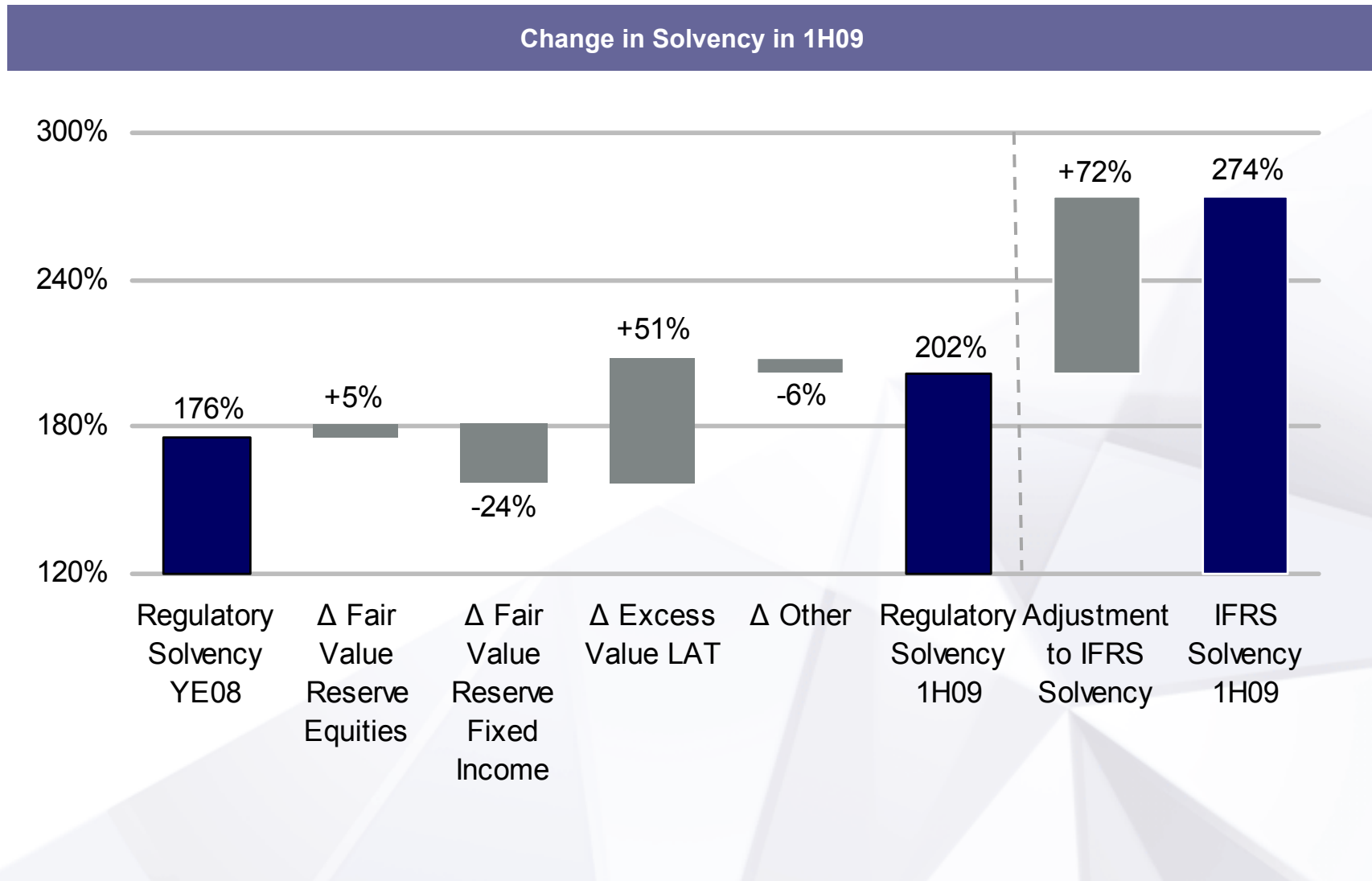
1. Net of equity hedge.

## Strong Improvement in Operating Cost Base

Operating costs (€ m)	1H09	2H08	Δ
SNS Retail Bank	264	288	-8%
SNS Property Finance	29	32	-9%
REAAL Verzekeringen	193	235	-18%
ZwitserLeven	57	69	-17%
Group Activities	35	43	-19%
<b>Total operating costs</b>	<b>578</b>	<b>667</b>	<b>-13%</b>

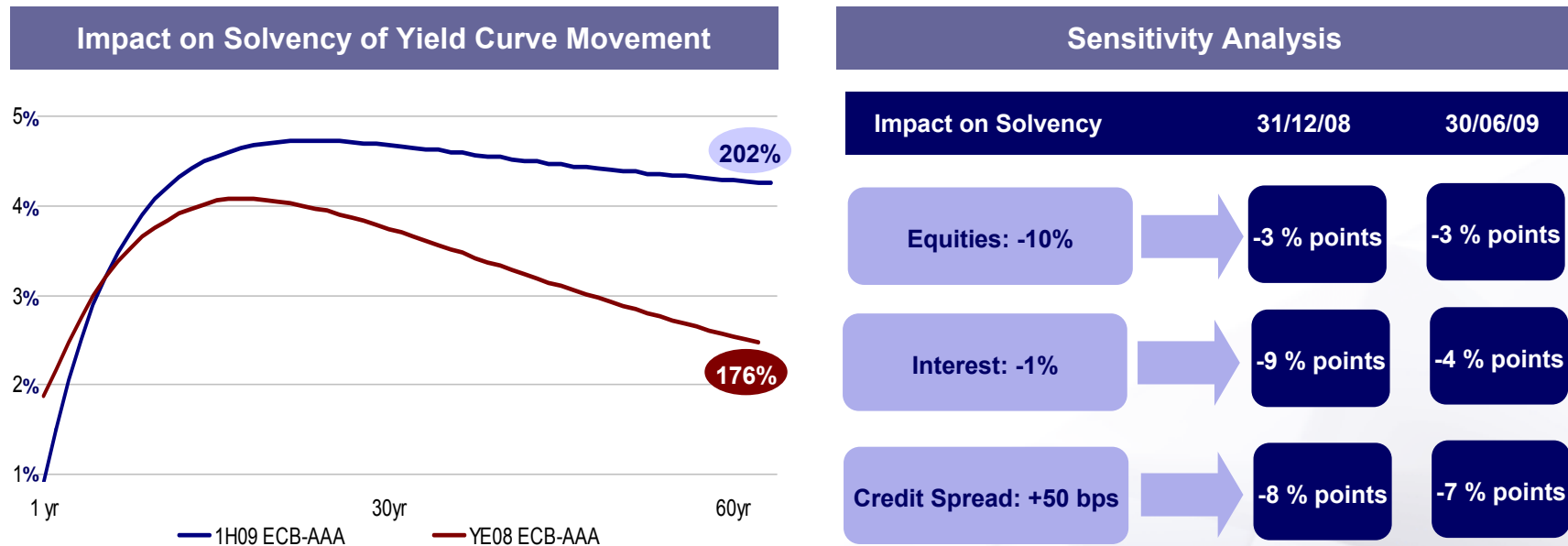
- Total operating cost base down €89m vs. 2H08 (€67m excl. restructuring charges)
- Realised cost synergies AXA NL of €37m (annualised) in 1H09:
  - Integration costs were €7m (costs to date: €42m out of €60m anticipated total)
- Integration costs and synergies ZwitserLeven limited so far
- Integration and additional cost reduction programmes will result in cost savings of at least €140m (major part to be realised by the end of 2010)

# Strong Increase in Solvency of Insurance Activities





# Sensitivity to Market Volatility Reduced



- Solvency impacted positively by higher yield curve:
  - Positive effect on regulatory liability-adequacy test (+€748m)<sup>1</sup>
  - Exceeded negative effect on fair value reserve (-€352m)
- Sensitivity of solvency to interest rate movements reduced significantly through:
  - Investments in long-dated government bonds
  - Interest rate derivatives

1. Positive effect on IFRS liability-adequacy test of €769m

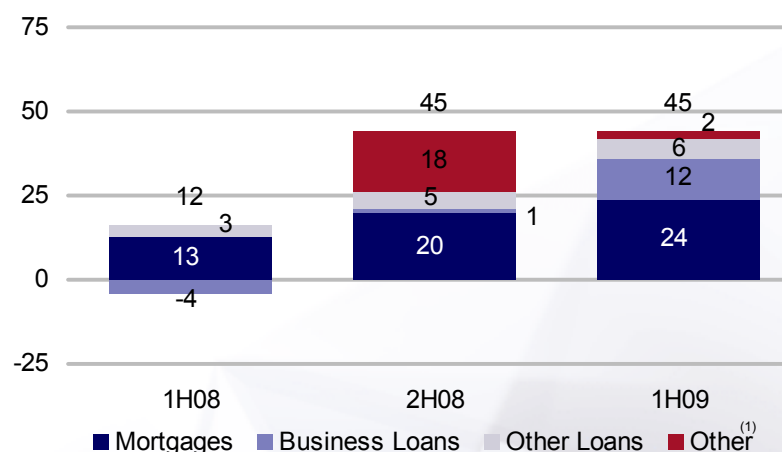
# SNS Retail Bank: Lower Interest Income, Higher Loan Impairments

## Net Interest Income SNS Retail Bank

(€ m)	1H09	1H08	2H08
<b>Total net interest income</b>	<b>181</b>	<b>278</b>	<b>279</b>
Penalty interest	9	18	21
Impact volatile financial markets (gross)	-69	-33	-41
<b>Underlying net interest income</b>	<b>241</b>	<b>293</b>	<b>299</b>

- Interest income from savings was down sharply due to high interest rates offered on term deposits in 2H08 and 1Q09. Margin improvement trend in 2Q09 expected to continue
- Interest income from retail mortgages increased as margins on new production and portfolio increased substantially
- Dislocated market impacting net interest income line offered opportunities to generate interest rate related other income

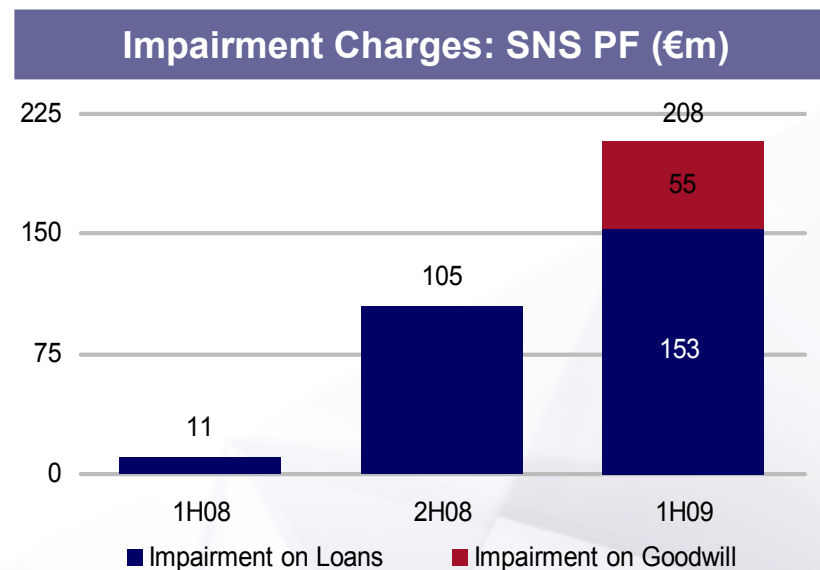
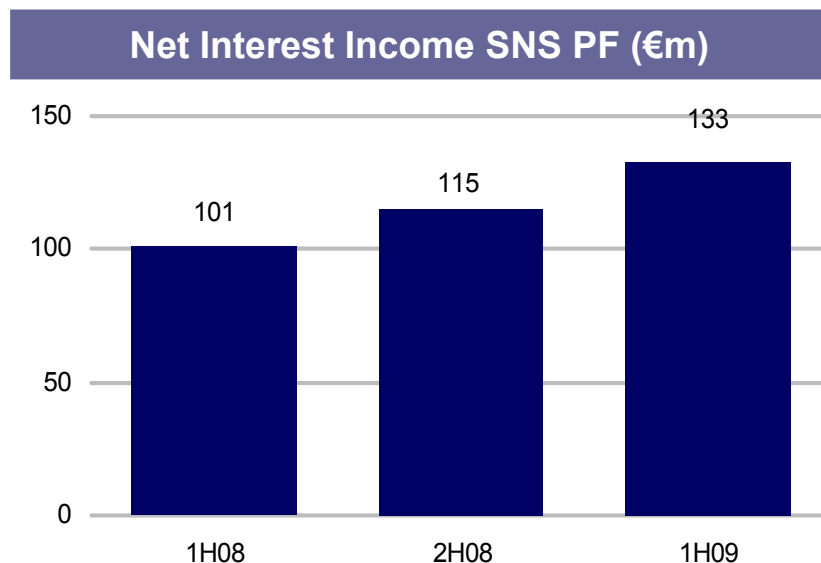
## Impairment Charges: SNS Retail Bank (€m)



- 1H09: impairment charges to loans: 16 bps of gross loans (1H08: 5 bps and 2H08: 10 bps)
- Increase at mortgages and business loans due to current economic situation
- LTV retail mortgages 75% (73% YE08)
- 11% of mortgage portfolio are under Dutch National Mortgage Guarantee scheme (NHG), 26% for new production in June

1. Other impairment charges: mainly impairments of furniture and fixtures related to restructuring

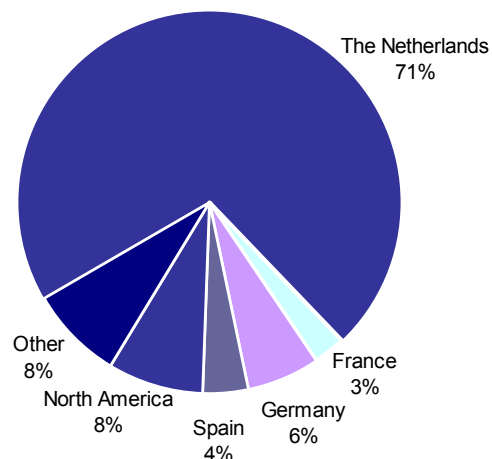
# SNS Property Finance: Higher Interest Income Offset by Impairment Charges



- Interest margin increased compared to 1H08, due to re-pricing of loans, started in the course of 2008
- Total loan portfolio of €13.8bn (+2% vs. YE08). Increase solely a result of draw-down of existing commitments
- Committed loans did not increase vs. YE08
- Impairment charges at SNS PF: 211 bps of outstanding loans (1H08: 17 bps and 2H08 153 bps)
- Over 85% of €153m impairment charges on loans relates to international exposure, defaults in the Netherlands limited
- Impairments on loans anticipated to remain at relatively high levels
- Goodwill impairment of €55m as a result of worsening outlook

# SNS Property Finance: Overview of Loan Portfolio

## Outstanding Loans by Country



## Outstanding Loans by Type

(€ bn)	1H09	YE08
<b>Investment Finance</b>	<b>8.0</b>	<b>7.6</b>
<b>Project Finance</b>	<b>5.8</b>	<b>6.1</b>
of which International	4.0	3.8
<b>Total Loan portfolio</b>	<b>13.8</b>	<b>13.7</b>

## Asset Quality Existing Portfolio

- LTV SNS PF stable at 75% as a result of prudent approach in approvals of new loans
- Property projects (of which SNS PF has taken control) rose to €404m (up from €103m), almost all relating to the international loan portfolio

## Strategic Review

- Focus exclusively on the Netherlands
- International activities will be reduced in a controlled and gradual manner over the coming years
- Structure of organisation has been adapted to this focus, leading over time to a reduction of operating expenses, with a lower risk profile

## Further Improvement in Funding and Liquidity Position of Banking Activities

- Current liquidity of €15.2bn (YE08: €10.7bn), wholesale funding secured well into 2010
- 62% of retail loans funded with retail money (61% YE 2008)
- SNS Bank raised €5.5bn of wholesale funding through issue of State guaranteed 2-5 year Notes
- Access to short-term money market funding improved, but recourse still limited
- In 2Q09 spreads for market funding decreased slightly

Development Retail Funding in 1H09		
	1H09 (€bn)	YE08 (€bn)
Loans & advances to customers	67.3	65.9
SNS Property Finance	13.8	13.7
<b>Retail Loans</b>	<b>53.5</b>	<b>52.2</b>
Savings	23.4	21.9
Other amounts due to customers	9.6	10.2
<b>Retail Funding</b>	<b>33.0</b>	<b>32.1</b>
<i>Retail Funding / Retail Loans</i>	<i>61.7%</i>	<i>61.5%</i>

Wholesale Funding 2009		
State Guaranteed Bond	€2,000m	3 yr
State Guaranteed Bond	€1,600m	5 yr
State Guaranteed Bond	GBP500m	3 yr
Private Placements	€1,350m	2-5 yr

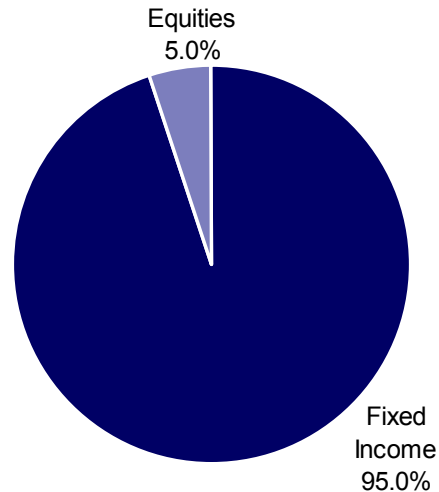
## Insurance Activities: Value of New Business Increased

(€ m)	1H09	1H08	2H08
New Annualised Premium Equivalent	225	255	201
Value Added by New Business	23	8	0
New Business APE Margin	10.2%	3.1%	0.0%

- NAPE down €30m (-12%):
  - Single premiums at REAAL declined mainly due to pricing discipline in a continued competitive market. NAPE at REAAL was down 41% to €79m
  - At ZwitserLeven, NAPE increased by 20% to €146m as a result of successful renewals of group business contracts
- VNB of Insurance activities was €23m in 1H09 (1H08: €8m) based on EEV:
  - REAAL contributed €10m (+25%) as a result of re-pricings and favorable cost developments
  - ZwitserLeven's VNB was up 225% to €13m, reflecting its focus on profitable margins

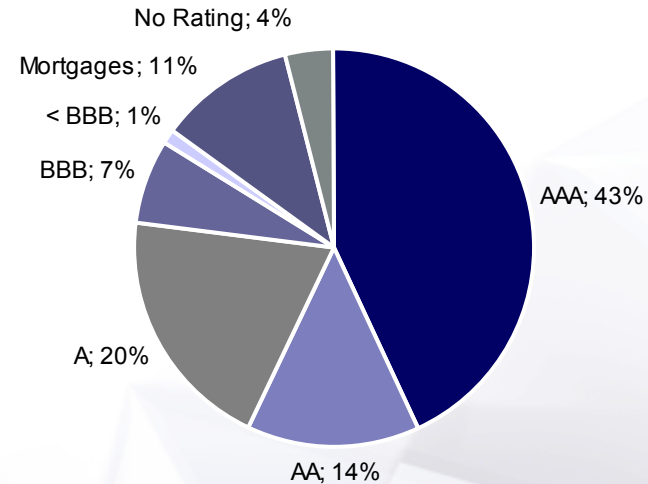
# Insurance Activities: Conservative Investment Portfolio

## Breakdown of Investment Portfolio



- Total investment portfolio of €28.4bn (+3% vs YE08)
- 95.0% of portfolio in fixed-income and 5.0% in equities
- Equity portfolio 1H09 of €1.4bn (YE08: €2.1bn)
  - 62% has a real estate or fixed income character
- Only €64m Level 3 investments. 67% of investments at fair value are classified as Level 1 and 33% as Level 2

## Breakdown of Fixed Income Portfolio



- Total fixed-income portfolio of €27.0bn: 76% rated “A” or higher (48%-points in government bonds)
- CDO/CLO portfolio of €152m, 30% of this portfolio has credit rating of AA or higher
- Rating migration led to somewhat lower ratings within portfolio compared to YE08
- No direct or indirect exposure to sub-prime mortgage market or sub-prime SME
- Impairments of €56m in 1H09 (of which €33m on CDOs/CLOs)

## Key Take-Aways

- Significant increase solvency Insurance activities, strong capital ratios SNS Bank
- Improvement funding and liquidity position SNS Bank
- Limited net loss of €30m; underlying profit of €129m, up 47% vs 2H08
- Impact from volatile financial markets still negative but sharply lower vs 2H08
- Further de-risking of the balance sheet
- Good progress cost reduction and integration programmes
- SNS Property Finance to focus on Dutch domestic market
- Interim dividend passed over



### **III. Questions & Answers**

## **IV. Appendices**

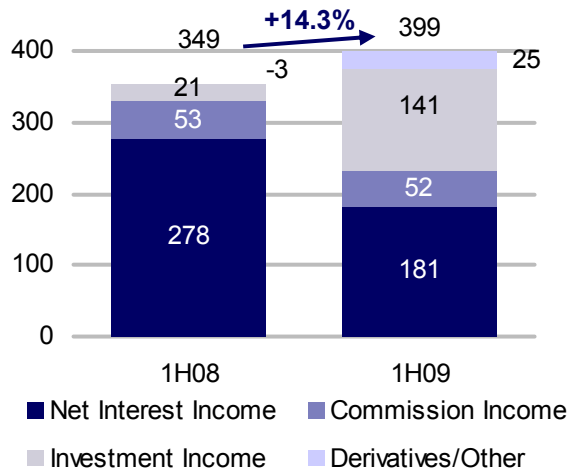
## **A. 1H09 Results per Business Unit**

## Banking Activities: Impact Volatile Financial Markets and One-off Items

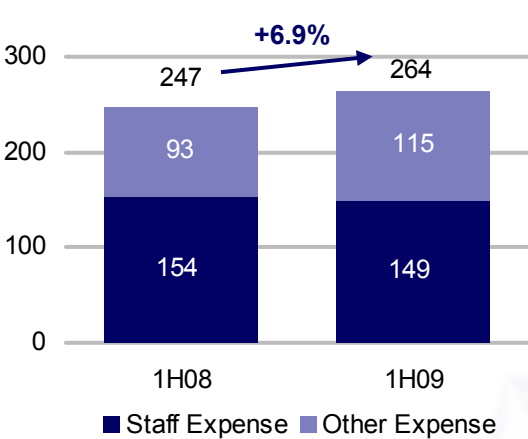
(€ m)	1H09	1H08	Δ	2H08	Δ
<b>Total Banking Activities</b>	<b>(27)</b>	<b>123</b>		<b>21</b>	
- net result SNS Retail Bank	64	72	-11%	44	+45%
- net result SNS Property Finance	(91)	51		(23)	
<b>Impact volatile financial markets SNS Retail Bank</b>	<b>(16)</b>	<b>(23)</b>		<b>(19)</b>	
Negative carry additional liquidity buffers and other temporary higher funding costs	(54)	(25)		(31)	
Buy-back results on Hermes and SNS funding paper	41	7		20	
Unrealised losses trading portfolio	0	(5)		1	
Impairments on investments	0	0		(4)	
Icesave claim	(3)	0		(5)	
<b>One-off items</b>	<b>(55)</b>	<b>(3)</b>		<b>(26)</b>	
Restructuring charge SNS Retail Bank	0	(3)		(26)	
Impairment goodwill SNS Property Finance	(55)	0		0	
<b>Underlying result Banking Activities</b>	<b>44</b>	<b>149</b>	<b>-70%</b>	<b>66</b>	<b>-33%</b>
- underlying result SNS Retail Bank	80	98	-18%	89	-10%
- underlying result SNS Property Finance	(36)	51		(23)	

# SNS Retail Bank

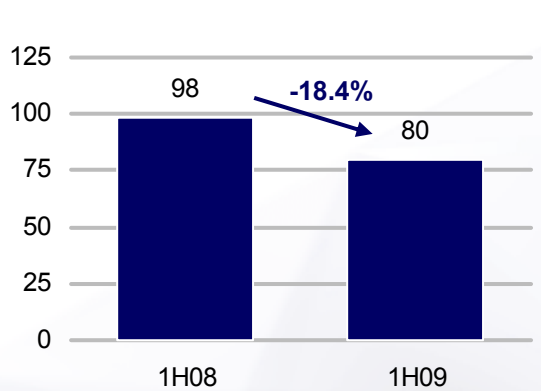
**Total Income (€m)**



**Operating Expenses (€m)**



**Underlying Net Profit (€m)**



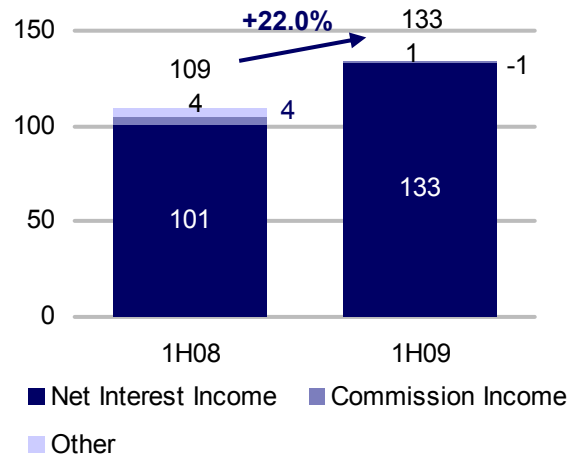
- Lower net interest income (-35%) mainly due to severe margin pressure at Savings. Margins on mortgages increased
- Investment income boosted by buy-back results on own funding paper and bond gains
- Other income up as a result of fair value movements

- Staff costs declined by €5m
- Other expenses impacted by €5m provision Icesave claim and release provisions in 1H08
- 1H09 efficiency ratio improved from 70.8% to 66.2%

- Underlying result declined €18m as a result of higher impairments on loans
- Net profit down €8m to €64m

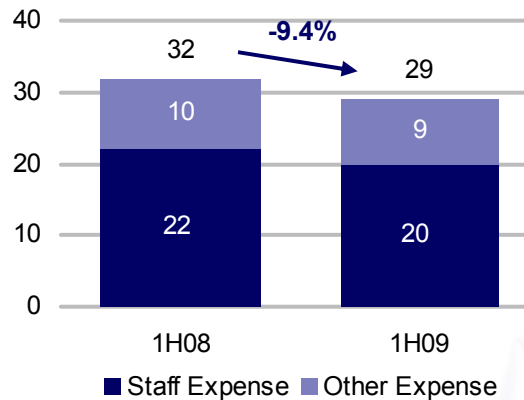
# SNS Property Finance

**Total Income (€m)**



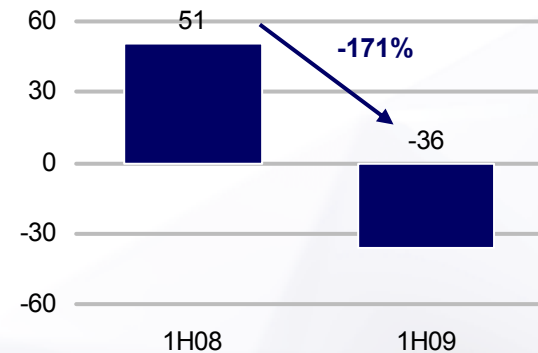
- Significant increase in net interest income (+32%) due to re-pricing loan portfolio: matching of higher funding costs and of risk profile of loans
- Commission income, management fees and other income fell €8m

**Operating Expenses (€m)**



- Operating expenses down 9% primarily due to lower external staff costs
- Considerable improvement in efficiency ratio to 21.8% (1H08: 29.4%)

**Underlying Net Profit (€m)**



- Underlying net loss of €36m, impacted by higher impairment charges
- Reported net loss of €91m impacted by goodwill impairment and higher impairments on loans

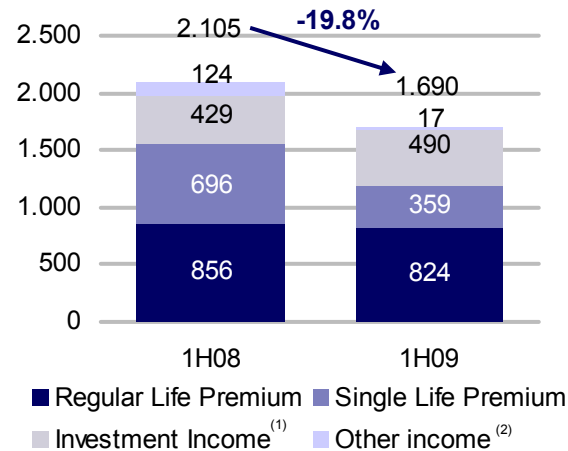
# Insurance Activities: Impact Volatile Financial Markets and One-off Items

(€ m)	1H09	1H08	Δ	2H08	Δ
<b>Total Insurance activities</b>	<b>34</b>	<b>106</b>	<b>-68%</b>	<b>(656)</b>	
<b>Impact volatile financial markets</b>	<b>(75)</b>	<b>(18)</b>		<b>(601)</b>	
Impairments and realised gains/losses on equity portfolio <sup>1</sup>	(73)	(36)		(387)	
Impairments and realised gains/losses on fixed income portfolio	40	(4)		(67)	
Result on derivatives	(31)	22		(99)	
Other	(11)	0		(48)	
<b>One-off items</b>	<b>0</b>	<b>29</b>		<b>(107)</b>	
Provision for Unit-Linked settlement	0	0		(78)	
Life reinsurance transaction	0	29		(29)	
<b>Underlying result Insurance activities</b>	<b>109</b>	<b>95</b>	<b>+15%</b>	<b>52</b>	<b>+110%</b>
- underlying result REAAL Life	67	60	+12%	20	+235%
- underlying result REAAL Non-Life	22	24	-8%	25	-12%
- underlying result REAAL Other	7	3	+133%	(2)	
- underlying result ZwitserLeven	13	8	+63%	9	+44%

1. Net of equity hedge.

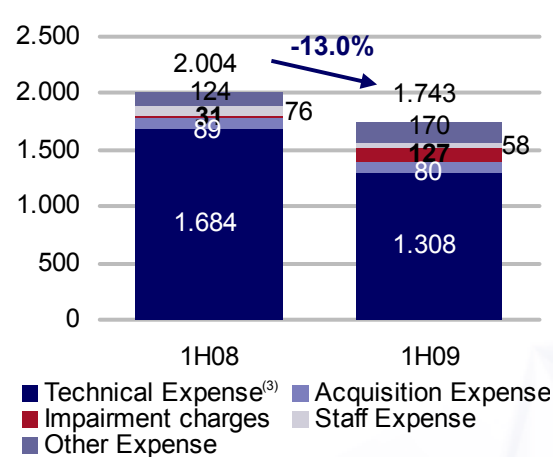
# REAAAL Life

## Total Income Own Risk (€m)



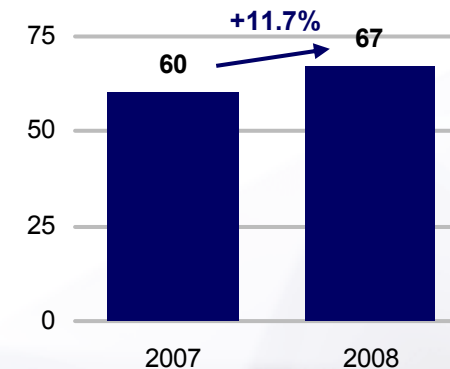
- Regular premium -4%; single premium down sharply due to pricing discipline
- Investment income up due to increased interest income
- Other income down on (un)realised losses on interest derivatives partly compensated by gains on equity derivatives

## Total Expenses Own Risk (€m)



- Staff costs were down 24% to €58m as a result of AXA NL cost synergies and lower external staff
- €18m release of provisions for guaranteed products in 1H09
- Impairment charges of €127m
- Other expenses up due to higher interest expenses
- Cost / premium ratio improved to 11.4% (1H08: 12.0%)

## Underlying Net Profit (€m)



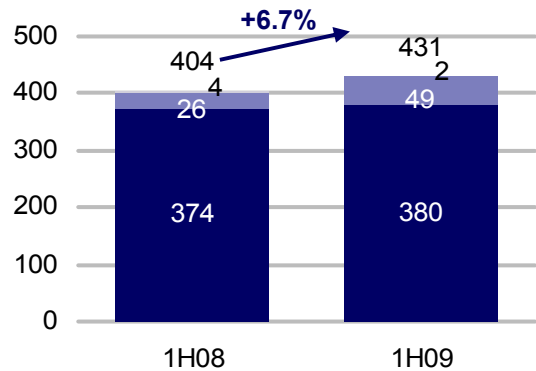
- Underlying profit up 12%, due to cost control and higher investment income
- Net profit down €114m to (€29m) as a result of adverse impact of volatile financial markets (€92m) and absence positive one-off items (€29m)

1. Excludes investment income for the risk of policyholders  
 2. Includes commission income, share in result of associates, result on financial instruments and other income  
 3. Excludes technical expenses for the risk of policyholders



# REAAAL Non-life

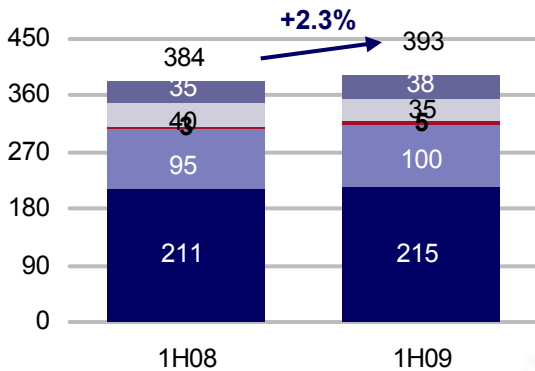
**Total Income (€m)**



■ Premium Income<sup>(1)</sup> ■ Investment Income  
■ Other Income<sup>(2)</sup>

- Total income up 7%
- Premiums slightly up (+2%). SME and disability business lines performed well
- Investment income up due to realised gains on fixed income securities

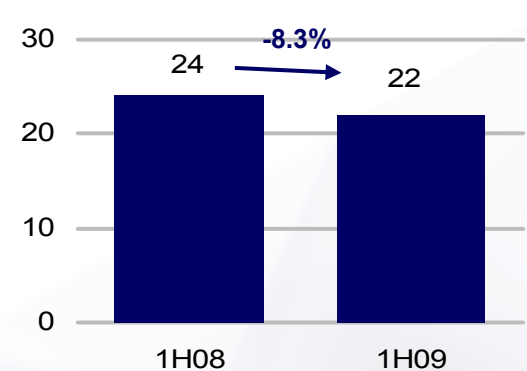
**Expenses (€m)**



■ Technical Expense ■ Acquisition Expense  
■ Impairment charges ■ Staff Expense  
■ Other Expense

- Claims ratio improved to 52.1% (1H08: 55.9%) due to release of provision for tobacco claims
- Operating expenses down €4m as a result of AXA NL cost savings
- Acquisition costs up on improved performance underwriting agents
- Impairment charge of €5m largely related to equities
- Combined ratio 91.8% (1H08: 96.1%)

**Underlying Net Profit (€m)**

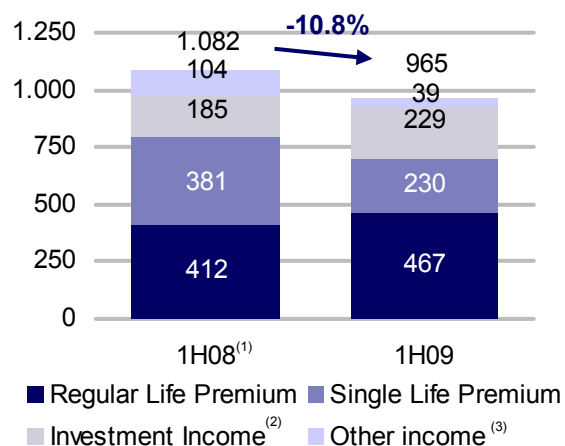


- Underlying profit down due to increased expenses on re-insurance contracts and higher acquisition costs
- Impact volatile financial markets of +€6m, mainly due to realised fixed income gains
- Reported net profit €28m (1H08: €15m)

1. Net Premium Income  
2. Includes commission income and other income

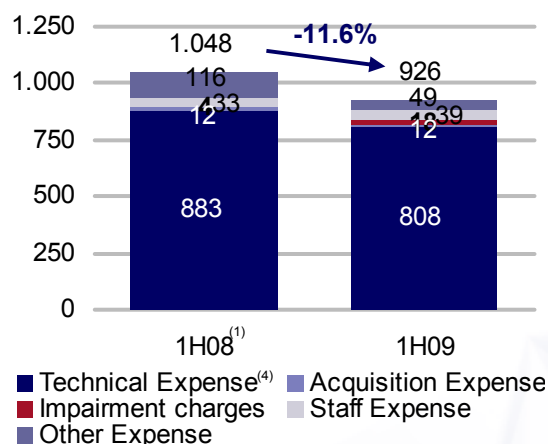
# ZwitserLeven

## Total Income Own Risk (€m)



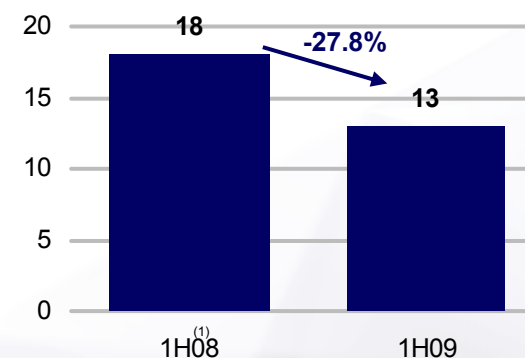
- Regular premium up 13% (higher pension premiums) but single premium down 40% (transfers of reserves down sharply)
- Investment income up 24% driven by realised gains on fixed income securities
- Other income down as income from securities lending decreased

## Total Expenses Own Risk (€m)



- Restructuring expenses and realised cost synergies limited so far
- Other expenses decreased as a result of reduced securities lending portfolio
- Impairment charges of €18m, mainly equity related

## Underlying Net Profit (€m)



- Underlying profit down €5m, as a result of lower dividend and securities lending income
- Impact volatile financial markets +€16m (mainly realised gains on bond portfolio and put options)
- Net profit of €29m (1H08: €25m)

1. Including pro forma January-April  
 2. Excludes investment income for the risk of policyholders  
 3. Includes commission income, share in result of associates, result on financial instruments, other income and securities lending  
 4. Excludes technical expenses for the risk of policyholders, including reinsurance premiums

# Group Activities

	1H09	1H08	2H08
<b>Total result Group activities</b>	<b>(37)</b>	<b>(3)</b>	<b>(95)</b>
<b>Impact volatile financial markets</b>	<b>(1)</b>	<b>0</b>	<b>(65)</b>
Impairments and realised gains/losses on equity portfolio	(1)	0	(65)
<b>One-off items</b>	<b>(12)</b>	<b>22</b>	<b>0</b>
Book profit sale Swiss Life Belgium	0	22	0
Impairment charges strategic stakes	(12)	0	0
<b>Underlying result Group activities</b>	<b>(24)</b>	<b>(25)</b>	<b>(30)</b>

- Group activities posted a net loss of €37m (1H08: -€3m). Result in 1H08 included a book gain of €22m and no impairments
- Impairment charges of €12m included €4m related to a stake held for sale and €8m to a strategic minority stake
- Impact volatile financial markets in consisted of realised losses and impairments on equities, which were disposed early 2009
- Underlying net loss of €24m was in line with 1H08. Compared to 2H08 the underlying result improved €6m due to lower operating expenses

## **B. 1H09 Financial Statements**

# Income Statement – SNS REAAL

in € millions	SNS Retail Bank	SNS Property Finance	REAAL Verzekeringen	Zwitserleven	Group activities	Eliminations	Total
<b>1st half year 2009</b>							
<b>Income</b>							
Interest income third parties	1,185	301	--	--	--	--	1,486
Interest income group companies	190	--	--	--	--	-190	--
Interest expense third parties	1,140	--	--	--	--	--	1,140
Interest expense group companies	54	168	--	--	--	-222	--
Net interest income	181	133	--	--	--	32	346
Premium income	--	--	1,595	697	--	--	2,292
Reinsurance premiums	--	--	41	2	--	--	43
Net premium income	--	--	1,554	695	--	--	2,249
Fee and commission income third parties	59	--	41	2	5	--	107
Fee and commission income group companies	10	--	4	--	13	-27	--
Fee and commission expense third parties	11	--	8	-3	2	--	18
Fee and commission expense group companies	6	--	6	3	--	-15	--
Net fee and commission income	52	--	31	2	16	-12	89
Share in result of associates	--	-1	11	--	--	--	10
Investment income	141	1	586	229	57	-108	906
Investment income for account of policyholders	--	--	232	-66	--	--	166
Result on financial instruments	23	--	-21	12	--	--	14
Income invested collateral securities lending	--	--	--	25	--	--	25
Other operating income	2	--	1	--	7	-7	3
<b>Total income</b>	<b>399</b>	<b>133</b>	<b>2,394</b>	<b>897</b>	<b>80</b>	<b>-95</b>	<b>3,808</b>
<b>Expenses</b>							
Technical claims and benefits	--	--	1,215	526	--	--	1,741
Charges for account of policyholders	--	--	531	214	--	--	745
Acquisition costs for insurance operations	--	--	179	12	--	-3	188
Impairment charges/ (reversals)	45	208	132	18	10	--	413
Staff costs	149	20	114	39	49	--	371
Depreciation and amortisation of fixed assets	15	1	25	3	6	--	50
Other operating expenses	100	8	54	15	-10	-10	157
Interest expenses securities lending	--	--	--	17	--	--	17
Other interest expenses	--	--	150	14	66	-82	148
Other expenses	--	--	1	--	--	--	1
<b>Total expenses</b>	<b>309</b>	<b>237</b>	<b>2,401</b>	<b>858</b>	<b>121</b>	<b>-95</b>	<b>3,831</b>
<b>Result before tax</b>	<b>90</b>	<b>-104</b>	<b>-7</b>	<b>39</b>	<b>-41</b>	<b>--</b>	<b>-23</b>
Taxation	25	-13	-14	10	-8	--	--
<b>Net result continued operations</b>	<b>65</b>	<b>-91</b>	<b>7</b>	<b>29</b>	<b>-33</b>	<b>--</b>	<b>-23</b>
Net result discontinued operations	--	--	--	--	-4	--	-4
<b>Net result for the period</b>	<b>65</b>	<b>-91</b>	<b>7</b>	<b>29</b>	<b>-37</b>	<b>--</b>	<b>-27</b>
Minority interests	1	--	2	--	--	--	3
<b>Net result attributable to shareholders and securityholders</b>	<b>64</b>	<b>-91</b>	<b>5</b>	<b>29</b>	<b>-37</b>	<b>--</b>	<b>-30</b>

# Income Statement – Banking Activities by Segment

in € millions	SNS Retail Bank	SNS Property Finance	Eliminations	Total
<b>1st half year 2009</b>				
<b>Income</b>				
Interest income	1,375	301	-168	1,508
Interest expense	1,194	168	-168	1,194
Net interest income	181	133	-	314
Fee and commission income	69	--	--	69
Fee and commission expense	17	--	--	17
Net fee and commission income	52	-	-	52
Share in result of associates	--	-1	--	-1
Investment income	141	1	--	142
Result on financial instruments	23	--	--	23
Other operating income	2	--	--	2
<b>Total income</b>	<b>399</b>	<b>133</b>	<b>-</b>	<b>532</b>
<b>Expenses</b>				
Impairment charges/ (reversals)	45	208	--	253
Staff costs	149	20	--	169
Depreciation and amortisation of fixed assets	15	1	--	16
Other operating expenses	100	8	--	108
<b>Total expenses</b>	<b>309</b>	<b>237</b>	<b>--</b>	<b>546</b>
<b>Result before tax</b>	<b>90</b>	<b>-104</b>	<b>--</b>	<b>-14</b>
Taxation	25	-13	--	12
<b>Net result continued operations</b>	<b>65</b>	<b>-91</b>	<b>--</b>	<b>-26</b>
Net result discontinued operations	--	--	--	--
<b>Net result for the period</b>	<b>65</b>	<b>-91</b>	<b>--</b>	<b>-26</b>
Minority interests	1	--	--	1
<b>Net result attributable to shareholders and securityholders</b>	<b>64</b>	<b>-91</b>	<b>--</b>	<b>-27</b>

# Income Statement – Insurance activities by Segment

In € millions	Zwiterleven	REAAAL Life	REAAAL Non-Life	Other activities	Eliminations	Total
<b>1st half year 2009</b>						
<b>Income</b>						
Premium income	697	1,183	412	--	--	2,292
Reinsurance premiums	2	9	32	--	--	43
Net premium income	695	1,174	380	--	--	2,249
Fee and commission income	2	32	1	12	--	47
Fee and commission expense	--	5	--	9	--	14
Net fee and commission income	2	27	1	3	--	33
Share in result of associates	--	11	--	--	--	11
Investment income	229	490	49	58	-16	810
Investment income for account of policyholders	-66	232	--	--	--	166
Result on financial instruments	12	-21	--	--	--	-9
Income invested collateral securities lending	25	--	--	--	--	25
Other operating income	--	--	1	--	--	1
<b>Total income</b>	<b>897</b>	<b>1,913</b>	<b>431</b>	<b>61</b>	<b>-16</b>	<b>3,286</b>
<b>Expenses</b>						
Technical claims and benefits	526	1,000	215	--	--	1,741
Charges for account of policyholders	214	531	--	--	--	745
Acquisition costs for insurance operations	12	80	100	-1	--	191
Impairment charges/ (reversals)	18	127	5	--	--	150
Staff costs	39	70	35	9	--	153
Depreciation and amortisation of fixed assets	3	21	4	--	--	28
Other operating expenses	15	27	23	4	--	69
Interest expenses securities lending	17	--	--	--	--	17
Other interest expenses	14	110	10	41	-16	159
Other expenses	--	--	1	--	--	1
<b>Total expenses</b>	<b>858</b>	<b>1,966</b>	<b>393</b>	<b>53</b>	<b>-16</b>	<b>3,254</b>
<b>Result before tax</b>	<b>39</b>	<b>-53</b>	<b>38</b>	<b>8</b>	<b>--</b>	<b>32</b>
Taxation	10	-26	10	2	--	-4
<b>Net result continued operations</b>	<b>29</b>	<b>-27</b>	<b>28</b>	<b>6</b>	<b>--</b>	<b>36</b>
Net result discontinued operations	--	--	--	--	--	--
<b>Net result for the period</b>	<b>29</b>	<b>-27</b>	<b>28</b>	<b>6</b>	<b>--</b>	<b>36</b>
Minority interests	--	2	--	--	--	2
<b>Net result attributable to shareholders and securityholders</b>	<b>29</b>	<b>-29</b>	<b>28</b>	<b>6</b>	<b>--</b>	<b>34</b>

# Consolidated Balance Sheet

in € millions	SNS Retail Bank	SNS Property Finance	REAAAL Verzekeringen	Zwitserleven	Group activities	Eliminations	Total
<b>June 2009</b>							
<b>Assets</b>							
Intangible assets	119	118	1,700	674	170	--	2,781
Property and equipment	112	2	163	50	6	67	400
Investments in associates	--	39	62	--	3	-3	101
Investment properties	1	--	239	34	--	-67	207
Investments	3,961	--	20,261	8,434	106	-3,307	29,455
Investments for account of policyholders	--	--	6,439	4,770	--	-2	11,207
Invested collateral securities lending	--	--	--	1,435	--	--	1,435
Derivatives	1,001	--	286	3	19	--	1,309
Deferred tax assets	273	9	29	164	12	-2	485
Reinsurance contracts	--	--	386	2	--	--	388
Property projects	--	404	--	--	--	--	404
Loans and advances to customers	53,424	13,826	4,084	13	957	-1,916	70,388
Loans and advances to banks	16,264	631	1,791	62	1,008	-14,727	5,029
Corporate income tax	--	22	205	11	69	-43	264
Other assets	452	73	400	207	75	-186	1,021
Cash and cash equivalents	3,389	--	1,457	50	79	-857	4,118
<b>Total assets</b>	<b>78,996</b>	<b>15,124</b>	<b>37,502</b>	<b>15,909</b>	<b>2,504</b>	<b>-21,043</b>	<b>128,992</b>
<b>Equity and liabilities</b>							
Equity attributable to shareholders	1,161	865	1,014	818	-678	--	3,180
Equity attributable to securityholders	260	--	850	125	14	--	1,249
Minority interests	10	42	13	--	--	-3	62
<b>Total equity</b>	<b>1,431</b>	<b>907</b>	<b>1,877</b>	<b>943</b>	<b>-664</b>	<b>-3</b>	<b>4,491</b>
Participation certificates and subordinated debt	1,660	--	750	215	702	-1,257	2,070
Debt certificates	33,411	--	2,121	--	241	-92	35,681
Insurance contracts	--	--	24,913	12,093	--	-29	36,977
Provision for employee benefits	--	--	131	195	41	29	396
Other provisions	37	7	26	--	--	--	70
Securities lending liabilities	--	--	--	1,468	--	--	1,468
Derivatives	2,563	--	73	1	6	--	2,643
Deferred tax liabilities	291	7	176	141	10	--	625
Savings	23,408	--	--	--	--	--	23,408
Other amounts due to customers	9,586	--	840	293	1,415	-4,427	7,707
Amounts due to banks	5,313	13,920	5,807	--	712	-15,032	10,720
Corporate income tax	42	--	--	--	--	-42	--
Other liabilities	1,254	283	788	560	41	-190	2,736
<b>Total equity and liabilities</b>	<b>78,996</b>	<b>15,124</b>	<b>37,502</b>	<b>15,909</b>	<b>2,504</b>	<b>-21,043</b>	<b>128,992</b>



# Forward-looking Statements

## Reservation concerning forward looking statements

This presentation contains forward-looking statements concerning future events. Those forward-looking statements are based on the current information and assumptions of the SNS REAAL management concerning known and unknown risks and uncertainties.

Forward-looking statements do not relate to definite facts and are subject to risk and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to SNS REAAL's expectations regarding such matters as the assessment of market risk, premium growth and investment income, cash flow predictions and other developments within SNS REAAL or, more generally, the economic climate and changes in the law and taxation.

SNS REAAL cautions that expectations are only valid on specific dates, and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like.