



# SNS REAAL

## TRADING UPDATE 1st QUARTER 2007

Utrecht, 7 May 2007

All comparisons are made between the first quarter 2007 and the first half of 2006 unless otherwise mentioned.

### Key points for the first quarter:

- ⊙ Continued growth in net profit for the Group, excluding the impact of the January storm
- ⊙ Growth driven by SNS Property Finance's contribution and REAAL Life Insurance
- ⊙ Net interest income (excluding SNS PF) higher
- ⊙ SNS Bank's commission income (excluding SNS Asset Management) shows strong growth
- ⊙ Lower result on investments at SNS Bank, in line with earlier statements
- ⊙ REAAL Insurance's regular life premiums increase
- ⊙ January 2007 storm impacts non life results
- ⊙ Operating expenses for the group (excluding SNS PF) down versus second half of 2006
- ⊙ Strong capital position remains unchanged

"The Board is pleased to report further good progress, considering the continued challenging environment. In contrast to ongoing pressure in the mortgage market, the first quarter of 2007 saw positive developments in the growth areas for SNS Bank, notably Savings and SME banking. SNS Property Finance delivered a strong first quarter. REAAL Verzekeringen was impacted by the January storm, but otherwise continued to perform well, especially in regular life premiums. Our ongoing efforts to improve efficiency are on track to deliver benefits throughout the Group." said Sjoerd van Keulen, chairman of the Executive Board.

### SNS Bank:

SNS Bank's (excluding SNS PF) first quarter net interest income was higher than the level achieved in the first half of 2006. While prepayment penalties were substantially lower this quarter, this was more than compensated by an improved ALM result and growth in savings. Mortgage volumes were, as in the first half of 2006, below our target market share, as we searched for a balance between margins and market share. The strong growth in new customers at ASN Bank continued in the first quarter.

Net commission and management fees (excluding SAM, which since July 1 2006 has been part of the Group Activities) showed a strong increase driven primarily by securities commissions. SNS Fundcoach again achieved strong growth in the number of customers as well as in its assets under management.

The net profit of SNS Bank (excluding SNS PF) was down due to the expected drop in other income and a slightly negative result on derivatives and other financial instruments. The decline in other income was caused by significantly lower realised gains on bonds.

Operating expenses were kept under control and remained flat compared to the first half of 2006. Our efficiency programmes are on track to deliver further efficiency gains (appr. 200 FTE) towards the end of 2007. Value adjustments were in line with the second half of 2006.

SNS Property Finance delivered a good quarter on the back of encouraging revenue growth, with a healthy pipeline for the remainder of the year. The integration of the existing property finance activities of SNS Bank into SNS Property Finance is expected to be completed in the course of the year.

**REAAL Insurance:**

Net profit at Life Insurance was up, driven by higher regular premiums and lower operating costs. Single premiums were under pressure in the first quarter. The market share of regular life premiums was stable compared to year-end 2006. Investment income was broadly in line with the level achieved in the first half of 2006.

The non-life business saw premium income increase in spite of continuing pricing pressure. At the same time, costs have started to come down. However, the impact of the January 2007 storm, which reflects our fair market share, more than offset these positive factors.

**Group Activities:**

The group activities comprise the business units managed directly at holding company level, their income and expenses not being allocated to SNS Bank or REAAL Verzekeringen. These activities include SNS REAAL Invest, which has been largely dismantled, and -from 1 July 2006- SNS Asset Management.

The result of the holding company was lower than in the second half of 2006, partly due to the financing costs associated with the increased double leverage relating to the acquisition of Bouwfonds PF. The gain on the announced disposal of the remaining 40% of La Ser Lafayette Nederland will be accounted for in the second quarter of 2007.

Note: All comparisons with prior half years should be understood as comparisons to half the reported figures for the relevant half year period.