SNS REAAL

Persbericht

PRESS RELEASE

SNS Bank shows positive outcome of EU-wide extended stress test exercise

Utrecht, 23 July 2010

SNS Bank N.V. (SNS Bank), the Banking activities of SNS REAAL, was subject to the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank, and the Dutch Central Bank (DNB). This stress testing exercise was conducted by 91 European banks including four banks from the Netherlands.

SNS Bank acknowledges the outcomes of the EU-wide stress tests. The results of the stress test were extensively discussed with and endorsed by DNB.

This stress test complements the risk management procedures and regular stress testing programmes set up in SNS Bank under the Pillar 2 framework of the Basel II and Capital Requirement Directive (CRD) requirements.

The exercise was conducted using the scenarios, methodology and key assumptions provided by CEBS. As a result of the assumed shock under the adverse scenario, the estimated consolidated Tier 1 capital ratio would change to 10.8% in 2011 compared to 10.7% as of end of 2009. An additional sovereign risk scenario would have a negative impact of 0.3 percentage points on the estimated Tier 1 capital ratio, bringing it to 10.5% at the end of 2011, compared with the regulatory minimum of 4%.

The results of the adverse stress test (including additional sovereign risk) suggest a buffer of € 1,099 million of the Tier 1 capital above the threshold of 6% of Tier 1 capital adequacy ratio for SNS Bank agreed exclusively for the purposes of this exercise. This threshold should by no means be interpreted as a regulatory minimum (the regulatory minimum for the Tier 1 capital ratio is set to 4%), nor as a capital target reflecting the risk profile of SNS Bank determined as a result of the supervisory review process in Pillar 2 of the CRD.

In both the benchmark and adverse scenario, the rise of short-term interest rates would positively support SNS Bank's pre-impairment income and, consequently, its capital ratios. The projected decrease of risk weighted assets arising from the announced winding down of the international portfolio of SNS Property Finance also has a positive contribution to the Tier 1 ratio.

However, in both scenarios, the Tier 1 ratio is impacted negatively by higher impairments on retail loans and predominantly on commercial (real estate) loans at SNS Property Finance.

The tables below show the results of the extended stress test for SNS Bank as well as the total sovereign exposure as at 31 March 2010. The gross sovereign exposure of SNS Bank is € 7.9 billion, comprising mainly sovereign bonds (€ 3.8 billion), short term loans to governments and private loans to governments. The data in the last table shows that the exposure of SNS Bank to peripheral European sovereigns amounted to € 1,548 million as at 31 March 2010. In the second quarter of 2010 this exposure has been reduced significantly.

Name of bank: SNS Bank N.V.

Actual results	
At December 31, 2009	**in EUR mln**
Total Tier 1 capital	2,766
Total regulatory capital	3,590
Total risk weighted assets	25,885
Pre-impairment income (including operating expenses)	476
Impairment losses on financial assets in the banking book	-438
1 yr Loss rate on Corporate exposures (%)[1]	1.75%
1 yr Loss rate on Retail exposures (%)[1]	0.25%
Tier 1 ratio (%)	10.7 %

Outcomes of stress test scenarios

The stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet, uniform treatment of securitisation exposures). Therefore, the information relative to the benchmark scenarios is provided only for comparison purposes. Neither the benchmark scenario nor the adverse scenario should in any way be construed as a forecast.

Benchmark scenario at December 31, 2011[2]	**in EUR mln**
Total Tier 1 capital after the benchmark scenario	2,899
Total regulatory capital after the benchmark scenario	3,628
Total risk weighted assets after the benchmark scenario	24,217
Tier 1 ratio (%) after the benchmark scenario	12.0 %

Adverse scenario at December 31, 2011[2]	**in EUR mln**
Total Tier 1 capital after the adverse scenario	2,617
Total regulatory capital after the adverse scenario	3,346
Total risk weighted assets after the adverse scenario	24,217
2 yr cumulative pre-impairment income after the adverse scenario (including operating expenses)[2]	992
2 yr cumulative impairment losses on financial assets in the banking book after the adverse scenario[2]	-1,076
2 yr cumulative losses on the trading book after the adverse scenario[2]	-12
2 yr Loss rate on Corporate exposures (%) after the adverse scenario[1, 2]	4.40%
2 yr Loss rate on Retail exposures (%) after the adverse scenario[1, 2]	0.57%
Tier 1 ratio (%) after the adverse scenario	10.8 %

Additional sovereign shock on the adverse scenario at December 31, 2011	**in EUR mln**
Additional impairment losses on the banking book after the sovereign shock[2]	-87
Additional losses on sovereign exposures in the trading book after the sovereign shock[2]	0
2 yr Loss rate on Corporate exposures (%) after the adverse scenario and sovereign shock[1, 2, 3]	4.53%
2 yr Loss rate on Retail exposures (%) after the adverse scenario and sovereign shock[1, 2, 3]	0.73%
Tier 1 ratio (%) after the adverse scenario and sovereign shock	10.5 %
Additional capital needed to reach a 6 % Tier 1 ratio under the adverse scenario + additional sovereign shock, at the end of 2011	0

1. Impairment losses as a % of corporate/retail exposures in AFS, HTM, and loans and receivables portfolios

2. Cumulative for 2010 and 2011

3. On the basis of losses estimated under both the adverse scenario and the additional sovereign shock

SNS Bank N.V. sovereign exposure on a consolidated basis In € millions 31-03-2010	Gross exposures (net of impairment)	of which Banking book	of which Trading book	Net exposures (net of impairment)
Austria	229	226	3	229
Belgium	1,148	1,148	0	1,148
Bulgaria	0	0	0	0
Cyprus	0	0	0	0
Czech Republic	0	0	0	0
Denmark	10	10	0	10
Estonia	0	0	0	0
Finland	0	0	0	0
France	634	634	0	634
Germany	837	846	-9	837
Greece	98	98	0	98
Hungary	0	0	0	0
Iceland	0	0	0	0
Ireland	209	209	0	209
Italy	1,071	1,069	2	1,071
Latvia	0	0	0	0
Liechtenstein	0	0	0	0
Lithuania	0	0	0	0
Luxembourg	0	0	0	0
Malta	0	0	0	0
Netherlands	3,524	3,524	0	3,524
Norway	0	0	0	0
Poland	0	0	0	0
Portugal	0	0	0	0
Romania	0	0	0	0
Slovakia	0	0	0	0
Slovenia	0	0	0	0
Spain	170	170	0	170
Sweden	0	0	0	0
United Kingdom	0	0	0	0

About SNS REAAL

SNS REAAL is an innovative service provider in the banking and insurance sector with a prime focus on the Dutch retail market and on small and medium-sized enterprises. Its activities cover three main product groups: savings and investments, insurance and pensions and mortgages and property finance. From its historical background, SNS REAAL has always felt close to Dutch society. With a balance sheet total of nearly Euro 129 billion (ultimo 2009), SNS REAAL is one of the major financial bancassurance companies in the Netherlands. The company has a staff of nearly 7700 (FTE) and is headquartered in Utrecht, the Netherlands.

If you don't want to receive press releases from SNS REAAL please send an email to concerncommunicatie@snsreaal.nl.

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Disclaimer

Given that the stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet) the information on benchmark scenarios is provided only for comparison purposes and should in no way be construed as a forecast.

In the interpretation of the outcome of the exercise, it is imperative to differentiate between the results obtained under the different scenarios developed for the purposes of the EU-wide exercise. The results of the adverse scenario should not be considered as representative of the current situation or possible present capital needs. A stress testing exercise does not provide forecasts of expected outcomes since the adverse scenarios are designed as "what-if" scenarios including plausible but extreme assumptions, which are therefore not very likely to materialise. Different stresses may produce different outcomes depending on the circumstances of each institution.

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