SNS REAAL

Press release

Interim Financial Report

Utrecht, the Netherlands, 16 August 2012

Net profit SNS REAAL first half 2012 of € 115 million

Highlights

NET PROFIT CORE ACTIVITIES OF € 246 MILLION

- Net profit at SNS Retail Bank lower at € 70 million mainly impacted by higher loan impairments
- Net profit at SNS SME limited at € 3 million, comparable to second half of 2011
- Underlying profit Insurance activities slightly higher at € 131 million, supported by lower operating costs
- Sharp increase in net profit at REAAL to € 164 million, positively impacted by gains on derivatives
- Higher net profit at Zwitserleven of € 52 million driven by realised gains on bonds
- Overall improvement in customer satisfaction levels; growth in savings, bank savings and pensions
- On track with cost reduction programmes; operating expenses reduced by 6%

ONGOING REDUCTION OF EXPOSURE AT PROPERTY FINANCE

- € 131 million net loss at Property Finance in deteriorating markets
- Impairment charges of € 140 million
- Total exposure Property Finance reduced by € 548 million to € 4.7 billion (-10%)
- International exposure reduced by € 352 million to € 2.0 billion (-15%)
- Total exposure Property Finance and SNS SME combined reduced by € 1.1 billion (-10%)

SOLVENCY AND CAPITAL MANAGEMENT

- Core Tier 1 ratio Banking activities of 9.6% (year-end 2011: 9.2%)
- EBA capital shortfall Banking activities fully addressed
- Regulatory solvency Insurance activities 199% (year-end 2011: 203%)
- Double leverage increased to 117.7% (2011: 115.1%)
- € 700 million capital release programme largely realised
- Capital released used to support solvency in challenging market environment
- Exploring strategic restructuring and solvency enhancement scenarios
- All scenarios still under review; no decisions made at this stage

“Our core activities reported a net profit for the first half of 2012 in an ongoing challenging environment. As a result of our strategic focus we improved customer satisfaction levels, while reducing our costs further. The exposure of our former Property Finance business was reduced by € 1.1 billion. Property Finance remains loss-making while real estate markets deteriorate further. By the end of June 2012, our capital release programme of € 700 million, originally intended for repaying the capital support by the Dutch State, has been largely realised. However, at this stage, the first priorities for the capital freed up are to support the further strengthening of the Banking core Tier 1 ratio to 10% over the coming years and to support the Insurance solvency levels in a low interest rate environment. We are currently exploring a broad range of measures to enhance and simplify our capital base as well as strategic restructuring scenarios, such as the sale of parts of our business. At this time however, no decision has been made on any of the various options. We expect to give an update later this year. For the remainder of 2012, the outlook remains very challenging. Nonetheless, we will continue to focus on executing our strategic priorities.” said Ronald Latenstein, Chairman of the Executive Board.

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1 Key figures

Table 1: Key figures

In € millions	1st half year 2012	1st half year 2011	2nd half year 2011
Result			
SNS Retail Bank	70	87	137
SNS SME	3	34	4
SNS Bank	**73**	**121**	**141**
REAAL Life	151	61	186
REAAL Non-Life	22	11	21
REAAL Other	(9)	(6)	7
REAAL	**164**	**66**	**214**
Zwitserleven	52	18	(105)
Group activities	(43)	(34)	(59)
SNS REAAL Core activities	**246**	**171**	**191**
Property Finance	(131)	(118)	(130)
SNS REAAL	**115**	**53**	**61**
Total income	3,657	2,974	3,145
Total expenses	3,484	2,907	3,047
Result before tax	173	67	98
Earnings per ordinary share (EPS) (€)	0.36	0.14	0.17
Balance Sheet			
Total assets	134,160	130,235	131,822
Investments	32,610	30,707	31,435
Investments for account of policyholders	12,367	12,534	12,420
Loans and advances to customers	65,348	68,366	67,534
Total equity	4,791	4,120	5,090
Savings	32,569	30,425	30,341
Insurance contracts	40,077	38,964	38,827
Ratios			
Return on shareholders' equity (ROE)	4.7%	2.5%	2.6%
Double Leverage	117.7%	116.0%	115.1%
Number of internal employees (FTE)	6,786	7,012	6,928
Banking activities			
Efficiency ratio SNS Bank	52.4%	55.0%	44.1%
Core Tier 1 ratio	9.6%	8.4%	9.2%
Tier 1 ratio	12.2%	11.3%	12.2%
BIS ratio	14.0%	15.7%	14.4%
Insurance activities			
Market Consistent Value of New Business	(2)	14	24
Operating cost/premium ratio REAAL	11.5%	11.7%	11.5%
Operating cost/premium ratio Zwitserleven	9.7%	11.2%	23.4%
Regulatory solvency Insurance activities	199%	226%	203%
Regulatory solvency SRLEV	242%	253%	223%
Regulatory solvency Non-Life	445%	420%	464%
Number of shares outstanding at end of period	287,619,867	287,619,867	287,619,867
Weighted average number of outstanding shares	287,619,867	287,619,867	287,619,867

With effect from 1 January 2012, internal and external acquisition costs are no longer deferred, but charged directly to the results. Comparative figures have been adjusted accourdingly. For more information see paragraph Changes in principles, estimates and presentation.

Core Tier 1 ratio, Tier 1 ratio and BIS ratio are calculated based on Basel II, taking into account the 80% floor of Basel I.

Regulatory solvency figures at the end of June 2012 are calculated based on the adjusted method for extrapolating the interest rate curve using an Ultimate Forward Rate (UFR). The inclusion of Tier 2 debt is capped at 50% of required capital for perpetual Tier 2 debt and at 25% for Tier 2 debt with a definitive maturity (formerly 100% of both types of Tier 2 debt had been included at Insurance activities level). Comparative figures have not been adjusted.

Regulatory solvency figures Life are in comparison with previous publications replaced by Regulatory solvency figures SRLEV, the legal entity. This is excluding Proteq, which was included in the figures of Life.

2 Strategic update

During the first half of 2012, forecasts for economic growth in the Netherlands have been lowered, due mainly to disappointing developments in the international economy and declining consumer spending. The Gross Domestic Product is now expected to shrink in 2012. Dutch housing and commercial real estate markets weakened further and no recovery is expected in the near future. Financial markets remained challenging and volatile in the first half of 2012, as the European sovereign debt crisis persisted.

Against this challenging environment, our core activities posted a net profit of € 246 million for the first half of 2012, compared to a net profit of € 171 million for the first half of 2011. A lower net profit at SNS Bank, mainly due to higher loan impairments, was more than compensated by an improved net profit at the Insurance activities. The higher Insurance profit was mainly driven by higher results from interest rate derivatives and realised gains on bonds. The underlying net profit at the Insurance activities of € 131 million was slightly higher than in the first half of 2011 (€ 129 million), on the back of lower operating costs.
Property Finance reported a net loss of € 131 million, larger than the € 118 million loss in the first half of 2011 and stable compared to the second half of 2011.

In the first half of 2012, we continued to focus on the execution of our strategic priorities. Our first strategic priority is the phasing out of Property Finance. During the first half of 2012, we further reduced the combined exposure of Property Finance and SNS SME by € 1.1 billion, representing a decline of 10% compared to year-end 2011.

Our second strategic priority is strong capital management. At the end of June, we had achieved 90% of our programme initiated in November 2010 to release € 700 million of capital. At the time, the goal of this programme was to use the capital freed up, in combination with retained earnings, to repay the capital support by the Dutch State. However, during 2011 and in the first half of 2012, the bulk of the capital freed up was used to absorb the impact of declining interest rates and widening credit spreads on the solvency of the Insurance activities and the impact of continuing high loan impairments at Property Finance on the solvency of the Banking activities. Also, our target for the core Tier 1 ratio of SNS Bank was increased to 10%. At the end of June, regulatory solvency at the Insurance activities was 199% (year-end 2011: 203%) and at the Banking activities the core Tier 1 ratio was 9.6% (year-end 2011: 9.2%). However, given our capitalisation targets and the challenging environment and outlook, solvency rates are not at a level to allow repayment of the State support.

In view of the above, we have started to explore a broad range of scenarios for both strategic restructuring and the enhancement and simplification of our capital base. The strategic restructuring scenarios could involve the sale of parts of our business activities. In this process, we are taking into consideration the interests of our stakeholders. At this stage, all scenarios are still under review and no decision has been made on any of the various possibilities. We expect to give an update later this year.

Our third and fourth strategic priorities, winning, helping and retaining clients and reducing the cost base, remain in place. Progress here was reflected in the resilient performance of our core activities, the overall improvement of customer satisfaction levels and a 6% decline in operating expenses.

2.1 Phasing out the Property Finance activities

In the first half of 2012, despite increasingly difficult conditions in real estate and refinancing markets, the net exposure of Property Finance was reduced by € 549 million to € 4.7 billion (-10%), slightly ahead of the € 485 million reduction in the second half of 2011. Of the decrease, € 352 million related to the international portfolio, which amounted to € 2.0 billion as at end of June 2012. By now, the international portfolio largely consists of European loans, the exposure to North America having fallen below € 0.3 billion. At the end of June 2012, property projects amounted to € 512 million, slightly up compared to € 505 million at year-end 2011.

Compared to year-end 2011, total non-performing loans at Property Finance increased by € 0.2 billion to € 1.9 billion, reflecting the deterioration in Dutch real estate markets. The coverage ratio of total non-performing loans remained stable at 35%. The coverage ratio of the Dutch non-performing loans increased from 29% to 32%, while the coverage ratio of the international non-performing loans decreased from 45% to 41%. The combined level of impairment charges and discounts provided on sales of performing loans of € 143 million was in line with the second half of 2011.

As part of the € 700 million capital release plan, there was a further reduction in the loan portfolio of SNS SME, which mainly consists of Dutch real estate loans. In the first half of 2012 the total exposure of SNS SME declined by € 586 million to € 5.1 billion (-10%) following a decline by € 699 million in the second half of 2011. Non-performing loans at SNS SME increased by € 0.1 billion to € 0.4 billion The coverage ratio declined to 39% (2011: 42%).

The total exposure of Property Finance and SNS SME combined fell from € 11.0 billion at year end 2011 to € 9.8 billion (-10%).

2.2 Strong capital management

Protecting and improving the capital position of the Insurance and Banking activities, given the extremely volatile financial markets and increasing regulatory capital requirements is a key objective for management.

The core Tier 1 ratio of the Banking activities increased from 9.2% at year-end 2011 to 9.6%, due mainly to a decline in risk-weighted assets. Applying the EBA methodology, SNS Bank NV had to address a capital shortfall of € 159 million as per the end of September 2011. By the end of June 2012 this EBA shortfall had been fully addressed.

On July 2, the Dutch Central Bank (DNB) announced a modification of the interest rate curve to be used by insurers when calculating solvency, in view of the continuing exceptional market conditions and the lack of liquidity in the long end of the market. The change also anticipates the new supervisory framework for insurers, Solvency II. The use of the new interest rate curve had a 20%-point positive impact on solvency. However, at Insurance holding level this impact was almost wholly offset by a more restrictive stance on Tier 2 capital included in solvency capital. This had a 19%-point negative impact on solvency. Based on the new interest rate curve and using the more restrictive stance on Tier 2 debt, solvency of the Insurance activities amounted to 199%, slightly below the 203% reported at the end of 2011. The decline is mostly due to a dividend upstream by REAAL Non-Life to SNS REAAL in the second quarter of 2012. In the first half of 2012, retained earnings offset the negative impact on solvency from the downward shift of the yield curve and the widening of credit spreads.

In the regulatory solvency ratio of SRLEV, the legal entity comprising most of the life insurance operations, the inclusion of Tier 2 debt was already capped. At SRLEV, solvency rose from 223% at year-end 2011 to 242%, mainly reflecting the impact of the new yield curve.

SNS REAAL's capital release programme had a target to free up € 700 million by end-June 2012. As at end- June 2012 the programme was largely complete, having freed up approximately € 628 million of capital or 90% of the target total. SNS REAAL intends to further reduce the loan portfolio of SNS SME, as part of the capital release programme.

Liquidity of the Banking activities was maintained at high levels throughout the first half of 2012. At the end of June 2012, the total liquidity position of SNS Bank amounted to € 11.4 billion. SNS Bank's main source of funding was the increase in retail savings balances and the participation in the second tranche of the ECB facilities (LTRO). As a result of the increase in saving balances and the decrease in loans and advances to customers, the loan-to-deposit ratio of the Banking activities improved from 159% at year-end 2011 to 147%.

2.3 Winning, helping and retaining clients

In line with the strategic priority to win, help and retain customers, SNS REAAL has implemented several initiatives to improve customer contact and service levels, and also introduced new, more transparent products. Increasingly we are involving customers in our product development processes. These innovations helped us maintain or improve our positions in several core market segments. We also saw an overall improvement in most of our customer satisfaction levels and in the positioning of our seven market brands, SNS Bank, ASN Bank, RegioBank, BLG, REAAL, Zwitserleven and Proteq.

SNS Bank's retail savings balances rose by € 2.2 billion (+7%) compared to year-end 2011, again supported by the successful growth in bank savings. The market share in savings reached 10.3%, helped by the innovative approach of SNS Bank. In the first quarter of 2012, SNS Bank announced its intention to introduce a contemporary form of Zilvervloot Sparen (high interest savings account) this year, which will encourage young people to save. Furthermore, the new current account that pays interest on positive balances, launched in 2011, has now attracted over 100,000 customers, including 28,000 new ones. ASN Bank again improved its already industry-leading customer satisfaction levels.

REAAL's market share of new individual regular premiums was slightly below the first half of 2011, but remained high at 18.9%. REAAL maintained its leading position in the term life market and satisfaction levels of our distribution partners remained high.
The implementation of the agreement on cost loadings of investment-based life insurance policies is underway. In the second quarter of 2012 we started informing policyholders of their options, including possibilities to switch to another product.

Zwitserleven successfully attracted clients in particular in the SME segment during the first half of 2012. Regular pension premiums increased by 8%, supported by high retention rates. Single pension premiums also increased, driven by several new large group contracts. Zwitserleven has committed to be one of the first insurance companies to subscribe to the recently launched Principles for Sustainable Insurance (PSI) of the United Nations, underpinning the aim to embed sustainability in the heart of its business.

2.4 Reducing our cost base

In the first half of 2012, we lowered total operating expenses to € 531 million, a 6% decline year-on-year and 5% lower compared to the second half of 2011. Adjusted operating expenses amounted to € 502 million, representing a 7% decline compared to the first half of 2011 and a 4% decline compared to the second half of 2011. Given the ongoing pressure on revenues in some of our markets, we will strive for a further reduction in costs, partially driven by our ongoing efficiency programmes and our intended structural moderation of collective labour agreements. Discussions with unions on this issue are under way.

2.5 Outlook

For the remainder of 2012 the outlook remains very challenging. Macroeconomic indicators suggest that economic activity in the Netherlands will remain subdued for the rest of the year. Consumers' purchasing power is expected to decrease further. Unemployment is set to increase, although in a European context the level remains low.

The European sovereign debt crisis continues to impact financial and capital markets in terms of volatility and uncertainty. We expect conditions in real estate markets, including refinancing capacity, both domestic and international, to remain difficult for quite some time. The same is to be expected for the Dutch housing market. Therefore loan impairments are not expected to improve in the second half of 2012.

Volatility of interest rates, credit spreads and equity markets may continue to materially impact our results and solvency ratios at the Insurance activities. Access to funding markets will continue to be challenging.

In this difficult environment, we remain committed to executing our strategic priorities. We will press ahead with the run-off of Property Finance, the speed of which is in part dependent on market circumstances. Strengthening capital and solvency will remain a key objective. With this objective in mind we are exploring a broad range of strategic restructuring and solvency enhancement scenarios. We will look for opportunities to continue to bring down costs. And we will strive to further improve customer satisfaction, allowing us to retain existing as well as attract new customers.

3 Financial analysis SNS REAAL

3.1 Net result

3.1.1 Results second half of 2012 compared to first half 2011

SNS REAAL reported a net profit of € 115 million, for the first half of 2012, compared to a net profit of € 53 million for the year the first half of 2011[1]. Property Finance remained loss-making, due to a high level of impairment charges. Excluding Property Finance, the core activities of SNS REAAL posted a net profit of € 246 million compared to € 171 million for the first half of 2011, underpinned by lower operating expenses (see table 3). Net profit at SNS Bank was lower but this was more than compensated by a sharply higher net profit at the Insurance activities.

SNS Bank’s net profit decreased sharply. The main factors behind this decrease were sharply higher loan impairments at both SNS Retail Bank and SME and lower commission income. Lower buy-back results on own funding were compensated by higher realised gains on the fixed-income portfolio.

At REAAL, net profit was up sharply driven by higher results on interest rate derivatives. REAAL’s underlying result (see table 4) was markedly up, driven by higher direct investment income, lower operating expenses and higher technical results.

Zwitserleven posted a sharply higher net profit as higher realised gains on bonds more than compensated for additions to provisions for interest rate guarantees. Zwitserleven’s underlying net result was strongly lower due to lower technical results.

At Property Finance, the net loss increased markedly, driven by a lower effective tax rate due to non tax-deductable losses on a few international loans. Loan impairments were marginally higher.

Impact of one-off items

One-off items in the first half of 2012 amounted to € 15 million net negative. At SNS Bank, the impact of one-off items consisted of a loss of € 9 million net on the exchange of Greek government bonds. At Group activities, the net impact of one-off items amounted to € 6 million negative, consisting of an impairment charge on the shareholding in Van Lanschot NV.

One-off items in the first half of 2011 of € 9 million negative had consisted of an impairment charge of € 6 million net on Greek government bonds at SNS Bank. Furthermore, at Group activities, impairments of Van Lanschot NV amounted to € 3 million.

[1] With effect from 1 January 2012, internal and external acquisition costs are no longer deferred, but charged directly to the income statement. Comparative net results have been adjusted accordingly. See section Basis of Preparation on page 41 for further details.

SNS REAAL

Table 2: Impact of one-off items on SNS REAAL's net result

In € millions	**1st half year 2012**	1st half year 2011	2st half year 2011
Net result for the period at SNS Bank	73	121	141
Net result for the period at REAAL	164	66	214
Net result for the period at Zwitserleven	52	18	(105)
Net result for the period at Group activities	(43)	(34)	(59)
Total net result for the period SNS REAAL Core activities	**246**	**171**	**191**
Net result for the period at Property Finance	(131)	(118)	(130)
Total net result for the period SNS REAAL	**115**	**53**	**61**
Impact of one-off items at SNS Bank	(9)	(6)	(14)
Impact of one-off items at REAAL	-	-	18
Impact of one-off items at Zwitserleven	-	-	(107)
Impact of one-off items at Group activities	(6)	(3)	(16)
Impact of one-off items at Property Finance	-	-	-
Total one-off items	**(15)**	**(9)**	**(119)**
Adjusted net result for the period at SNS Bank	82	127	155
Adjusted net result for the period at REAAL	164	66	196
Adjusted net result for the period at Zwitserleven	52	18	2
Adjusted net result for the period at Group activities	(37)	(31)	(43)
Total adjusted net result for the period SNS REAAL Core activities	**261**	**180**	**310**
Adjusted net result for the period at Property Finance	(131)	(118)	(130)
Total adjusted net result for the period SNS REAAL	**130**	**62**	**180**

Operating expenses

Total operating expenses in the first half of 2012 declined by € 36 million compared to the first half of 2011 (-6%). Total adjusted operating expenses also decreased by € 36 million (-7%), supported by a decrease in the number of internal staff by 142 FTEs to 6,786 (-2%). All business units contributed to the decrease in adjusted operating expenses: SNS Bank (-€ 16 million), REAAL (-€ 8 million), Zwitserleven (-€ 10 million), Property Finance (-€ 1 million) and Group activities (-€ 1 million).

By the end of June 2012, compared to the 2008 level, adjusted operating expenses have been reduced by € 205 million on an annualised basis (-17%).

Table 3: Total operating expenses SNS REAAL

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Total operating expenses SNS REAAL	531	567	(6%)	557	(5%)
Adjustments:					
Restructuring charge at SNS Bank (SNS SME)	-	-		4	
SNS Retail Bank's share in savings guarantee scheme	(2)	6		(7)	
Expenses related to winding down portfolio Property Finance	29	23		33	
Restructuring charge at Group activities	2	-		5	
Total adjustments	**29**	**29**		**35**	
Total adjusted operating expenses SNS REAAL	**502**	**538**	**(7%)**	**522**	**(4%)**

Underlying result insurance activities

Table 4: Underlying results of the insurance activities

In € millions	REAAL 1st half year 2012	REAAL 1st half year 2011	REAAL 2nd half year 2011	Zwitserleven 1st half year 2012	Zwitserleven 1st half year 2011	Zwitserleven 2nd half year 2011
Net result for the period	164	66	214	52	18	(105)
Realised gains, losses and impairments on equity portfolio	(19)	(10)	(8)	1	1	1
Realised gains, losses and impairments on fixed-income securities	31	16	32	81	8	3
Result on financial instruments	93	(24)	139	(33)	4	19
Changes in insurance contracts due to movements of fair value items	(31)	6	(39)	(9)	(13)	(47)
Total net impact investment portfolio and hedges	**74**	**(12)**	**124**	**40**	**-**	**(24)**
Impact of one-off items	-	-	18	-	-	(107)
Net result excluding impact of one-off items and impact of investment portfolio and hedges	**90**	**78**	**72**	**12**	**18**	**26**
Amortisation VOBA and other intangible assets	(24)	(27)	(26)	(5)	(6)	(5)
Underlying results	**114**	**105**	**98**	**17**	**24**	**31**

Results on equity hedges are included in realised gains/loses on equity portfolio instead of result on financial instruments.

Changes in insurance contracts due to movements of fair value items includes releases/additions provisions for interest rate guarantees in unit-linked portfolio and separate accounts, the impact of shadow accounting and the impact of the hedging of inflation.

REAAL

In the first half of 2012 REAAL's net profit rose by € 98 million to € 164 million.

The total net impact from realised gains, losses and impairments on the investment portfolio and hedges increased to € 74 million positive (first half of 2011: € 12 million negative) driven by higher gains on interest rate derivatives due to the strong decline in interest rates and higher realised gains on bonds. This was partly offset by the impact of shadow accounting, included in the line 'Changes in insurance contracts due to movements of fair value items'. Furthermore, impairments on equities and bonds were higher.

Adjusted for the above items, REAAL's underlying result of € 114 million was € 9 million higher. At REAAL Life the underlying result was slightly up driven by higher technical results and lower operating expenses, partly offset by a lower direct investment income. At Non-Life the underlying result rose strongly, due to a release of provisions for unearned premiums compensating for a higher claims ratio, most notably in fire.

Zwitserleven

In the first half of 2012 Zwitserleven's net profit rose by € 34 million to € 52 million.

The total net impact from realised gains, losses and impairments on the investment portfolio and hedges was € 40 million positive (first half of 2011: nil). The increase was mainly due to a higher contribution from realised gains on bonds, partly offset by negative unrealised results on derivatives used for hedging interest rate risk and inflation.

Adjusted for the above items, Zwitserleven's underlying result of € 17 million was € 7 million lower. This was mainly due to lower technical results partly compensated by lower operating expenses.

Market Consistent Value of New Business Insurance activities

The Insurance activities report the Value of New Business (VNB) from this year onwards on the basis of market consistent principles (MCVNB). To ensure comparability, the 2011 full year VNB originally reported as € 44 million has been restated to € 38 million on MCVNB principles.
In the first half of 2012, the MCVNB was € 2 million negative, compared to € 14 million positive in the first half of 2011 (based on an estimated MCVNB) due to the low interest rate environment and pressure on margins. In order to improve profitability, a number of pricing measures were taken, i.e. classifying some insurance products with a negative margin as non-selling, restricting appetite on buy-outs of pension contracts, reducing the technical interest rate embedded in some of our pension products to 2.5% and the introduction of interest rate risk premiums in our pricing.
The New Annual Premium Equivalent (NAPE) of the Insurance activities was down to € 202 million due to a decrease in single life premiums.

Group activities

The net result from Group activities fell € 9 million to € 43 million negative. The impact of one-off items increased from € 3 million negative in the first half of 2011 to € 6 million negative, in both periods consisting of impairment charges on the stake in Van Lanschot NV.

Adjusted for the impact of one-off items the net result decreased by € 6 million. This was mainly due to lower income from loans downstreamed to the Insurance activities, following the refinancing of subordinated debt at the Insurance operating entity level in 2011. Operating expenses were in line with the first half of 2011.

3.1.2 Earnings per share and dividend

The net profit of € 115 million is attributable to ordinary shares for an amount of € 105 million and to the core Tier 1 capital securities issued to Stichting Beheer SNS REAAL for an amount of € 10 million. The latter reflects a partial reversal of the loss absorption of these capital securities in 2010.

Net earnings per ordinary share improved from € 0.14 in the first half of 2011 to € 0.36 in the first half of 2012. In view of our focus on strengthening our capital position and in anticipation of higher regulatory capital requirements, the Executive Board has resolved, with the approval of the Supervisory Board, to pass over the interim dividend for 2012.

3.1.3 Results first half of 2012 compared to second half 2011

For the first half of 2012, SNS REAAL reported a net profit of € 115 million, compared to a net profit of € 61 million for the second half of 2011.

At SNS Bank, net profit for the first half of 2012 decreased sharply compared to the second half of 2011.
At SNS Retail Bank, net profit was sharply lower due to a decreased result on financial instruments, as the second half of 2011 was boosted by a net gain of € 84 million on a Lower Tier 2 exchange transaction. Excluding this gain, net profit increased by € 16 million as higher investment income and lower operating expenses more than compensated for higher impairments on loans.

At SNS SME, net profit was limited in the first half of 2012 and the second half of 2011 with both periods impacted by relatively high impairment charges driven by the increase in non-performing loans, reflecting the deterioration in Dutch real estate markets. Lower net interest income, driven by the declining loan portfolio, was partly compensated by lower operating expenses.

At REAAL, net profit decreased strongly, due the absence of a one-off gain related to the sale of REAAL Reassurantie S.A. and a lower total net impact from realised gains, losses and impairments on the investment portfolio and hedges. This was mainly due to lower realised gains on bonds and lower results on interest rate derivatives, although in both half years the positive impact of interest rates derivatives was substantial due to declining interest rates. The underlying result of REAAL of € 114 million was significantly up compared to the € 98 million for the second half of 2011. This was due mainly to a higher share in the result of associates (representing a stake in investment fund Ducatus) and higher technical results in Life.

At Zwitserleven, net profit for first half of 2012 increased sharply due mainly to the absence of a goodwill impairment, which had impacted the second-half 2011 result. Excluding this impairment, net profit was also up driven by higher realised gains on bonds, largely offset by negative unrealised results on derivatives used for hedging interest rate risk and inflation. The underlying profit at Zwitserleven of € 17 million was down compared to the € 31 million for the second half of 2011 mainly due to lower technical results.

At Property Finance, the net loss of € 131 million for the first half of 2012 was in line with the € 130 million loss reported for the second half of 2011. Impairment charges were higher due to the release of a provision as a result of the restructuring of a non-performing loan in the second half of 2011. Operating expenses were significantly lower, though still impacted by high legal and advisory costs related to winding down the loan portfolio. Other income improved due to lower negative results on property projects, following the sale of a North American property project in 2011.

The net result of Group activities improved strongly in the first half of 2012 compared to the second half of 2011, due to lower impairment charges on Van Lanschot NV and lower operating expenses. The second half of 2011 had been impacted by high redundancy costs.

3.2 Capital Management

Table 5: Capitalisation

In € millions	June 2012	December 2011	June 2011
SNS REAAL			
Total equity	4,791	5,090	4,120
Double Leverage	117.7%	115.1%	116.0%
Banking activities			
Core Tier 1 ratio	9.6%	9.2%	8.4%
Tier 1 ratio	12.2%	12.2%	11.3%
BIS ratio	14.0%	14.4%	15.7%
Core Tier 1 capital	1,893	1,879	1,804
Tier 1 capital	2,396	2,505	2,406
BIS capital	2,752	2,961	3,358
Risk Weighted Assets (Basel II taking into account a 80% floor)	19,708	20,534	21,380
Insurance activities			
Regulatory solvency insurance activities	199%	203%	226%
Regulatory solvency SRLEV	242%	223%	253%
Regulatory solvency Non-Life	445%	464%	420%
Available regulatory capital	2,720	2,715	2,840
Capital requirement	1,364	1,337	1,255

With effect from 1 January 2012, internal and external acquisition costs are no longer deferred, but charged directly to the results. Comparative figures (total equity and double leverage) have been adjusted accordingly. For more information see paragraph Changes in principles, estimates and presentation.

Core Tier 1 ratio, Tier 1 ratio and BIS ratio are calculated based on Basel II, taking into account the 80% floor of Basel I.

Regulatory solvency figures at the end of June 2012 are calculated based on the adjusted method for extrapolating the interest rate curve using an Ultimate Forward Rate (UFR). The inclusion of Tier 2 debt is capped at 50% of required capital for perpetual Tier 2 debt and at 25% for Tier 2 debt with a definitive maturity (formerly 100% of both types of Tier 2 debt had been included at Insurance activities level). Comparative figures have not been adjusted.

Regulatory solvency figures Life are in comparison with previous publications replaced by Regulatory solvency figures SRLEV, the legal entity. This is excluding Proteq, which was included in the figures of Life.

3.2.1 Liability Adequacy Test

The adequacy of the insurance technical provisions is tested in every reporting period by means of the IFRS liability adequacy test (LAT). This LAT compares the market value and the IFRS carrying amount of the insurance liabilities and related assets.

In 2012, SNS REAAL changed the interest rate curve used in the IFRS LAT from the ECB All Government curve to the ECB AAA+UFR curve. This change implied a significantly lower discount rate which impacted the surplus value shown in the IFRS LAT negatively. The use of the ECB AAA+UFR curve and the general decline of interest rates in the first half year led to an IFRS LAT shortfall in the insurance liabilities of € 795 million at the end of June. By using shadow accounting[2], the positive fair value reserve of the fixed-income portfolio was used to increase the IFRS carrying amount of the insurance liabilities by € 795 million. Net of tax, this accounting treatment negatively impacted total equity by € 596 million at the end of June 2012.

2 Shadow accounting means that i.e. unrealised gains and losses on fixed-income investments backing insurance liabilities that are recognised directly in equity can be used to offset the related effects of interest changes on the insurance liabilities.

In recent months, discussions have taken place regarding interest rate curves to be used for adequacy tests. As mentioned previously, DNB has adjusted the prescribed yield curve for solvency calculations in July 2012. A change in the interest rate curves in the future may have a negative impact on the income statement of the Insurance activities, if a shortfall in the insurance liabilities under IFRS cannot be fully compensated by the fair value reserve of the related fixed-income portfolio.

3.2.2 SNS REAAL

The DAC accounting change in 2012 had a negative impact on total equity of € 338 million. Comparative figures have been restated (see § 13.3.4 Changes in principles, estimates and presentation for further details).

In the first half of 2012, total equity at SNS REAAL decreased by € 299 million to € 4,791 million, mainly driven by the decrease of the fair value reserve of the fixed-income portfolio by € 403 million to € 743 million positive. The fair value reserve was negatively impacted by shadow accounting (-€ 629 million), mainly consisting of the shortfall in the LAT test of € 596 million and realised revaluations through the income statement (-€ 144 million), partly compensated by the positive effect of declining interest rates on the fair value reserve of the fixed-income portfolio.

The fair value reserve of the equity portfolio increased by € 33 million to € 194 million partly due to equity impairments. This and the positive net result of € 115 million partly mitigated the decrease in the fair value reserve on the fixed-income portfolio.

Group double leverage increased from 115.1% to 117.7%, mainly as a result of shadow accounting as mentioned above, which had an impact of 2%-points. The DAC accounting change increased double leverage by 1%-point (already included in the 2011 comparative number). The nominal leverage increased by € 79 million to € 849 million compared to year-end 2011 mainly driven by the net loss of the holding company in the first half of 2012.

3.2.3 Capital release programme

SNS REAAL's € 700 million capital release programme was substantially complete by the end of June. In total, approximately € 628 million of capital has been freed up, which equates to 90% of the € 700 million. Of this, € 34 million was realised in the first half of 2012. This related mainly to the further reduction of the loan portfolio at SNS SME by € 0.6 billion resulting in a decrease of risk-weighted assets by approximately € 0.4 billion. SNS REAAL intends to further reduce the loan portfolio of SNS SME, as part of the capital release programme.

3.2.4 Solvency Banking activities

The key solvency ratio for the Banking activities, the core Tier 1 ratio, improved in the first half of 2012 to 9.6% (year-end 2011: 9.2%). This improvement was mainly due to the ongoing decline in risk-weighted assets (-4%), driven by the decline of commitments at Property Finance and SNS SME and to a capital downstream of € 63 million from SNS REAAL NV. At the end of June 2012, risk-weighted assets amounted to € 19.7 billion compared to € 20.5 billion at year-end 2011.

The Tier 1 ratio stood at 12.2%, stable compared to year-end 2011, as the decrease in risk-weighted assets and the capital downstream were offset by the net loss and the first tranche redemption of participation certificates.

The BIS ratio was 14.0% (year-end 2011: 14.4%). In addition to the above-mentioned elements, the decrease was driven by the redemption of Tier 2 subordinated debt.

On 8 December 2011, SNS REAAL made a statement regarding announcements by the European Banking Authority (EBA) and the Dutch Central Bank regarding requirements for capital strengthening by banks by building up a temporary capital buffer against sovereign debt exposures. The EBA required banks to establish buffers such that their core Tier 1 ratios, applying the EBA methodology, reach 9% by the end of June 2012, valuing sovereign debt holdings at market prices as per 30 September 2011.

SNS Bank NV had reported a core Tier 1 ratio of 8.6% as per 30 September 2011, based on Basel II including the 80% transition floor of Basel I for the calculation of risk-weighted assets (RWA). Applying the EBA methodology, which includes the sovereign capital buffer, the core Tier 1 ratio was 8.2% as per 30 September 2011. To reach an EBA core Tier 1 ratio of 9%, SNS Bank needed to address a capital shortfall of € 159 million. By the end of June 2012 this EBA shortfall had been addressed, driven by an increase of available core Tier 1 capital and the reduction of risk-weighted assets.

3.2.5 Solvency Insurance activities

On July 2, the Dutch Central Bank (DNB) announced a modification of the interest rate curve to be used by insurers when calculating solvency, in view of the continuing exceptional market conditions and the lack of liquidity in the long end of the market. DNB adjusted the method for extrapolating the interest rate curve using an Ultimate Forward Rate (UFR), which is set at 4.2%, to be reached in 40 years from the point of 20 years. This results in a more stable interest rate for long maturities, reducing the degree of fluctuation in insurers' solvency ratios. In making this adjustment, DNB anticipates the introduction of Solvency II.

The use of the new interest rate curve had a 20%-point positive impact on solvency. However, at Insurance holding level this impact was almost wholly offset by a more restrictive stance on Tier 2 capital included in solvency capital. Going forward, the designation as solvency capital is capped at 50% of required capital for perpetual Tier 2 debt and at 25% for Tier 2 debt with a definitive maturity (formerly 100% of both types of Tier 2 debt had been included at holding level). This had a negative impact on solvency of 19%-points. Based on the new interest rate curve and using the new stance on Tier 2 debt, solvency of the Insurance activities amounted to 199% at the end of June, slightly below the 203% reported solvency ratio at the end of 2011. The decline is mostly due to the dividend upstream by REAAL Non-Life to SNS REAAL. In the first half of 2012, retained earnings offset the negative impact on solvency from the downward shift of the yield curve and the widening of credit spreads.

In the regulatory solvency ratio of SRLEV, the legal entity comprising most of the life insurance operations, the inclusion of Tier 2 debt was already capped. Solvency of SRLEV rose from 223% at year-end 2011 to 242%, mainly reflecting the impact of the new yield curve.

3.3 Funding activities

3.3.1 Banking activities

During the first half of 2012, capital markets remained challenging. SNS Bank's main source of funding was the increase in its retail savings balances and the participation in the second tranche of the ECB facilities (LTRO). Savings balances rose by € 2.2 billion to € 32.6 billion (+ 7%) compared to year-end 2011 due to an inflow of new deposits, while retention rates remained high. In the first half of 2012, SNS Bank redeemed government guaranteed bonds, issued in 2009, for an amount of € 2.6 billion.

As a result of the increase in savings in combination with the decrease in loans and advances to customers, the loan-to-deposit ratio of the Banking activities improved from 159% at year-end 2011 to 147%.

Total liquidity of the Banking activities remained high at € 11.4 billion (year-end 2011: € 11.1 billion). The use made of the second tranche of the LTRO facility increased the cash position and simultaneously reduced the ECB eligible assets.

Table 6: Development liquidity position SNS Bank

In € millions	**June 2012**	December 2011	June 2011
Cash	7,651	4,217	4,078
Liquid assets	3,797	6,861	8,626
Total liquidity position	**11,448**	**11,078**	**12,704**

3.4 Balance sheet and risk management

Compared to year-end 2011, SNS REAAL's balance sheet increased by € 2.3 billion to € 134.2 billion, driven by the participation in the second tranche of the LTRO facilities and higher savings balances, partly compensated by the decrease in loans and advances to customers by € 2.2 billion driven by reductions at Property Finance, SNS SME and SNS Retail Bank. Furthermore, total investments for own account increased by € 1.2 billion to € 32.6 billion, mainly due to a higher fixed-income portfolio of the Insurance activities.

3.4.1 Intangible assets

Intangible assets decreased by € 40 million to € 1,688 million due to regular amortisation. At end June 2012, total goodwill was unchanged at € 554 million and the Value of Business Acquired (VOBA) at the Insurance activities amounted to € 829 million (year-end 2011: € 863 million). The DAC accounting change decreased the intangible assets as of 1 January 2011 by € 486 million (already included in the 2011 comparative number). As a result of the change, the restated group equity at the end of 2011 decreased by € 338 million.

3.4.2 Investments

Total investments for own account increased by € 1.2 billion compared to year-end 2011 and amounted to € 32.6 billion, of which € 31.0 billion related to the Insurance activities.

Investment portfolio banking activities

Table 7: Sovereign exposure fixed income portfolio Banking activities (market value)

In € millions	**June 2012**	**June 2012**	December 2011	December 2011	June 2011	June 2011
Ireland	107	4%	165	5%	133	4%
Greece	2	0%	26	1%	43	1%
Italy	284	9%	266	7%	601	17%
Spain	-	0%	29	1%	29	1%
Subtotal GIIPS	**393**	**13%**	**486**	**14%**	**806**	**23%**
Germany	1,111	36%	1,548	44%	639	18%
France	222	7%	195	6%	372	11%
The Netherlands	906	29%	733	21%	827	24%
Austria	256	8%	309	9%	487	14%
Belgium	180	6%	164	5%	307	9%
Other	24	1%	48	1%	27	1%
Total	**3,092**	**100%**	**3,483**	**100%**	**3,465**	**100%**

In the first half of 2012, SNS Bank's total sovereign exposure was reduced by € 391 million to € 3,092 million and, as part of SNS Bank's de-risking actions, the peripheral European sovereign exposure was reduced further by 19% to € 393 million. The exposure to Ireland was partly sold and to Spain it was fully sold. The exposure to Italy increased due to the tightening of Italian credit spreads since year-end 2011. The market value of the GIIPS exposure now represents 13% of SNS Bank's total sovereign exposure (year-end 2011: 14%). Sovereign exposure to Germany has been reduced as well, with the proceeds mainly reinvested in Dutch government bonds.

In the first quarter of 2012, SNS Bank exchanged its Greek government bonds resulting in a loss of € 13 million gross (€ 9 million net). Earlier, in 2011, an impairment of € 27 million pre-tax had been made for SNS Bank's Greek government bonds. In all, with the exchange, new bonds were issued, of which € 7 million is guaranteed by the European Financial Stability Facility (EFSF), while the exposure to Greece is € 2 million.

Investment portfolio Insurance activities

At the end of June, 95% of the investment portfolio for own account of the Insurance activities was invested in fixed-income securities (year-end 2011: 96%). Of the fixed-income portfolio, 75% was rated 'A' or higher (year-end 2011: 76%) and 57% was 'AAA' (year-end 2011: 63%).

The equity portfolio of the Insurance activities amounted to € 1.5 billion, up € 0.3 billion compared to year-end 2011 due to reinvestments of proceeds from the sale of fixed-income securities into high-yield debt funds. The fair value reserve of the Insurance activities related to equities was € 192 million compared to € 160 million year-end 2011. The equity portfolio is partly hedged by put options.

Table 8: Breakdown fixed income portfolio Insurance activities (for own account)

In € millions	**June 2012**	**June 2012**	December 2011	December 2011	June 2011	June 2011
Sovereign	17,121	58%	16,351	57%	14,627	53%
Corporate financials	4,916	17%	4,730	17%	4,766	17%
Mortgages	5,035	17%	4,895	17%	5,053	19%
Corporate non-financials	1,400	5%	1,246	5%	1,468	5%
Mortgage backed securities	937	3%	1,231	4%	1,285	5%
Other	102	0%	89	0%	225	1%
Total	**29,511**	**100%**	**28,542**	**100%**	**27,424**	**100%**

The fair value reserve of the Insurance activities related to fixed-income securities amounted to € 750 million positive at end June 2012 (year-end 2011: € 1,206 million positive). The decrease was due to the € 596 million impact (net of tax) of shadow accounting relating to the IFRS LAT. Excluding this impact the fair value reserve related to fixed-income securities increased by € 140 million due mainly to the positive impact of decreased interest.

Table 9: Sovereign exposure fixed income portfolio Insurance activities (market value)

In € millions	**June 2012**	**June 2012**	December 2011	December 2011	June 2011	June 2011
Ireland	-	0%	47	0%	75	1%
Italy	281	2%	232	2%	514	3%
Spain	48	0%	50	0%	287	2%
Subtotal GIIPS	**329**	**2%**	**329**	**2%**	**876**	**6%**
Germany	8,624	50%	6,470	40%	6,103	42%
France	1,264	7%	804	5%	1,965	13%
The Netherlands	5,204	30%	6,515	40%	3,384	23%
Austria	1,014	6%	1,684	10%	1,457	10%
Belgium	246	2%	226	1%	564	4%
Other	440	3%	323	2%	278	2%
Total	**17,121**	**100%**	**16,351**	**100%**	**14,627**	**100%**

The exposure of the Insurance activities to southern European sovereign debt remained limited at € 329 million as at end

June 2012, 2% of total sovereign exposure, with no exposure to Greece, Portugal and Ireland. The exposure to Italy increased due to the tightening of Italian credit spreads since year-end 2011.

Furthermore, the sovereign exposure to the Netherlands and Austria was reduced and mainly reinvested in Germany and France. Germany and the Netherlands continue to account for the vast majority of sovereign exposure of the Insurance activities.

3.4.3 Loans and advances to customers

Compared to year-end 2011, loans and advances to customers decreased by € 2.2 billion to € 65.3 billion due to the focus on the reduction of risk-weighted assets. At Property Finance, the loan portfolio decreased by € 0.6 billion and at SNS SME also by € 0.6 billion. This decline consisted mainly of redemptions and loans sold. SNS Retail Bank's residential mortgage portfolio decreased by € 0.9 billion to € 50.5 billion.

3.4.4 Savings

Savings continued to grow, increasing by € 2.2 billion in the first half of 2012 to € 32.6 billion (+7%), including the growth of bank savings balances by € 488 million to € 1.8 billion (+38%). SNS Bank, ASN Bank and RegioBank all contributed to this increase in savings.

3.4.5 Participation certificates, subordinated debt and debt certificates

Participation certificates and subordinated debt decreased by € 0.3 billion to € 1.8 billion driven by the first tranche redemption of participation certificates (€ 125 million) at SNS Retail Bank and the redemption of € 0.2 billion subordinated debt at Group activities.

Debt certificates decreased by € 4.8 billion to € 22.7 billion as a result of redemptions. This decrease included the redemption of government guaranteed bonds issued in 2009 for an amount of € 2.6 billion.

3.4.6 Technical provisions

Insurance contracts (technical provisions) amounted to € 40.1 billion at the end of June, of which € 26.9 billion was for own risk (year-end 2011: € 25.6 billion). The increase was due mainly to the addition of € 795 million as a result of shadow accounting.

3.4.7 Market risk Banking activities

Capital markets are still heavily influenced by developments regarding the debt crisis in the eurozone. SNS Bank therefore continued to reduce its exposure to peripheral eurozone countries in the first half of 2012.

During the first half of 2012, there was a strong decrease in short-term interest rates following the rate cut by the ECB. Long-term interest rates also decreased in the first half of 2012.

Interest rate risk of the Banking activities is managed mainly through duration of equity. Because of high volatilities in interest rates and in order to limit interest rate risk sensitivity, duration of equity was held at low levels between 2 and 4 during the first half of 2012. By the end of June 2012, duration of equity was 2.7 (year-end 2011: 3.8).

Value at Risk (VaR) is used as a measure for analysing interest rate exposure of the Banking activities. The VaR, with a confidence level of 99%, was at a level of € 153 million by the end of June 2012 compared to € 227 million at year-end 2011. The average VaR was at a level of € 179 million compared to € 210 million at year-end 2011.

The Earnings at Risk (EaR) measures the sensitivity of net interest income to a limited set of extreme interest rate scenarios. By the end of June 2012, the EaR was € 4 million compared to € 7 million at year-end 2011. In the first half of 2012 the average EaR was € 6 million compared to € 10 million at year-end 2011.

SNS Bank has a small trading portfolio in line with its risk profile. In accordance with this profile, the total limit in terms of VaR (99% confidence on day-to-day basis) was set at € 2.4 million. During the first half of 2012 this VaR limit was used to a limited extent only.

3.4.8 Market risk Insurance activities

In 2012, the Insurance activities continued to actively reduce their exposure to interest rate risk mainly through the purchase of additional interest rate derivatives. Credit spread sensitivity was reduced by the sale of peripheral European and Austrian sovereign bonds. Proceeds were re-invested in German and French government bonds.

The Insurance activities use a Value at Risk (VaR) approach to manage interest rate risk and other ALM risks. The relative VaR, which takes into account all relevant market risks and is expressed as a percentage of the market value of equity, was 25% at year-end 2011. During 2012, the VaR increased to 29% at the end of June 2012 and was thus well below the internal limit of 45%.

The increase in VaR was mainly related to the increase of interest rate sensitivity due to the change in de the discount curve (Ultimate Forward Rate) and decreasing interest rates in the first half of 2012.

VaR calculations are based on valuing the liabilities using the Ultimate Forward Rate (UFR) method for extrapolation as of June 2012. As a result a typical parallel shift in the yield curve leads to a parallel shift of the ECB AAA curve only for the first 20 years, after which the shift is tempered by the UFR. Consequently, the computed sensitivity of insurance liabilities of such a shift has decreased significantly compared to the sensitivity on the asset side.

Table 10: Market sensitivity of solvency

	June 2012
Interest rates -1%	32%
Interest rates +1%	(29%)
Credit spreads Corporate Bonds +0,5%	(11%)
Credit spreads Sovereign Bonds +0,5%	(2%)
Equity prices -10%	(2%)
Other (e.g. real estate) -10%	(3%)

Sensitivity to interest rates is based on yield curve as at 29 June 2012. Movements in the yield curve could influence sensitivity.

4 SNS Bank

The activities of SNS Bank comprise two business segments: SNS Retail Bank and SNS SME. These segments are shown separately below.

Table 11: Net result SNS Bank

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
SNS Retail Bank	70	87	(20%)	137	(49%)
SNS SME	3	34	(91%)	4	(25%)
SNS Bank	**73**	**121**	**(40%)**	**141**	**(48%)**

5 SNS Retail Bank

HIGHLIGHTS SNS RETAIL BANK

- Lower net profit of € 70 million (-20%) due to higher loan impairments and lower commission income
- Limited increase in net interest income
- Sharply higher impairment charges to loans, reflecting the weakening economy and pressure on the housing market
- Operating expenses markedly lower supported by a reduction in staff numbers
- Savings balances up by € 2.2 billion compared to year-end 2011 (+7%)

Table 12: SNS Retail Bank

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Result					
Net interest income	306	294	4%	307	0%
Net fee and commission income	24	42	(43%)	37	(35%)
Investment income	28	13	115%	32	(13%)
Result on financial instruments	8	29	(72%)	99	(92%)
Other operating income	9	2	350%	-	0%
Total income	**375**	**380**	**(1%)**	**475**	**(21%)**
Impairment charges to loans and advances	75	27	178%	55	36%
Other impairment charges	-	8	(100%)	23	(100%)
Total operating expenses	208	229	(9%)	214	(3%)
Total expenses	**283**	**264**	**7%**	**292**	**(3%)**
Result before tax	**92**	**116**	**(21%)**	**183**	**(50%)**
Taxation	21	29	(28%)	46	(54%)
Minority interests	1	-	0%	-	0%
Net result for the period	**70**	**87**	**(20%)**	**137**	**(49%)**
One-off items	(9)	(6)		(14)	
Adjusted net result for the period	**79**	**93**	**(15%)**	**151**	**(48%)**
Efficiency ratio	55.5%	60.3%		45.1%	
Impairment charges to loans and advances as a % of average gross outstanding loans to customers	0.28%	0.10%		0.20%	
Risk-weighted assets Basel I (80%)	12,003	11,986	0%	12,001	0%
Savings	32,570	30,425	7%	30,342	7%
Loans and advances to customers	53,466	53,850	(1%)	54,351	(2%)

5.1 Result

5.1.1 Results for the first half of 2012 compared to the first half of 2011

SNS Retail Bank recorded a successful commercial performance in the first half of 2012. The savings portfolio grew by € 2.2 billion (+ 7%) while overall customer satisfaction levels improved again. ASN Bank continued to have one of the highest customer satisfaction levels in the industry and further expanded its customer base. The repositioning of RegioBank has been completed and its increased presence in smaller communities is paying off, in particular in bank savings and increasing customer satisfaction. BLG Wonen (formerly BLG Hypotheken), has been repositioned as a complete financial services provider for home-owners, whereas the focus previously was just on mortgages. Since May 2012, BLG Wonen has offered house and home-related savings accounts, to be followed by a home insurance package later this year.

Despite SNS Retail Bank's sound commercial performance, net profit in the first half of 2012 decreased by € 17 million to € 70 million (-20%). This included a net loss of € 9 million on the exchange of Greek government bonds. The first half of 2011 had been impacted by an impairment on Greek government bonds of € 6 million net. Adjusted for these one-off items, net profit decreased by € 14 million. The main factors behind this decrease were sharply higher loan impairments and lower commission income.

5.1.2 Income

Net interest income showed a limited increase of € 12 million (+4%).

Net interest income from mortgages was higher. SNS Retail Bank's residential mortgage portfolio of € 50.5 billion decreased compared to year-end 2011 (€ 51.4 billion), due to redemptions in combination with limited sales of new mortgages. SNS Retail Bank's market share in new mortgages of 2.9% was down compared to full year 2011 (5.8%), due to the focus on the reduction of risk-weighted assets. However, risk-weighted assets remained stable due to an increase in intercompany fixed-income investments and higher counterparty risk due to lower credit ratings offsetting the reduction of the mortgage portfolio. Redemptions were slightly lower compared to the first half of 2011.

The savings portfolio increased by € 2.2 billion (+7%), including bank saving balances, which grew by € 488 million to € 1,785 million (+38%). SNS Bank, ASN Bank and RegioBank all contributed to the increase in savings balances. SNS Retail Bank's market share in savings increased to 10.3% (year-end 2011: 10.0%). The loan-to-deposit ratio of SNS Retail Bank improved from 147% at year-end to 137%. In July retail savings balances at SNS Retail Bank showed a marginal decline.

Net fee and commission income was € 18 million lower, mainly driven by the transfer of SNS Beleggingsfondsen Beheer B.V. from SNS Retail Bank to Group activities as per 1 January 2012, increased fees paid on securitisation transactions following credit rating downgrades and lower asset management transactions and fees. Furthermore, insurance fees on mortgage-related products were lower.

Investment income increased by € 15 million, despite a loss of € 13 million gross on the exchange of Greek government bonds. This increase was driven by higher realised gains on the fixed income portfolio and improved trading results on fixed income investments. Furthermore, results from fair value movements of the DBV mortgage portfolio were higher.

The result on financial instruments decreased by € 21 million, largely driven by lower buy-back results on own funding paper of € 15 million compared to € 30 million in the first half of 2011. In addition, volatile and lower short-term interest rates resulted in lower results related to value movements in derivatives held for hedging purposes.

5.1.3 Expenses

Total operating expenses were € 21 million lower (-9%). Costs in the first half of 2012 included a release of € 2 million related to SNS Retail Bank's share in the savings guarantee scheme compared to a charge of € 6 million in the first half of 2011. Adjusted for this item, total operating expenses decreased by € 13 million driven by a reduction in the number of staff following completion of the repositioning programme in 2011.

The efficiency ratio improved from 60.3% in the first half of 2011 to 55.5%, because of lower operating expenses.

Impairment charges to loans and advances increased sharply by € 48 million to € 75 million, including € 11 million due to the default of one major debtor. This equates to 28 basis points of gross outstanding loans (24 basis points excluding the default of one major debtor), compared to 10 basis points in the first half of 2011. The increase reflects the weakening economic situation in the Netherlands and lower recovery amounts on mortgages as a result of pressure on housing prices.

Other impairment charges were nil in the first half of 2012 compared to € 8 million in the first half of 2011 related to Greek government bonds.

5.2 Credit risk

In the first half of 2012, housing prices in the Netherlands remained under pressure due to the weak economy and ongoing political and fiscal uncertainty in the housing market. Also, the new code of conduct for banks operating in the Netherlands, which became effective as of August 2011, has led to reduced activity levels as lending criteria have become stricter. The Dutch housing market awaits a clear decision on future tax deductibility of mortgage interest payments for current and new borrowers after the general election in September 2012.

At the end of June 2012 housing prices had declined by 4.4% year-on-year. The number of homes sold in the first half year was slightly up (1%) compared to the same period in 2011. The uptick in sales and slight increase in housing prices, in June 2012 compared to May 2012, was likely due to the scheduled lowering (to € 320.000 from € 350.000) of the Dutch Mortgage Guarantee Scheme (NHG) per 1 July 2012 and to uncertainty regarding a possible increase in the housing sales tax. As yet, there is no sign of a sustained turnaround in the sentiment on the Dutch housing market.

The quality of new mortgage inflows is, however, improving thanks to stricter standards and an increase in mortgages covered by the Dutch Mortgage Guarantee Scheme (NHG). At SNS Bank, 65.9% of new mortgage production in 2012 was covered by the NHG. Of the total mortgage portfolio, 18.6% is now covered by NHG. The weighted average indexed Loan-to-Foreclosure-Value (LtFV) stood at 95% at the end of June 2012 compared to 92% at year-end 2011.

Arrears development edged up in the first half of 2012. Loans in arrears at SNS Retail Bank increased from € 1,792 million in year-end 2011 to € 1,822 million at the end of June 2012 and as a percentage of gross loans rose from 3.28% at year-end 2011 to 3.39%. The developments in the Dutch housing market are expected to continue to negatively impact the average level of mortgage credit losses.

Under current market circumstances, SNS Retail Bank is focusing on redemptions to prevent (new) arrears, if necessary in combination with a personal budget coach to reduce long-running defaults and avoid consecutive missed payments.

6 SNS SME

HIGHLIGHTS SNS SME

- Limited net profit of € 3 million impacted by higher impairment charges
- Total exposure reduced by € 0.6 billion compared to year-end 2011 (-10%)
- Net interest income significantly lower, due mainly to reduction of loan portfolio
- Impairment charges sharply up, reflecting current market circumstances
- Operating expenses 13% lower

Table 13: SNS SME

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Result					
Net interest income	63	78	(19%)	66	(5%)
Net fee and commission income	4	4	0%	3	33%
Result on financial instruments	(5)	(2)	(150%)	(4)	(25%)
Total income	**62**	**80**	**(23%)**	**65**	**(5%)**
Impairment charges to loans and advances	37	11	236%	35	6%
Total operating expenses	21	24	(13%)	24	(13%)
Total expenses	**58**	**35**	**66%**	**59**	**(2%)**
Result before tax	**4**	**45**	**(91%)**	**6**	**(33%)**
Taxation	1	11	(91%)	2	(50%)
Net result for the period	**3**	**34**	**(91%)**	**4**	**(25%)**
Efficiency ratio	33.9%	30.0%		36.9%	
Impairment charges to loans and advances as a % of average gross outstanding loans to customers	1.35%	0.32%	322%	1.15%	17%
Risk-weighted assets Basel I (80%)	3,718	4,568	(19%)	4,115	(10%)
Loans and advances to customers	5,070	6,352	(20%)	5,656	(10%)

6.1 Result

6.1.1 Result for the first half of 2012 compared to the first half of 2011

SNS SME posted a limited net profit of € 3 million compared to € 34 million for the first half of 2011. This decrease was driven by lower total income (-23%) and higher impairment charges. Total income declined due mainly to the reduction of the loan portfolio as part of SNS REAAL's capital release programme. Operating expenses were significantly lower.

6.1.2 Income

SNS SME's total income declined by € 18 million largely driven by lower net interest income, influenced by the lower loan portfolio and lower SME savings balances compared to the first half of 2011. SME savings included in 'Other amounts due to customers', were relative stable at € 3.0 billion compared to year-end 2011 (€ 3.1 billion) but down compared to June 2011 (€ 3.8 billion). In July savings balances at SNS SME showed a decline.

The result on financial instruments amounted to € 5 million negative compared to € 2 million negative in the first half of 2011 and consisted of discounts on sales of performing loans.

6.1.3 Expenses

Total operating expenses decreased by € 3 million supported by a reduction in the number of staff. However, as a result of the decrease in total income, the efficiency ratio increased from 30.0% to 33.9%.

Impairment charges to loans and advances increased by € 26 million to € 37 million due mainly to the need to further strengthen provisioning levels in the former Property Finance SME loan portfolio and due to a few large loans in default. That in turn reflected the weakening in Dutch real estate markets, mainly in the retail and office sector.

6.2 Portfolio development

Table 14: Breakdown SNS SME

In € millions	**June 2012**	December 2011	June 2011
Total portfolio			
Commitments	5,216	5,746	6,415
Undrawn commitments	9	(14)	(20)
Outstanding loan portfolio (gross)	**5,207**	**5,760**	**6,435**
Loan provision	137	104	83
Outstanding loan portfolio	**5,070**	**5,656**	**6,352**
Property projects	7	7	10
Held for sale	-	-	-
Total exposure	**5,077**	**5,663**	**6,362**
Non-performing loans	352	249	220
Non-performing loans as % of loans outstanding	6.8%	4.3%	3.4%
Coverage ratio	38.9%	41.8%	37.7%

As part of SNS REAAL's capital release programme, total exposure of SNS SME was reduced from € 5.7 billion at the end of 2011 to € 5.1 billion (-10%), corresponding to a decline in risk-weighted assets by € 0.4 billion. Total commitments were reduced by € 0.6 billion to € 5.2 billion. The decline of gross outstanding loans was due to redemptions and the sale of a number of loans. Property projects remained stable at € 7 million. The loan portfolio of SNS SME will be reduced further, as part of the capital release programme.

Non-performing loans increased by € 103 million to € 352 million, equating to 6.8% of loans outstanding. The coverage ratio of SNS SME decreased slightly, from 41.8% at year-end 2011 to 38.9%.

The average LtV of the former Property Finance loan portfolio included in SNS SME increased from 74.4% at year-end 2011 to 77.2% as collateral values were updated based on an independent reappraisal of a representative part of the portfolio. Although recent valuations reflect careful interpretations of comparable transactions, valuation ranges remain relatively wide and the limited number of comparable transactions impacts the appraisal value.

7 Property Finance

HIGHLIGHTS PROPERTY FINANCE

- Net loss markedly higher at € 131 million, impairment charges virtually stable
- Total exposure reduced by € 0.6 billion to € 4.7 billion (-10%)
- Coverage ratio stable at 35% compared to year-end 2011
- Net interest income significantly lower due to shrinking loan portfolio
- Operating expenses significantly higher impacted by costs related to phasing out of the loan portfolio

Table 15: Property Finance

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Result					
Net interest income	24	30	(20%)	23	4%
Investment income	-	1	(100%)	(1)	100%
Result on financial instruments	(3)	(5)	40%	(25)	88%
Result assets and liabilities held for sale	-	(4)	100%	-	0%
Other operating income	(1)	(3)	67%	(6)	83%
Total income	**20**	**19**	**5%**	**(9)**	**322%**
Impairment charges	140	138	1%	113	24%
Total operating expenses	40	35	14%	47	(15%)
Total expenses	**180**	**173**	**4%**	**160**	**13%**
Result before tax	(160)	(154)	(4%)	(169)	5%
Taxation	(29)	(36)	19%	(39)	26%
Net result for the period	**(131)**	**(118)**	**(11%)**	**(130)**	**(1%)**
Impairment charges as a % of average gross outstandings	4.94%	4.11%		3.69%	
Risk-weighted assets Basel I (80%)	3,987	4,826	(17%)	4,418	(10%)
Loans and advances to customers	4,228	5,191	(19%)	4,784	(12%)
Property projects	512	561	(9%)	505	1%
Assets held for sale	-	21	(100%)	-	0%

7.1 Result

7.1.1 Results for the first half of 2012 compared to the first half of 2011

Property Finance posted a net loss of € 131 million compared to € 118 million for the first half of 2011. The increase was mainly driven by a lower effective tax rate due to non tax-deductable losses on a few international loans. The combined level of impairments charges and discounts on the sale of performing loans (included in result on financial instruments) of € 143 million was stable compared to the first half of 2011.

7.1.2 Income

Net interest income declined by 20%, due to the winding down of the loan portfolio. The lower loan portfolio also resulted in lower interest-related fee and commission income included in net interest income.

The result on financial instruments of € 3 million negative was slightly lower than the first half of 2011 and consisted mainly of discounts on the sale of performing loans.

Other operating income amounted to € 1 million negative compared to € 3 million negative for the first half of 2011, due to a less negative result on participations.

7.1.3 Expenses

Operating expenses increased by € 5 million to € 40 million, as legal and advisory costs related to winding down the loan portfolio increased to € 29 million compared to € 23 million in the first half of 2011. Adjusted for these costs, operating expenses declined by € 1 million driven by a decrease in FTEs.

Impairment charges increased marginally by € 2 million to € 140 million and consisted of € 131 million of impairments on loans, € 6 million of impairments on property projects and € 3 million impairments on participations and other impairments. Impairment charges on the Dutch portfolio amounted to € 110 million compared to € 48 million in the first half of 2011, due to the weakening of Dutch real estate markets. In the international portfolio, impairment charges decreased from € 90 million in the first half of 2011 to € 30 million.

Compared to the second half of 2011, impairment charges increased by € 27 million as the second half of 2011 had been positively impacted by the release of a provision related to the restructuring of a non-performing loan in the fourth quarter.

7.2 Portfolio development

International real estate markets remained weak in the first half of 2012 and Dutch real estates markets weakened further as reflected in high vacancy ratios in the retail and office sectors and pressure on rental prices. This resulted in a continuing high level of impairments. The impairments reflect the changes in the expected cash flows of the underlying assets. Expected cash flows are driven by projections, based on defined exit strategies and plans, of rental income, price per square metre, construction costs, interest costs and exit values based on reports provided by independent professional appraisers. These appraisals also reflect the limited number of comparable transactions.

The average LtV of the total loan portfolio increased from 103.3% at year-end 2011 to 105.4%. The average LtV of the international portfolio improved from 94.4% to 94.0%, due mainly to the sale of non-performing loans with higher LtVs. Net of provisions, the average LtV of the international portfolio amounted to 80.6% (year-end 2011: 82.4%). In contrast to the international portfolio, the average LtV of the Dutch portfolio increased from 110.0% to 113.2%, reflecting the further weakening of Dutch real estate markets. Net of provisions, the average LtV of the Dutch portfolio amounted to 98.4% (year-end 2011: 99.2%).

Table 16: Breakdown Property Finance portfolio

In € millions	June 2012	December 2011	June 2011
Total portfolio			
Commitments	4,958	5,481	5,985
Undrawn commitments	61	102	219
Outstanding loan portfolio (gross)	**4,897**	**5,379**	**5,766**
Loan provision	669	595	575
Outstanding loan portfolio	**4,228**	**4,784**	**5,191**
Property projects	512	505	561
Held for sale	-	-	21
Total exposure	**4,740**	**5,289**	**5,773**
Non-performing loans	1,941	1,728	1,570
Non-performing loans as % of loans outstanding	39.6%	32.1%	27.2%
Coverage ratio	34.5%	34.4%	36.6%
Average loan-to-value (LtV)	105.4%	103.3%	95.7%
Dutch portfolio			
Commitments	3,203	3,323	3,540
Undrawn commitments	61	75	112
Outstanding loan portfolio (gross)	**3,142**	**3,248**	**3,428**
Loan provision	419	324	272
Outstanding loan portfolio	**2,723**	**2,924**	**3,156**
Property projects	33	29	7
Held for sale	-	-	-
Total exposure	**2,756**	**2,953**	**3,163**
Non-performing loans	1,329	1,130	962
Non-performing loans as % of loans outstanding	42.3%	34.8%	28.1%
Coverage ratio	31.5%	28.7%	28.3%
Average loan-to-value (LtV)	113.2%	110.0%	98.9%
International portfolio			
Commitments	1,755	2,158	2,445
Undrawn commitments	-	27	107
Outstanding loan portfolio (gross)	**1,755**	**2,131**	**2,338**
Loan provision	250	271	303
Outstanding loan portfolio	**1,505**	**1,860**	**2,035**
Property projects	479	476	554
Held for sale	-	-	21
Total exposure	**1,984**	**2,336**	**2,610**
Non-performing loans	612	598	608
Non-performing loans as % of loans outstanding	34.9%	28.1%	26.0%
Coverage ratio	40.8%	45.3%	49.8%
Average loan-to-value (LtV)	94.0%	94.4%	91.3%
Breakdown international portfolio (geographical)			
Germany	457	592	718
Spain	405	403	444
France	180	206	239
Other Europe	690	703	704
North America	252	431	505
Total exposure	**1,984**	**2,335**	**2,610**

7.2.1 Total Portfolio

Total exposure declined from € 5.3 billion at year-end 2011 to € 4.7 billion (-10%), corresponding to a decline in risk-weighted assets by € 0.4 billion. Total commitments declined from € 5.5 billion at the end of 2011 to € 5.0 billion (-10%). The international exposure declined from € 2.3 billion to € 2.0 billion, of which € 0.4 billion related to Spain. The exposure to North America is now below € 0.3 billion.

The level of non-performing loans increased by € 0.2 billion to € 1.9 billion compared to year-end 2011. The new inflow, of which 75% related to Dutch loans, was partly offset by the sale of non-performing loans and the foreclosure and reclassification to property projects of a non-performing loan. Total non-performing loans as a percentage of gross loans increased from 32% to 40%.

Compared to year-end 2011, total loan provisions increased by € 74 million to € 669 million due to additions, partly offset by the reduction of the loan portfolio and the foreclosure and reclassification to property projects of a non-performing loan. The coverage ratio remained stable at 35%.

Compared to year-end 2011, property projects (real estate projects where Property Finance has taken control) increased slightly from € 505 million to € 512 million mainly due to one new foreclosure, partly offset by impairments and sales. The foreclosure in the first half of 2012 consisted of a project in Spain.

7.2.2 Dutch portfolio

The total Dutch exposure declined from € 3.0 billion at year-end 2011 to € 2.8 billion (-7%), mainly through redemptions and additions to loan provisions. Total commitments declined from € 3.3 billion at year-end 2011 to € 3.2 billion (-4%).

Non-performing Dutch loans increased by € 199 million compared to year-end 2011 due mainly to new inflow reflecting the further weakening of domestic real estate markets. The outflow was limited. Total non-performing loans as a percentage of gross loans outstanding increased from 35% at year-end 2011 to 42%. The coverage ratio increased from 29% to 32% driven by the strengthening of provisions.

7.2.3 International portfolio

The total international exposure declined from € 2.3 billion at year-end 2011 to € 2.0 billion (-15%). Total commitments declined from € 2.2 billion at year-end 2011 to € 1.8 billion (-19%). The international loan portfolio was reduced through redemptions, the sale of loans, movements in foreign exchange rates and the reclassification of a loan to property projects.

Non-performing international loans remained stable at € 0.6 billion in the first half of 2012. New inflow was limited and mainly related to Spain, France and Germany. The outflow mainly related to North America and Spain (reclassification to property projects). As a percentage of gross loans outstanding, non-performing loans increased from 28% at year-end 2011 to 35%.

In North America the coverage ratio increased from 54% to 63% due to a decline in non-performing loans resulting from partial redemptions. The coverage ratio in Europe decreased from 38% to 32% due to inflow of non-performing loans with relatively low coverage ratios and the foreclosure and reclassification to property projects of a non-performing loan in Spain with a relatively high coverage ratio.

8 REAAL

The activities of REAAL comprise three business segments: REAAL Life, REAAL Non-Life and Other activities. These segments are discussed separately below.

Table 17: Net result REAAL

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
REAAL Life	151	61	148%	186	(19%)
REAAL Non-life	22	11	100%	21	5%
REAAL Other	(9)	(6)	(50%)	7	(229%)
REAAL	**164**	**66**	**148%**	**214**	**(23%)**

9 REAAL Life

HIGHLIGHTS REAAL LIFE

- Sharp increase in net profit to €151 million positively impacted by gains on derivatives
- Modest improvement of underlying profit to € 101 million
- Limited decline in regular premiums; single premiums down considerably due to focus on margin
- Market share of individual new regular premiums slightly lower at 18.9%
- Operating expenses reduced by 6%

Table 18: REAAL Life

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Result					
Regular life premiums	629	669	(6%)	637	(1%)
Single life premiums	123	205	(40%)	176	(30%)
Premium income	**752**	**874**	**(14%)**	**813**	**(8%)**
Reinsurance premiums	82	108	(24%)	79	4%
Net premium income	**670**	**766**	**(13%)**	**734**	**(9%)**
Net fee and commission income	25	25	0%	24	4%
Share in result of associates	6	3	100%	(5)	220%
Investment income	498	497	0%	514	(3%)
Investment income for account of policyholders	208	(11)	1991%	(230)	190%
Result on financial instruments	114	(39)	392%	194	(41%)
Other operating income	-	-	0%	3	(100%)
Income invested collateral securities lending	2	1	100%	1	100%
Total income	**1,523**	**1,242**	**23%**	**1,235**	**23%**
Technical claims and benefits	1,150	979	17%	718	60%
Acquisition costs for insurance operations	43	33	30%	18	139%
Impairment charges	21	7	200%	28	(25%)
Total operating expenses	80	85	(6%)	75	7%
Other interest expenses	25	64	(61%)	146	(83%)
Total expenses	**1,319**	**1,168**	**13%**	**985**	**34%**
Result before tax	**204**	**74**	**176%**	**250**	**(18%)**
Taxation	51	12	325%	64	(20%)
Minority interest	2	1	100%	-	0%
Net result for the period	**151**	**61**	**148%**	**186**	**(19%)**
Operating cost/premium ratio	9.0%	8.4%		8.2%	
New annual premium equivalent Life	28	52	(46%)	39	(28%)

9.1 Result

9.1.1 Results for the first half of 2012 compared to the first half of 2011

REAAL Life's net profit increased sharply, mainly driven by higher results on derivatives used for protecting solvency against declining interest rates.

The underlying net profit of REAAL Life increased slightly, as the impact of higher technical results and lower operating expenses was partly compensated by a lower direct investment income. The higher technical results were mainly due to lower costs on contractual profit sharing agreements.

Table 19: Underlying result REAAL Life

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Net result for the period	151	61	148%	186	(19%)
Realised gains, losses and impairments on equity portfolio	(16)	(10)	(60%)	(8)	(100%)
Realised gains, losses and impairments on fixed-income securities	24	14	71%	30	(20%)
Result on financial instruments	93	(24)	488%	139	(33%)
Changes in insurance contracts due to movements of fair value items	(31)	6	(617%)	(39)	21%
Total net impact investment portfolio and hedges	**70**	**(14)**	**600%**	**122**	**(43%)**
Net result excluding impact of one-off items and impact of investment portfolio and hedges	**81**	**75**	**8%**	**64**	**27%**
Amortisation VOBA and other intangible assets	(20)	(24)	17%	(22)	9%
Underlying result REAAL Life	**101**	**99**	**2%**	**86**	**17%**

Results on equity hedges are included in realised gains/loses on equity portfolio instead of result on financial instruments.

Changes in insurance contracts due to movements of fair value items includes releases/additions provisions for interest rate guarantees in unit-linked portfolio and separate accounts and the impact of shadow accounting.

In the first half of 2012, realised gains, losses and impairments on equities were € 16 million negative compared to € 10 million negative in the first half of 2011. This increase was due mainly to higher impairments, and also to losses on put options. Realised gains, losses and impairments on the fixed-income portfolio had a positive net impact of € 24 million compared to € 14 million in the first half of 2011.

Decreasing interest rates in the first half of 2012 led to substantial net gains on interest rate derivatives, including realised gains of € 76 million. As a consequence, the result on financial instruments was € 93 million positive. In the first half of 2011, increasing interest rates had led to a net negative result on financial instruments of € 24 million.

Changes in insurance contracts due to movements of fair value items amounted to € 31 million negative, mainly consisting of the net impact of shadow accounting. In the first half of 2011, the net impact of shadow accounting amounted to € 6 million positive.

9.1.2 Income

Regular life premiums of REAAL Life showed a limited decline. The transformation of the portfolio towards more transparent and accessible products, such as term life insurance and offset mortgage products with a lower premium volume and more bank savings, is continuing. In a shrinking Dutch market, the market share of new individual regular premiums was slightly below the first half of 2011 but remained high at 18.9%, in particular in term life insurance. REAAL retained its leading position in the term life market. Satisfaction levels of our distribution partners remained high.
There was a considerable decrease in single life premiums, where the market share fell from 8.8% in 2011 to 4.8% due to the continued focus on protecting profitability. As a consequence, New Annual Premium Equivalent (NAPE) decreased to € 28 million.

The implementation of the agreement on cost loadings of investment-based life insurance policies is underway. In the second quarter of 2012, REAAL started informing holders of investment-based life insurance policies about their personal situation and possibilities to switch to another product, a process in which it actively supports customers. The intention is to have informed all policyholders in the coming year.

Reinsurance premiums paid were lower, due mainly to a decrease in the portfolio that has been proportionally reinsured, due to expirations and lower single life premiums.

Table 20: Breakdown Investment income for own account REAAL Life

Gross amounts in € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Total investment income	498	497	0%	514	(3%)
Realised gains/losses on equities	3	4	(25%)	7	(57%)
Realised gains/losses on fixed income securities	38	19	100%	40	(5%)
Other realised gains/losses	2	2	0%	(1)	300%
Realised gains/losses	**43**	**25**	**72%**	**46**	**(7%)**
Unrealised gains/losses	(9)	(4)	(125%)	(12)	25%
Direct investment income	**464**	**476**	**(3%)**	**480**	**(3%)**

Total investment income for own account was in line with the first half of 2011 as higher realised gains on fixed-income securities were offset by a modestly lower direct investment income due to de-risking measures (reducing exposure to peripheral European sovereigns). Furthermore, direct investment income was positively impacted by results related to the settlement of the Lehman collateral.

Investment income for risk of policyholders was sharply higher, due mainly to positive revaluations of fixed-income securities following the decrease in interest rates in the first half of 2012.

9.1.3 Expenses

Technical claims and benefits increased, driven by higher charges for account of policyholders corresponding to the increased investment income for risk of policyholders. On the other hand the decrease in premium income led to lower technical claims and benefits.

Acquisition costs for insurance operations increased mainly from lower recoverable costs allocated to a reinsurance transaction.

Table 21: Breakdown impairment charges REAAL Life

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Impairment charges on equities	14	11	27%	27	(48%)
Impairment charges in fixed income securities	6	-	0%	-	0%
Other impairment charges	1	(4)	125%	1	0%
Total impairment charges	**21**	**7**	**200%**	**28**	**(25%)**

Compared to the first half of 2011, total impairment charges were sharply higher as impairments on both equities and fixed-income securities increased. In the first half of 2011, reversals of earlier impairments of loans to intermediaries partly compensated impairments on investments.

Operating costs were again down due to cost reduction measures. However, the fall in premium income caused by the focus on margin, meant that the operating cost/premium ratio increased from 8.4% to 9.0%. The implementation of the agreement on cost loadings of investment-based life insurance policies has led to increased operating costs compared to the second half of 2011.

Other interest expenses decreased by € 39 million, of which € 32 million was due to a reinsurance transaction. This was compensated by other items related to the reinsurance transaction (lower reinsurance premiums, higher technical claims and benefits and higher acquisition costs), with a net negative effect on the result of € 4 million in the first half of 2012 (in the first half of 2011 also a net negative effect of € 4 million).

10 REAAL Non-Life

HIGHLIGHTS REAAL NON-LIFE

- Sharp increase in net profit to € 22 million due to release of provisions and realised gains
- Slight increase in gross premium income
- Operating expenses down
- Claims ratio and combined ratio slightly up

Table 22: REAAL Non-Life

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Result					
Non-Life premiums	425	413	3%	435	(2%)
Reinsurance premiums	30	26	15%	28	7%
Net premium income	**395**	**387**	**2%**	**407**	**(3%)**
Net fee and commission income	-	1	(100%)	-	0%
Share in result of associates	-	-	0%	1	(100%)
Investment income	36	33	9%	33	9%
Total income	**431**	**421**	**2%**	**441**	**(2%)**
Technical claims and benefits	240	241	0%	249	(4%)
Acquisition costs for insurance operations	95	94	1%	98	(3%)
Total operating expenses	64	67	(4%)	63	2%
Other interest expenses	3	5	(40%)	4	(25%)
Total expenses	**402**	**407**	**(1%)**	**414**	**(3%)**
Result before tax	**29**	**14**	**107%**	**27**	**7%**
Taxation	7	3	133%	6	17%
Net result for the period	**22**	**11**	**100%**	**21**	**5%**
Combined ratio Non-Life operations	96.8%	95.8%		96.6%	
Claims ratio	59.0%	56.7%		58.7%	

10.1 Result

10.1.1 Results for the first half of 2012 compared to the first half of 2011

REAAL Non-Life posted a higher net profit due to a release of provisions for unearned premiums and acquisition costs held for authorised agents of € 11 million net and realised gains on fixed-income securities.

The underlying net result of REAAL Non-Life was also considerably up due to the release of the above-mentioned provision and lower operating costs. However, excluding the release of provisions, the underlying net result decreased by € 6 million due to higher claims in fire.

Table 23: Underlying result REAAL Non-Life

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Net result for the period	**22**	**11**	**100%**	**21**	**5%**
Realised gains, losses and impairments on fixed-income securities	7	1	600%	2	250%
Total net impact investmentportfolio and hedges	**7**	**1**	**600%**	**2**	**250%**
Net result excluding impact of one-off items and impact of investment portfolio and hedges	**15**	**10**	**50%**	**19**	**(21%)**
Amortisation intangible assets	(3)	(3)	0%	(3)	0%
Underlying result	**18**	**13**	**38%**	**22**	**(18%)**

In the first half of 2012, realised gains, losses and impairments on fixed-income securities had a positive impact of € 7 million on investment income, while in the first half of 2011 this was only € 1 million.

10.1.2 Income

In a competitive non-life market, REAAL Non-Life's premium income increased slightly due to the release of the provision for premiums for authorised agents. In 2011 SNS REAAL changed the calculation of the provision for these unearned underwriting premiums adopting a more accurate method which takes into account the fact that in recent years policyholders have switched more and more to payments on a monthly or quarterly basis instead of annual payments. As a result, in the second half of 2011 an amount of € 16 million was released to the pre-tax result (€ 24 million in premium income partly offset by € 8 million in acquisition costs). During 2012, the information provided by authorised agents improved, enabling more accurate estimates. Consequently, an amount of € 14 million was released to the pre-tax result in the first half of 2012 (€ 19 million in premium income partly offset by € 5 million in acquisition costs). No additional releases are expected.
Disability insurance premiums showed a limited decrease to € 49 million, -7% compared to the first half of 2011 due to lapses in the portfolio representing 11% of total Non-Life premiums.

Reinsurance premiums increased somewhat, however premiums in 2011 had been exceptionally low as a result of good results of reinsurers due to fewer large claims in 2011 and positive run-off results in 2010.

Table 24: Breakdown Investment income REAAL Non-Life

Gross amounts in € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Total investment income	36	33	9%	33	9%
Realised gains/losses on fixed income securities	9	2	350%	3	200%
Realised gains	**9**	**2**	**350%**	**3**	**200%**
Direct investment income	**27**	**31**	**(13%)**	**30**	**(10%)**

Total investment income showed a marked increase, due to higher realised gains on fixed-income securities. Direct investment income decreased due to de-risking measures (reduced exposure to peripheral European sovereigns).

10.1.3 Expenses

Technical claims increased compared to the first half of 2011, with lower claims in motor offset by higher claims in fire. The overall claims ratio increased to 59.0% (first half of 2011 56.7%).

The acquisition expense ratio was almost stable (23.8% compared to 24.0% in the first half of 2011). Acquisition costs were only marginally up compared to the first half of 2011 due to the € 5 million release of accrued acquisition costs as part of the release of provision for unearned premiums and acquisition costs. This was partly offset by lower acquisition costs due to the lower remaining premium level and a profit sharing provision gain from reinsurance.

Operating expenses were modestly down and the operating cost/premium ratio improved to 14.0% compared to the first half of 2011(14.7%). However, the higher claims ratio increased the combined ratio to 96.8%.

11 REAAL Other

The Other activities of REAAL comprise the activities not directly managed by REAAL Life or REAAL Non-Life and holding activities. The net result of € 9 million negative was € 3 million down compared to the first half of 2011. The underlying net result of REAAL Other, excluding an impairment of an associate, was € 5 million negative, which was somewhat better compared to the first half of 2011 (€ 7 million negative).

12 Zwitserleven

HIGHLIGHTS ZWITSERLEVEN

- Net result sharply higher at € 52 million due to realised gains on bonds
- Underlying net result down at € 17 million due to lower technical results
- Marked increase in premium income mainly due to high retention rates
- Significant decline in operating expenses

Table 25: Zwitserleven

In € millions	1st half year 2012	1st half year 2011	Change	2nd half year 2011	Change
Result					
Regular life premiums	609	566	8%	254	140%
Single life premiums	140	110	27%	231	(39%)
Premium income	**749**	**676**	**11%**	**485**	**54%**
Reinsurance premiums	3	3	0%	2	50%
Net premium income	**746**	**673**	**11%**	**483**	**54%**
Net fee and commission income	7	10	(30%)	4	75%
Investment income	274	186	47%	173	58%
Investment income for account of policyholders	264	(31)	952%	233	13%
Result on financial instruments	(44)	5	(980%)	23	(291%)
Income invested collateral securities lending	1	1	0%	1	0%
Other operating income	1	-	0%	-	0%
Total income	**1,249**	**844**	**48%**	**917**	**36%**
Technical claims and benefits	1,087	706	54%	821	32%
Acquisition costs for insurance operations	11	13	(15%)	6	83%
Impairment charges	4	10	(60%)	135	(97%)
Total operating expenses	63	73	(14%)	66	(5%)
Interest expense securities lending	-	-	0%	1	(100%)
Other interest expenses	15	19	(21%)	18	(17%)
Total expenses	**1,180**	**821**	**44%**	**1,047**	**13%**
Result before tax	**69**	**23**	**200%**	**(130)**	**153%**
Taxation	17	5	240%	(25)	168%
Net result for the period	**52**	**18**	**189%**	**(105)**	**150%**
One-off items	-	-		(107)	
Adjusted net result for the period	**52**	**18**	**189%**	**2**	**2500%**
Operating cost/premium ratio	9.7%	11.2%		23.4%	
New annual premium equivalent Life	170	169	1%	116	47%

12.1 Result

12.1.1 Results for the first half of 2012 compared to the first half of 2011

Zwitserleven posted a sharp rise in net profit due to higher realised gains on the fixed-income portfolio. Zwitserleven's underlying result of € 17 million was € 7 million lower, mainly due to lower technical results, partly compensated by lower operating expenses.

Table 26: Underlying Result Zwitserleven

In € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Net result for the period	**52**	**18**	**189%**	**(105)**	**150%**
Realised gains, losses and impairments on equity portfolio	1	1	0%	1	0%
Realised gains, losses and impairments on fixed-income securities	81	8	913%	3	2600%
Result on financial instruments	(33)	4	(925%)	19	(274%)
Changes in insurance contracts due to movements of fair value items	(9)	(13)	31%	(47)	81%
Total net impact investment portfolio and hedges	**40**	**-**	**0%**	**(24)**	**267%**
Impact of one-off items	-	-		(107)	
Net result excluding impact of one-off items and impact of investment portfolio and hedges	**12**	**18**	**(33%)**	**26**	**(54%)**
Amortisation VOBA and other intangible assets	(5)	(6)	17%	(5)	0%
Underlying result	**17**	**24**	**(29%)**	**31**	**(45%)**

Results on equity hedges are included in realised gains/losses on equity portfolio instead of result on financial instruments.

Changes in insurance contracts due to movements of fair value items includes releases/additions provisions for interest rate guarantees in unit-linked portfolio and separate accounts, the impact of shadow accounting and the impact of the hedging of inflation.

In the first half of 2012, realised gains, losses and impairments on the fixed-income portfolio increased to € 81 million positive compared to € 8 million positive for the first half of 2011. Fixed-income securities were sold to reduce the sensitivity to changes in interest rates by lengthening the duration of the fixed-income portfolio thus achieving a better matching of the maturities of the fixed-income portfolio and associated insurance liabilities.

The result on financial instruments of net € 33 million negative was mainly due to negative unrealised results on derivatives used for hedging interest rate risk (- € 23 million) and inflation (- € 10 million).

Changes in insurance contracts due to movements of fair value items amounted to € 9 million negative in the first half of 2012. This consisted of the net impact of shadow accounting (€ 10 million negative), the net impact of additions to provisions for interest rate guarantees (€ 6 million negative), due mainly to the low interest environment, partly compensated by lower technical expenses due to the impact of inflation (€ 7 million positive).

12.1.2 Income

In the first half of 2012, Zwitserleven again successfully attracted clients in particular the SME segment. Regular pension premiums increased by 8%, supported by high retention rates. Single pension premiums increased considerably driven by new large group contracts and a good performance of the existing portfolio. New Annual Premium Equivalent (NAPE) was stable at € 170 million.

Zwitserleven is one of the first insurance companies to subscribe to the recently launched Principles for Sustainable Insurance (PSI) of the United Nations, underpinning the aim to embed sustainability in the heart of its business. Furthermore, research among actuarial consultants and pension advisors showed that Zwitserleven is once again the favourite pension insurer in the Netherlands.

Table 27: Breakdown Investment income for own account Zwitserleven

Gross amounts in € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Total investment income	**274**	**186**	**47%**	**173**	**58%**
Realised gains/losses on equities	4	2	100%	5	(20%)
Realised gains/losses on fixed income securities	108	18	500%	4	2600%
Realised gains	**112**	**20**	**460%**	**9**	**1144%**
Unrealised gains/losses	-	-	0%	(2)	100%
Direct investment income	**162**	**166**	**(2%)**	**166**	**(2%)**

Total investment income for own account was up considerably compared to the first half of 2011, due mainly to higher realised gains on fixed-income securities. Direct investment income was marginally lower compared to the first half of 2011 due to de-risking measures and lower dividend income.

Investment income for risk of policyholders increased sharply due mainly to positive revaluations of fixed-income securities following the decrease in interest rates in the first half of 2012.

The result on financial instruments decreased due to lower results on derivatives used for hedging interest and inflation risks.

12.1.3 Expenses

Operating expenses decreased by € 10 million due mainly to a substantial decrease in external FTEs and the positive impact of cost reduction programmes. Furthermore, the depreciation charge for software decreased.

Acquisition costs for insurance operations decreased because Zwitserleven switched to non-commission fee-based arrangements for sale and extension of pension contracts, ahead of the implementation of the government decision to prohibit commission fees on complex products in 2013.

Table 28: Breakdown Impairment charges Zwitserleven

Gross amounts in € millions	**1st half year 2012**	1st half year 2011	Change	2nd half year 2011	Change
Impairment charges of equities	2	1	100%	1	100%
Impairment charges of fixed income securities	-	8	(100%)	-	0%
Other impairment charges	2	1	100%	134	(99%)
Total impairment charges	**4**	**10**	**(60%)**	**135**	**(97%)**

Impairment charges decreased sharply due to lower impairments on fixed-income securities. Finally, other interest expenses decreased due to lower funding costs for the acquired retail mortgages.

13 Interim Financial Statement

13.1 Statement of the Executive Board

The condensed consolidated interim financial statements of SNS REAAL NV have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted within the European Union.

To the best of our knowledge, the condensed consolidated interim financial statements in this interim financial report for the first half year of 2012 give a true and fair view of the assets, liabilities, composition of equity, financial position as per 30 June 2012 and financial result of SNS REAAL NV and the undertakings included in the consolidation as a whole.

The interim financial report gives, to the best of our knowledge, a fair review of the information required pursuant to section 5:25d (8) and (9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Utrecht, 15 August 2012

Ronald Latenstein
Ference Lamp
Wim Henk Steenpoorte
Dick Okhuijsen

13.2 General information

13.2.1 Group structure

SNS REAAL NV, incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. SNS REAAL NV's registered office is located at Croeselaan 1, 3521 BJ Utrecht. SNS REAAL NV is the parent company of SNS Bank NV, REAAL NV, SNS REAAL Invest NV, SNS Asset Management NV and their subsidiaries (referred to as 'SNS REAAL'). The condensed consolidated interim financial statements of SNS REAAL comprise the accounts of all the companies controlled by SNS REAAL and the interest of SNS REAAL in associated companies and entities.

Stichting Beheer SNS REAAL has a 50.00001% interest in SNS REAAL.

The consolidated financial statements of SNS REAAL for the financial year 2011 are available on request at the registered office of the company at the address Croeselaan 1, P.O. Box 8444, 3503 RK Utrecht, the Netherlands or via www.snsreaal.nl.

These condensed consolidated interim financial statements were approved by the Supervisory Board on 15 August 2012. The condensed consolidated interim financial statements have not been audited and neither has a review been performed on these condensed consolidated interim financial statements.

13.2.2 Related parties

Parties are considered to be related if one party can exert control or significant influence over the other party in deciding financial or operational matters. As part of its ordinary operations, SNS REAAL maintains various sorts of ordinary business relations with related companies and parties, particularly in the areas of insurance, banking, and asset management. Other parties related with SNS REAAL are the Dutch Ministry of Finance, subsidiaries, associated companies, joint ventures, managers in key positions and their close family members.

On 1 January 2012 SNS Bank NV sold her subsidiary SNS Beleggingsfondsen Beheer BV for an amount of € 13.6 million, the expected equity value as at 31 December 2012, to SNS REAAL NV. The result on this transaction of € 7.5 million is presented in the profit and loss account of SNS Bank, and eliminated at group level.

13.3 Basis of preparation

13.3.1 Statement of IFRS compliance

SNS REAAL prepares the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted within the European Union (EU).

13.3.2 Main accounting principles for financial reporting

The same accounting principles, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2011, except for the impact of the adoption of the IFRS Standards and Interpretations, and the changes in accounting principles described below. The changes in presentation and accounting principles as set out in the accounting principles are applied to the comparative figures in these condensed consolidated interim financial statements.

13.3.3 Change in published Standards and Interpretations effective in 2012

New or amended standards become effective on the date specified by IFRS, but may allow early adoption. In 2012, the following standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee respectively became mandatory and have been adopted by the EU. Unless stated otherwise, the changes will have no material effect on the condensed consolidated interim financial statements of SNS REAAL.

- Amendment to IFRS 1 First time adoption – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters.
- Amendment to IFRS 7 Financial Instruments Disclosures – Transfers of Financial Assets.
- IAS 12 Income Taxes – Recovery of Tax Assets

13.3.4 Changes in principles, estimates and presentation

Changes in accounting principles

Economic and social circumstances have changed and new legislation prohibits payment of commission to intermediaries as of 1 January 2013. Demand for unit-linked products has declined and products with low cost structures are being introduced to the market. By taking the acquisition costs directly to the income statement transparency of the financial statements is enhanced.

SNS REAAL therefore implemented a change in accounting treatment with effect from 1 January 2012, whereby internal and external acquisition costs are no longer deferred, but instead charged directly to the income statement.

As a result of the change, the restated Group net result for 2011 increased by € 27 million, of which € 23 million relates to REAAL and € 4 million to Zwitserleven. The restated group equity end 2011 decreased by € 338 million.

Changes in estimates

In recent months, significant discussions have taken place in the way interest rate curves are used for adequacy tests. On 2 July, DNB has adjusted the prescribed yield curve for solvency calculations. A change in the interest rate curves in the future may have a negative impact on the income statement of the Insurance activities, if a shortfall in the insurance liabilities cannot be fully compensated by a positive fair value movement of the fixed-income portfolio.

The adequacy of the insurance technical provisions is tested in every reporting period by means of the IFRS liability adequacy test (LAT). This LAT compares the market value and the carrying amount of the insurance liabilities and related assets.

With effect of 1 January 2012 the yieldcurve used in the LAT test is the ECB AAA interest curve including the Ultimate Forward Rate (UFR). This curve is the same as the curve used for calculating regulatory solvency. This curve negatively impacted the surplus value shown in the IFRS LAT with € 0.6 billion.

14 Profile

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, mortgages and property finance, and insurance and pensions. From its historical background, SNS REAAL has always felt close to Dutch society. With a balance sheet total of € 134 billion (end June 2012), SNS REAAL is one of the major financial bancassurance companies in the Netherlands. The company has a staff of nearly 6,800 (FTE) and is headquartered in Utrecht, the Netherlands.

15 Disclaimer

RESERVATION CONCERNING FORWARD LOOKING STATEMENTS

This press release 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 risks 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 or possible acquisitions, or business expansion and premium growth and investment income or cash flow predictions or, more generally, the economic climate and changes in the law and taxation.
SNS REAAL cautions that expectations are only valid on the specific dates and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like.

The information in this interim financial report is unaudited.

DISCLAIMER

This financial report contains only factual information and should not be regarded as an opinion or recommendation concerning the purchase or sale of shares or other securities issued by SNS REAAL NV, SNS Bank NV or another Group company. This financial report does not contain any value judgement or predictions with respect to the financial performance of SNS REAAL NV, SNS Bank NV or another Group company.

16 Tables

Consolidated balance sheet

Before result appropriation and in € millions	June 2012	December 2011
Assets		
Intangible assets	1,688	1,728
Property and equipment	327	341
Investments in associates	60	56
Investment properties	185	197
Investments	32,610	31,435
Investments for account of policyholders	12,367	12,420
Invested collateral securities lending	89	117
Derivatives	3,983	3,893
Deferred tax assets	662	641
Reinsurance contracts	3,364	3,426
Property projects	519	512
Loans and advances to customers	65,348	67,534
Loans and advances to banks	2,318	2,171
Corporate income tax	370	299
Other assets	1,082	1,543
Cash and cash equivalents	9,188	5,509
Assets held for sale	-	-
Total assets	**134,160**	**131,822**
Equity and liabilities		
Share capital	469	469
Other reserves	3,217	3,527
Retained earnings	115	114
Shareholders' equity	**3,801**	**4,110**
Equity attributable to securityholders	987	979
Minority interests	3	1
Total equity	**4,791**	**5,090**
Participation certificates and subordinated debt	1,834	2,129
Debt certificates	22,672	27,429
Insurance contracts	40,077	38,827
Provision for employee benefits	440	440
Other provisions	74	86
Securities lending liabilities	91	120
Derivatives	3,852	3,618
Deferred tax liabilities	957	1,024
Savings	32,569	30,341
Other amounts due to customers	11,734	12,142
Amounts due to banks	12,539	7,245
Corporate income tax	229	177
Other liabilities	2,301	3,154
Total equity and liabilities	**134,160**	**131,822**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Consolidated income statement

In € millions	1st half year 2012	1st half year 2011
Income		
Interest income	1,331	1,410
Interest expense	895	971
Net interest income	**436**	**439**
Premium income	1,926	1,963
Reinsurance premiums	115	137
Net premium income	**1,811**	**1,826**
Fee and commission income	100	114
Fee and commission expense	29	32
Net fee and commission income	**71**	**82**
Share in result of associates	6	(1)
Investment income	788	683
Investment income for account of policyholders	471	(42)
Result on financial instruments	70	(11)
Income invested collateral securities lending	3	1
Other operating income	1	1
Resultaat activa en passiva gehouden om te verkopen	-	(4)
Total income	**3,657**	**2,974**
Expenses		
Technical claims and benefits	1,650	1,432
Charges for account of policyholders	827	494
Acquisition costs for insurance operations	147	136
Staff costs	357	368
Depreciation and amortisation of fixed assets	34	37
Other operating expenses	140	162
Impairment charges	287	205
Interest expense securities lending	-	-
Other interest expenses	42	76
Other expenses	-	(3)
Total expenses	**3,484**	**2,907**
Result before tax	**173**	**67**
Taxation	55	13
Net result continued operations	**118**	**54**
Net result discontinued operations	-	-
Net result for the period	**118**	**54**
Attribution:		
Net result attributable to shareholders	103	53
Net result attributable to securityholders	12	-
Net result attributable to shareholders and securityholders	**115**	**53**
Net result attributable to minority interests	3	1
Net result for the period	**118**	**54**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Earnings per share / security

In €	1st half year 2012	1st half year 2011
Earnings per ordinary share		
Earnings per ordinary share from continued operations	0.36	0.17
Earnings per ordinary share from discontinued operations	-	-
Earnings per ordinary share	0.36	0.17
Earnings per B share		
Earnings per B share from continued operations	-	-
Earnings per B share from discontinued operations	-	-
Earnings per B share	-	-
Earnings per security issued to the Stichting Beheer SNS REAAL		
Earnings per security issued to the Stichting Beheer SNS REAAL from continued operations	2.72	1.08
Earnings per security issued to the Stichting Beheer SNS REAAL from discontinued operations	-	-
Earnings per security issued to the Stichting Beheer SNS REAAL	2.72	1.08
Earnings per security issued to the Dutch State		
Earnings per security issued to the Dutch State from continued operations	-	-
Earnings per security issued to the Dutch State from discontinued operations	-	-
Earnings per security issued to the Dutch State	-	-
Diluted earnings per ordinary share		
Diluted earnings per ordinary share from continued operations	0.26	0.12
Diluted earnings per ordinary share from discontinued operations	-	-
Diluted earnings per ordinary share	0.26	0.12
Diluted earnings per B share		
Diluted earnings per B share from continued operations	-	-
Diluted earnings per B share from discontinued operations	-	-
Diluted earnings per B share	-	-

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Consolidated statement of comprehensive income

In € millions	1st half year 2012	1st half year 2011
Net result for the period	**118**	**54**
Change in revaluation reserve	-	(1)
Change in cash flow hedge reserve	19	(24)
Change in fair value reserve	(435)	(263)
Other mutations in comprehensive income	(1)	(365)
Change in other comprehensive income (after tax)	**(417)**	**(653)**
Total comprehensive income	**(299)**	**(599)**
Attribution:		
Total comprehensive income attributable to shareholders and securityholders	(313)	(598)
Total comprehensive income to security holders	12	-
Total comprehensive income attributable to shareholders and securityholders	**(301)**	**(598)**
Total comprehensive income to minority interests	2	(1)
Total comprehensive income	**(299)**	**(599)**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Consolidated statement of changes in total equity 1st half year 2012

In € millions	Issued share capital ordinary and B-shares	Share premium reserve ordinary and B-shares	Sum revaluation reserves	Sum other reserves	Equity attributable to share-holders	Securities capital	Minority interests	Group equity
Balance as at 1 January 2012	469	1,363	1,065	1,213	4,110	979	1	5,090
Transfer of net result 2011	-	-	-	(8)	(8)	8	-	-
Transfers 2011	-	-	-	(8)	(8)	8	-	-
Unrealised revaluations from cash flow hedges	-	-	29	-	29	-	-	29
Deferred interest income from cash flow hedges	-	-	(8)	-	(8)	-	-	(8)
Unrealised revaluations	-	-	319	-	319	-	-	319
Impairments	-	-	17	-	17	-	-	17
Realised revaluations through profit or loss	-	-	(144)	-	(144)	-	-	(144)
Change in shadow accounting	-	-	(629)	-	(629)	-	-	(629)
Other movements	-	-	-	-	-	-	(1)	(1)
Amounts charged directly to total equity	-	-	(416)	-	(416)	-	(1)	(417)
Net result 1st half year 2012	-	-	-	115	115	-	3	118
Total result 1st half year 2012	-	-	(416)	115	(301)	-	2	(299)
Transactions with shareholders and securityholders	-	-	-	-	-	-	-	-
Total changes in equity 1st half year 2012	-	-	(416)	107	(309)	8	2	(299)
Balance as at 30 June 2012	469	1,363	649	1,320	3,801	987	3	4,791

Statement of revaluation reserves and other reserves 1st half year 2012

In € millions	Revaluation property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves	Other reserves	Retained earnings	Sum other reserves
Balance as at 1 January 2012	46	162	857	1,065	1,099	114	1,213
Transfer of net result 2011	-	-	-	-	106	(114)	(8)
Transfers 2011	-	-	-	-	106	(114)	(8)
Unrealised revaluations from cash flow hedges	-	29	-	29	-	-	-
Deferred interest income from cash flow hedges	-	(8)	-	(8)	-	-	-
Unrealised revaluations	-	-	319	319	-	-	-
Impairments	-	-	17	17	-	-	-
Realised revaluations through profit or loss	-	(2)	(142)	(144)	-	-	-
Change in shadow accounting	-	-	(629)	(629)	-	-	-
Other movements	-	-	-	-	-	-	-
Amounts charged directly to total equity	-	19	(435)	(416)	-	-	-
Net result 1st half year 2012	-	-	-	-	-	115	115
Total result 1st half year 2012	-	19	(435)	(416)	-	115	115
Transactions with shareholders and securityholders	-	-	-	-	-	-	-
Total changes in equity 1st half year 2012	-	19	(435)	(416)	106	1	107
Balance as at 30 June 2012	46	181	422	649	1,205	115	1,320

Consolidated statement of changes in total equity 1st half year 2011

In € millions	Issued share capital ordinary and B-shares	Share premium reserve ordinary and B-shares	Sum revaluation reserves	Sum other reserves	Equity attributable to share- holders	Securities capital	Minority interests	Group equity
Balance as at 1 January 2011	**469**	**1,363**	**444**	**1,442**	**3,718**	**999**	**2**	**4,719**
Transfer of net result 2010	-	-	-	21	21	(21)	-	-
Transfers 2010	**-**	**-**	**-**	**21**	**21**	**(21)**	**-**	**-**
Unrealised revaluations from cash flow hedges	-	-	(23)	-	(23)	-	-	(23)
Deferred interest income from cash flow hedges	-	-	3	-	3	-	-	3
Unrealised revaluations	-	-	(292)	-	(292)	-	-	(292)
Impairments	-	-	21	-	21	-	-	21
Realised revaluations through profit or loss	-	-	(42)	-	(42)	-	-	(42)
Change in shadow accounting	-	-	46	-	46	-	-	46
Other movements	-	-	(1)	(363)	(364)	-	(2)	(366)
Amounts charged directly to total equity	**-**	**-**	**(288)**	**(363)**	**(651)**	**-**	**(2)**	**(653)**
Net result 1st half year 2011	-	-	-	53	53	-	1	54
Total result 1st half year 2011	**-**	**-**	**(288)**	**(310)**	**(598)**	**-**	**(1)**	**(599)**
Transactions with shareholders and securityholders	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**1**
Total changes in equity 1st half year 2011	**-**	**-**	**(288)**	**(289)**	**(577)**	**(20)**	**(1)**	**(598)**
Balance as at 30 June 2011	**469**	**1,363**	**156**	**1,153**	**3,141**	**979**	**1**	**4,121**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Statement of revaluation reserves and other reserves 1st half year 2011

In € millions	Revaluation property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves	Other reserves	Retained earnings	Sum other reserves
Balance as at 1 January 2011	**48**	**89**	**307**	**444**	**1,702**	**(260)**	**1,442**
Transfer of net result 2010	-	-	-	-	(239)	260	21
Transfers 2010	**-**	**-**	**-**	**-**	**(239)**	**260**	**21**
Unrealised revaluations from cash flow hedges	-	(23)	-	(23)	-	-	-
Deferred interest income from cash flow hedges	-	3	-	3	-	-	-
Unrealised revaluations	(1)	-	(291)	(292)	-	-	-
Impairments	-	-	21	21	-	-	-
Realised revaluations through profit or loss	-	(3)	(39)	(42)	-	-	-
Change in shadow accounting	-	-	46	46	-	-	-
Other movements	-	(1)	-	(1)	(363)	-	(363)
Amounts charged directly to total equity	**(1)**	**(24)**	**(263)**	**(288)**	**(363)**	**-**	**(363)**
Net result 1st half year 2011	-	-	-	-	-	53	53
Total result 1st half year 2011	**(1)**	**(24)**	**(263)**	**(288)**	**(363)**	**53**	**(310)**
Transactions with shareholders and securityholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in equity 1st half year 2011	**(1)**	**(24)**	**(263)**	**(288)**	**(602)**	**313**	**(289)**
Balance as at 30 June 2011	**47**	**65**	**44**	**156**	**1,100**	**53**	**1,153**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Consolidated statement of changes in total equity 2nd half year 2011

In € millions	Issued share capital ordinary and B-shares	Share premium reserve ordinary and B-shares	Sum revaluation reserves	Sum other reserves	Equity attributable to share-holders	Securities capital	Minority interests	Group equity
Balance as at 30 June 2011	**469**	**1,363**	**156**	**1,153**	**3,141**	**979**	**1**	**4,121**
Unrealised revaluations from cash flow hedges	-	-	114	-	114	-	-	114
Deferred interest income from cash flow hedges	-	-	(9)	-	(9)	-	-	(9)
Unrealised revaluations	-	-	1,107	-	1,107	-	-	1,107
Impairments	-	-	37	-	37	-	-	37
Realised revaluations through profit or loss	-	-	(81)	-	(81)	-	-	(81)
Change in shadow accounting	-	-	(260)	-	(260)	-	-	(260)
Other movements	-	-	1	(1)	-	-	-	-
Amounts charged directly to total equity	**-**	**-**	**909**	**(1)**	**908**	**-**	**-**	**908**
Net result 2nd half year 2011	-	-	-	61	61	-	-	61
Total result 2nd half year 2011	**-**	**-**	**909**	**60**	**969**	**-**	**-**	**969**
Transactions with shareholders and securityholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in equity 2011	**-**	**-**	**909**	**60**	**969**	**-**	**-**	**969**
Balance as at 31 December 2011	**469**	**1,363**	**1,065**	**1,213**	**4,110**	**979**	**1**	**5,090**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Statement of revaluation reserves and other reserves 2nd half year 2011

In € millions	Revaluation property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves	Other reserves	Retained earnings	Sum other reserves
Balance as at 30 June 2011	**47**	**65**	**44**	**156**	**1,100**	**53**	**1,153**
Unrealised revaluations from cash flow hedges	-	114	-	114	-	-	-
Deferred interest income from cash flow hedges	-	(9)	-	(9)	-	-	-
Unrealised revaluations	(4)	-	1,111	1,107	-	-	-
Impairments	3	-	34	37	-	-	-
Realised revaluations through profit or loss	-	(9)	(72)	(81)	-	-	-
Change in shadow accounting	-	-	(260)	(260)	-	-	-
Other movements	-	1	-	1	(1)	-	(1)
Amounts charged directly to total equity	**(1)**	**97**	**813**	**909**	**(1)**	**-**	**(1)**
Net result 2nd half year 2011	-	-	-	-	-	61	61
Total result 2nd half year 2011	**(1)**	**97**	**813**	**909**	**(1)**	**61**	**60**
Transactions with shareholders and securityholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in equity 2nd half year 2011	**(1)**	**97**	**813**	**909**	**(1)**	**61**	**60**
Balance as at 31 December 2011	**46**	**162**	**857**	**1,065**	**1,099**	**114**	**1,213**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Comprehensive consolidated cash flow statement

In € millions	1st half year 2012	1st half year 2011
Cash and cash equivalents as at 1 January	**5,509**	**4,671**
Net cash flow from operating activities	3,491	2,899
Net cash flow from investment activities	110	(246)
Net cash flow from financing activities	78	(2,462)
Cash and cash equivalents as at 30 June	**9,188**	**4,862**

Balance sheet by segment 30 June 2012

In € millions	SNS Bank	Property Finance	REAAL	Zwitserleven	Group Activities	Eliminations	Total
Assets							
Intangible assets	150	-	1,124	397	17	-	1,688
Property and equipment	78	2	139	30	20	58	327
Investments in associates	1	16	42	-	2	(1)	60
Investment properties	1	-	211	31	-	(58)	185
Investments	4,452	-	21,651	9,520	47	(3,060)	32,610
Investments for account of policyholders	-	-	5,523	6,874	-	(30)	12,367
Invested collateral securities lending	-	-	-	89	-	-	89
Derivatives	3,566	-	277	140	39	(39)	3,983
Deferred tax assets	187	5	252	183	35	-	662
Reinsurance contracts	-	-	3,362	2	-	-	3,364
Property projects	7	512	-	-	-	-	519
Loans and advances to customers	58,536	4,228	2,281	784	466	(947)	65,348
Loans and advances to banks	6,749	-	439	112	40	(5,022)	2,318
Corporate income tax	124	32	209	38	116	(149)	370
Other assets	574	259	443	9	104	(307)	1,082
Cash and cash equivalents	8,439	221	1,099	235	30	(836)	9,188
Assets held for sale	-	-	-	-	-	-	-
Total assets	**82,864**	**5,275**	**37,052**	**18,444**	**916**	**(10,391)**	**134,160**
Equity and liabilities							
Shareholders' equity	1,599	137	2,158	1,199	(1,292)	-	3,801
Equity attributable to security holders	156	-	383	17	431	-	987
Minority interests	1	-	3	-	-	(1)	3
Total equity	**1,756**	**137**	**2,544**	**1,216**	**(861)**	**(1)**	**4,791**
Participation certificates and subordinated debt	915	-	803	218	396	(498)	1,834
Debt certificates	22,548	-	-	-	551	(427)	22,672
Insurance contracts	-	-	25,355	14,722	-	-	40,077
Provision for employee benefits	-	-	168	195	77	-	440
Other provisions	27	1	30	6	10	-	74
Securities lending liabilities	-	-	-	91	-	-	91
Derivatives	3,843	-	11	35	2	(39)	3,852
Deferred tax liabilities	300	1	589	67	-	-	957
Savings	32,570	-	-	-	-	(1)	32,569
Other amounts due to customers	9,924	174	3,990	247	681	(3,282)	11,734
Amounts due to banks	9,762	4,896	2,460	1,099	-	(5,678)	12,539
Corporate income tax	-	-	374	-	4	(149)	229
Other liabilities	1,219	66	728	548	56	(316)	2,301
Total equity and liabilities	**82,864**	**5,275**	**37,052**	**18,444**	**916**	**(10,391)**	**134,160**

Balance sheet by segment 31 December 2011

In € millions	SNS Bank	Property Finance	REAAL	Zwitserleven	Group Activities	Eliminations	Total
Assets							
Intangible assets	153	-	1,160	398	17	-	1,728
Property and equipment	88	2	139	32	21	59	341
Investments in associates	1	16	38	-	2	(1)	56
Investment properties	1	-	225	30	-	(59)	197
Investments	4,106	-	21,295	8,696	52	(2,714)	31,435
Investments for account of policyholders	-	-	5,644	6,799	-	(23)	12,420
Invested collateral securities lending	-	-	-	117	-	-	117
Derivatives	3,321	-	391	181	43	(43)	3,893
Deferred tax assets	220	5	225	156	35	-	641
Reinsurance contracts	-	-	3,424	2	-	-	3,426
Property projects	7	505	-	-	-	-	512
Loans and advances to customers	60,007	4,784	2,235	808	471	(771)	67,534
Loans and advances to banks	7,063	-	466	33	140	(5,531)	2,171
Corporate income tax	112	13	196	18	113	(153)	299
Other assets	981	307	335	46	95	(221)	1,543
Cash and cash equivalents	5,129	223	1,036	152	18	(1,049)	5,509
Assets held for sale	-	-	-	-	-	-	-
Total assets	**81,189**	**5,855**	**36,809**	**17,468**	**1,007**	**(10,506)**	**131,822**
Equity and liabilities							
Shareholders' equity	1,514	185	1,929	1,711	(1,229)	-	4,110
Equity attributable to security holders	156	-	383	17	423	-	979
Minority interests	-	-	2	-	-	(1)	1
Total equity	**1,670**	**185**	**2,314**	**1,728**	**(806)**	**(1)**	**5,090**
Participation certificates and subordinated debt	1,121	-	790	212	604	(598)	2,129
Debt certificates	27,361	-	-	-	302	(234)	27,429
Insurance contracts	-	-	25,482	13,345	-	-	38,827
Provision for employee benefits	-	-	169	194	77	-	440
Other provisions	33	2	33	6	12	-	86
Securities lending liabilities	-	-	-	120	-	-	120
Derivatives	3,606	-	15	38	2	(43)	3,618
Deferred tax liabilities	298	5	518	203	-	-	1,024
Savings	30,342	-	-	-	-	(1)	30,341
Other amounts due to customers	10,035	180	4,044	202	628	(2,947)	12,142
Amounts due to banks	4,919	5,402	2,193	961	73	(6,303)	7,245
Corporate income tax	-	-	311	1	18	(153)	177
Other liabilities	1,804	81	940	458	97	(226)	3,154
Total equity and liabilities	**81,189**	**5,855**	**36,809**	**17,468**	**1,007**	**(10,506)**	**131,822**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Income statement by segment 1st half year 2012

In € millions	SNS Bank	Property Finance	REAAL	Zwitserleven	Group Activities	Eliminations	Total
Income							
Interest income third parties	1,257	74	-	-	-	-	1,331
Interest income group companies	59	6	-	-	-	(65)	-
Interest expense third parties	895	-	-	-	-	-	895
Interest expense group companies	52	56	-	-	-	(108)	-
Net interest income	**369**	**24**	**-**	**-**	**-**	**43**	**436**
Premium income	-	-	1,177	749	-	-	1,926
Reinsurance premiums	-	-	112	3	-	-	115
Net premium income	**-**	**-**	**1,065**	**746**	**-**	**-**	**1,811**
Fee and commission income third parties	41	-	23	2	34	-	100
Fee and commission income group companies	9	-	15	5	14	(43)	-
Fee and commission expense third parties	15	-	4	-	10	-	29
Fee and commission expense group companies	7	-	5	-	11	(23)	-
Net fee and commission income	**28**	**-**	**29**	**7**	**27**	**(20)**	**71**
Share in result of associates	-	-	6	-	-	-	6
Investment income	28	-	537	274	22	(73)	788
Investment income for account of policyholders	-	-	208	264	-	(1)	471
Result on financial instruments	3	(3)	114	(44)	-	-	70
Income invested collateral securities lending	-	-	2	1	-	-	3
Other operating income	9	(1)	-	1	-	(8)	1
Total income	**437**	**20**	**1,961**	**1,249**	**49**	**(59)**	**3,657**
Expenses							
Technical claims and benefits	-	-	986	664	-	-	1,650
Charges for account of policyholders	-	-	404	423	-	-	827
Acquisition costs for insurance operations	-	-	138	11	-	(2)	147
Staff costs	105	14	67	29	142	-	357
Depreciation and amortisation of fixed assets	14	-	13	2	5	-	34
Other operating expenses	110	26	75	32	(83)	(20)	140
Impairment charges	112	140	24	4	7	-	287
Interest expense securities lending	-	-	-	-	-	-	-
Other interest expenses	-	-	32	15	32	(37)	42
Other expenses	-	-	-	-	-	-	-
Total expenses	**341**	**180**	**1,739**	**1,180**	**103**	**(59)**	**3,484**
Result before tax	**96**	**(160)**	**222**	**69**	**(54)**	**-**	**173**
Taxation	22	(29)	56	17	(11)	-	55
Net result continued operations	**74**	**(131)**	**166**	**52**	**(43)**	**-**	**118**
Net result discontinued operations	-	-	-	-	-	-	-
Net result for the period	**74**	**(131)**	**166**	**52**	**(43)**	**-**	**118**
Minority interests	1	-	2	-	-	-	3
Net result attributable to shareholders and securityholders	**73**	**(131)**	**164**	**52**	**(43)**	**-**	**115**

Income statement by segment 1st half year 2011

In € millions	SNS Bank	Property Finance	REAAL	Zwitserleven	Group Activities	Eliminations	Total
Income							
Interest income third parties	1,309	101	-	-	-	-	1,410
Interest income group companies	79	4	-	-	-	(83)	-
Interest expense third parties	971	-	-	-	-	-	971
Interest expense group companies	44	75	-	-	-	(119)	-
Net interest income	**373**	**30**	**-**	**-**	**-**	**36**	**439**
Premium income	-	-	1,287	676	-	-	1,963
Reinsurance premiums	-	-	134	3	-	-	137
Net premium income	**-**	**-**	**1,153**	**673**	**-**	**-**	**1,826**
Fee and commission income third parties	62	-	34	7	9	2	114
Fee and commission income group companies	9	-	6	3	14	(32)	-
Fee and commission expense third parties	20	-	6	-	3	3	32
Fee and commission expense group companies	6	-	6	-	-	(12)	-
Net fee and commission income	**45**	**-**	**28**	**10**	**20**	**(21)**	**82**
Share in result of associates	-	(2)	3	-	(2)	-	(1)
Investment income	13	1	532	186	31	(80)	683
Investment income for account of policyholders	-	-	(11)	(31)	-	-	(42)
Result on financial instruments	27	(5)	(39)	5	(4)	5	(11)
Income invested collateral securities lending	-	-	-	1	-	-	1
Other operating income	2	(1)	-	-	-	-	1
Result assets and liabilities held for sale	-	(4)	-	-	-	-	(4)
Total income	**460**	**19**	**1,666**	**844**	**45**	**(60)**	**2,974**
Expenses							
Technical claims and benefits	-	-	1,046	386	-	-	1,432
Charges for account of policyholders	-	-	174	320	-	-	494
Acquisition costs for insurance operations	-	-	125	13	-	(2)	136
Staff costs	113	15	69	37	134	-	368
Depreciation and amortisation of fixed assets	15	-	16	3	3	-	37
Other operating expenses	125	20	77	33	(81)	(12)	162
Impairment charges	46	138	7	10	4	-	205
Interest expense securities lending	-	-	-	-	-	-	-
Other interest expenses	-	-	71	19	36	(50)	76
Other expenses	-	-	-	-	-	(3)	(3)
Total expenses	**299**	**173**	**1,585**	**821**	**96**	**(67)**	**2,907**
Result before tax	**161**	**(154)**	**81**	**23**	**(51)**	**7**	**67**
Taxation	40	(36)	14	5	(12)	2	13
Net result continued operations	**121**	**(118)**	**67**	**18**	**(39)**	**5**	**54**
Net result discontinued operations	-	-	-	-	-	-	-
Net result for the period	**121**	**(118)**	**67**	**18**	**(39)**	**5**	**54**
Minority interests	-	-	1	-	-	-	1
Net result attributable to shareholders and securityholders	**121**	**(118)**	**66**	**18**	**(39)**	**5**	**53**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

Balance sheet Banking activities by segment 30 June 2012

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
Assets					
Intangible assets	103	47	-	-	150
Property and equipment	78	-	2	-	80
Investments in associates	-	1	16	-	17
Investment properties	1	-	-	-	1
Investments	4,452	-	-	-	4,452
Derivatives	3,566	-	-	-	3,566
Deferred tax assets	185	2	5	-	192
Property projects	-	7	512	-	519
Loans and advances to customers	53,466	5,070	4,228	-	62,764
Loans and advances to banks	10,587	2,485	-	(11,217)	1,855
Corporate income tax	133	-	32	(9)	156
Other assets	502	3,059	259	(3,115)	705
Cash and cash equivalents	8,439	294	221	(469)	8,485
Assets held for sale	-	-	-	-	-
Total assets	**81,512**	**10,965**	**5,275**	**(14,810)**	**82,942**
Equity and liabilities					
Shareholders' equity	1,137	462	137	-	1,736
Equity attributable to security holders	156	-	-	-	156
Minority interests	1	-	-	-	1
Total equity	**1,294**	**462**	**137**	**-**	**1,893**
Participation certificates and subordinated debt	299	616	-	-	915
Debt certificates	22,548	-	-	-	22,548
Other provisions	24	3	1	-	28
Derivatives	3,843	-	-	-	3,843
Deferred tax liabilities	293	7	1	-	301
Savings	32,570	-	-	-	32,570
Other amounts due to customers	6,547	3,377	174	-	10,098
Amounts due to banks	10,041	6,338	4,896	(11,686)	9,589
Corporate income tax	-	9	-	(9)	-
Other liabilities	4,053	153	66	(3,115)	1,157
Total equity and liabilities	**81,512**	**10,965**	**5,275**	**(14,810)**	**82,942**

SNS REAAL

Balance sheet Banking activities by segment 31 December 2011

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
Assets					
Intangible assets	106	47	-	-	153
Property and equipment	88	-	2	-	90
Investments in associates	-	1	16	-	17
Investment properties	1	-	-	-	1
Investments	4,106	-	-	-	4,106
Derivatives	3,321	-	-	-	3,321
Deferred tax assets	218	2	5	-	225
Property projects	-	7	505	-	512
Loans and advances to customers	54,351	5,656	4,784	-	64,791
Loans and advances to banks	11,201	2,534	-	(12,053)	1,682
Corporate income tax	123	-	13	(12)	124
Other assets	926	3,083	307	(3,218)	1,098
Cash and cash equivalents	5,109	273	223	(477)	5,128
Assets held for sale	-	-	-	-	-
Total assets	**79,550**	**11,603**	**5,855**	**(15,760)**	**81,248**
Equity and liabilities					
Shareholders' equity	1,004	510	185	-	1,699
Equity attributable to security holders	156	-	-	-	156
Minority interests	-	-	-	-	-
Total equity	**1,160**	**510**	**185**	**-**	**1,855**
Participation certificates and subordinated debt	505	616	-	-	1,121
Debt certificates	27,361	-	-	-	27,361
Other provisions	30	3	2	-	35
Derivatives	3,606	-	-	-	3,606
Deferred tax liabilities	296	2	5	-	303
Savings	30,342	-	-	-	30,342
Other amounts due to customers	6,407	3,628	180	-	10,215
Amounts due to banks	5,174	6,670	5,402	(12,530)	4,716
Corporate income tax	-	12	-	(12)	-
Other liabilities	4,669	162	81	(3,218)	1,694
Total equity and liabilities	**79,550**	**11,603**	**5,855**	**(15,760)**	**81,248**

Income statement by segment Banking activities 1st half year 2012

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
Income					
Interest income	1,213	186	80	(145)	1,334
Interest expense	907	123	56	(145)	941
Net interest income	**306**	**63**	**24**	**-**	**393**
Fee and commission income	46	4	-	-	50
Fee and commission expense	22	-	-	-	22
Net fee and commission income	**24**	**4**	**-**	**-**	**28**
Share in result of associates	-	-	-	-	-
Investment income	28	-	-	-	28
Result on financial instruments	8	(5)	(3)	-	-
Other operating income	9	-	(1)	-	8
Result assets and liabilities held for sale	-	-	-	-	-
Total income	**375**	**62**	**20**	**-**	**457**
Expenses					
Staff costs	92	12	14	-	118
Depreciation and amortisation of fixed assets	14	-	-	-	14
Other operating expenses	102	9	26	-	137
Impairment charges	75	37	140	-	252
Total expenses	**283**	**58**	**180**	**-**	**521**
Result before tax	**92**	**4**	**(160)**	**-**	**(64)**
Taxation	21	1	(29)	-	(7)
Net result continued operations	**71**	**3**	**(131)**	**-**	**(57)**
Net result discontinued operations	-	-	-	-	-
Net result for the period	**71**	**3**	**(131)**	**-**	**(57)**
Minority interests	1	-	-	-	1
Net result attributable to shareholders and securityholders	**70**	**3**	**(131)**	**-**	**(58)**

Income statement Banking activities by segment 1st half year 2011

In € millions	SNS Retail Bank	SNS SME	Property Finance	Eliminations	Total
Income					
Interest income	1,252	256	105	(200)	1,413
Interest expense	958	178	75	(200)	1,011
Net interest income	**294**	**78**	**30**	**-**	**402**
Fee and commission income	68	4	-	-	72
Fee and commission expense	26	-	-	-	26
Net fee and commission income	**42**	**4**	**-**	**-**	**46**
Share in result of associates	-	-	(2)	-	(2)
Investment income	13	-	1	-	14
Result on financial instruments	29	(2)	(5)	-	22
Other operating income	2	-	(1)	-	1
Result assets and liabilities held for sale	-	-	(4)	-	(4)
Total income	**380**	**80**	**19**	**-**	**479**
Expenses					
Staff costs	100	13	15	-	128
Depreciation and amortisation of fixed assets	15	-	-	-	15
Other operating expenses	114	11	20	-	145
Impairment charges	35	11	138	-	184
Total expenses	**264**	**35**	**173**	**-**	**472**
Result before tax	**116**	**45**	**(154)**	**-**	**7**
Taxation	29	11	(36)	-	4
Net result continued operations	**87**	**34**	**(118)**	**-**	**3**
Net result discontinued operations	-	-	-	-	-
Net result for the period	**87**	**34**	**(118)**	**-**	**3**
Minority interests	-	-	-	-	-
Net result attributable to shareholders and securityholders	**87**	**34**	**(118)**	**-**	**3**

Balance sheet Insurance activities by segment 30 June 2012

In € millions	Zwitserleven	REAAL Life	REAAL Non-life	REAAL Other	Eliminations	Total
Assets						
Intangible assets	397	924	195	5	-	1,521
Property and equipment	30	107	-	32	-	169
Investments in associates	-	36	5	1	-	42
Investment properties	31	211	-	-	-	242
Investments	9,520	19,657	1,790	672	(664)	30,975
Investments for account of policyholders	6,874	5,523	-	-	-	12,397
Invested collateral securities lending	89	-	-	-	-	89
Derivatives	140	277	-	-	-	417
Deferred tax assets	183	239	2	11	-	435
Reinsurance contracts	2	3,183	179	-	-	3,364
Loans and advances to customers	784	2,277	4	-	-	3,065
Loans and advances to banks	112	431	-	8	-	551
Corporate income tax	38	66	1	142	-	247
Other assets	9	1,228	374	40	(1,314)	337
Cash and cash equivalents	235	1,065	28	6	-	1,334
Total assets	**18,444**	**35,224**	**2,578**	**917**	**(1,978)**	**55,185**
Equity and liabilities						
Shareholders' equity	1,199	2,638	708	(1,188)	-	3,357
Equity attributable to security holders	17	41	-	342	-	400
Minority interests	-	3	-	-	-	3
Total equity	**1,216**	**2,682**	**708**	**(846)**	**-**	**3,760**
Participation certificates and subordinated debt	218	717	86	-	-	1,021
Debt certificates	-	-	-	-	-	-
Insurance contracts	14,722	24,165	1,340	-	(150)	40,077
Provision for employee benefits	195	11	-	7	150	363
Other provisions	6	7	-	23	-	36
Securities lending liabilities	91	-	-	-	-	91
Derivatives	35	11	-	-	-	46
Deferred tax liabilities	67	531	51	7	-	656
Other amounts due to customers	247	3,780	28	651	(664)	4,042
Amounts due to banks	1,099	1,913	-	547	-	3,559
Corporate income tax	-	3	-	371	-	374
Other liabilities	548	1,404	365	157	(1,314)	1,160
Total equity and liabilities	**18,444**	**35,224**	**2,578**	**917**	**(1,978)**	**55,185**

Balance sheet Insurance activities by segment 31 December 2011

In € millions	Zwitserleven	REAAL Life	REAAL Non-life	REAAL Other	Eliminations	Total
Assets						
Intangible assets	398	959	199	2	-	1,558
Property and equipment	32	107	-	32	-	171
Investments in associates	-	33	5	-	-	38
Investment properties	30	225	-	-	-	255
Investments	8,696	19,476	1,851	521	(785)	29,759
Investments for account of policyholders	6,799	5,644	-	-	-	12,443
Invested collateral securities lending	117	-	-	-	-	117
Derivatives	181	391	-	-	-	572
Deferred tax assets	156	216	3	6	-	381
Reinsurance contracts	2	3,248	176	-	-	3,426
Loans and advances to customers	808	2,231	4	-	-	3,043
Loans and advances to banks	33	458	-	8	-	499
Corporate income tax	18	53	1	142	-	214
Other assets	46	879	320	830	(1,733)	342
Cash and cash equivalents	152	978	45	13	-	1,188
Total assets	**17,468**	**34,898**	**2,604**	**1,554**	**(2,518)**	**54,006**
Equity and liabilities						
Shareholders' equity	1,711	2,379	721	(1,171)	-	3,640
Equity attributable to security holders	17	41	-	342	-	400
Minority interests	-	2	-	-	-	2
Total equity	**1,728**	**2,422**	**721**	**(829)**	**-**	**4,042**
Participation certificates and subordinated debt	212	704	86	-	-	1,002
Debt certificates	-	-	-	-	-	-
Insurance contracts	13,345	24,389	1,311	-	(218)	38,827
Provision for employee benefits	194	12	-	8	149	363
Other provisions	6	8	-	25	-	39
Securities lending liabilities	120	-	-	-	-	120
Derivatives	38	15	-	-	-	53
Deferred tax liabilities	203	469	46	3	-	721
Other amounts due to customers	202	3,796	30	772	(785)	4,015
Amounts due to banks	961	1,561	6	626	-	3,154
Corporate income tax	1	-	-	311	-	312
Other liabilities	458	1,522	404	638	(1,664)	1,358
Total equity and liabilities	**17,468**	**34,898**	**2,604**	**1,554**	**(2,518)**	**54,006**

Some of the comparative figures have been restated for comparison purposes. Reference is made to the notes in subsection 13.3.4 Changes in principles, estimates and presentation.

SNS REAAL

Income statement Insurance activities by segment 1st half year 2012

In € millions	Zwitserleven	REAAL Life	REAAL Non-life	REAAL Other	Eliminations	Total
Income						
Premium income	749	752	425	-	-	1,926
Reinsurance premiums	3	82	30	-	-	115
Net premium income	**746**	**670**	**395**	**-**	**-**	**1,811**
Fee and commission income	7	27	1	10	-	45
Fee and commission expense	-	2	1	6	-	9
Net fee and commission income	**7**	**25**	**-**	**4**	**-**	**36**
Share in result of associates	-	6	-	-	-	6
Investment income	274	498	36	13	(14)	807
Investment income for account of policyholders	264	208	-	-	-	472
Result on financial instruments	(44)	114	-	-	-	70
Income invested collateral securities lending	1	2	-	-	-	3
Other operating income	1	-	-	-	-	1
Total income	**1,249**	**1,523**	**431**	**17**	**(14)**	**3,206**
Expenses						
Technical claims and benefits	664	746	240	-	-	1,650
Charges for account of policyholders	423	404	-	-	-	827
Acquisition costs for insurance operations	11	43	95	-	-	149
Staff costs	29	35	28	4	-	96
Depreciation and amortisation of fixed assets	2	7	6	-	-	15
Other operating expenses	32	38	30	7	-	107
Impairment charges	4	21	-	3	-	28
Interest expense securities lending	-	-	-	-	-	-
Other interest expenses	15	25	3	14	(14)	43
Other expenses	-	-	-	-	-	-
Total expenses	**1,180**	**1,319**	**402**	**28**	**(14)**	**2,915**
Result before tax	**69**	**204**	**29**	**(11)**	**-**	**291**
Taxation	17	51	7	(2)	-	73
Net result continued operations	**52**	**153**	**22**	**(9)**	**-**	**218**
Net result discontinued operations	-	-	-	-	-	-
Net result for the period	**52**	**153**	**22**	**(9)**	**-**	**218**
Minority interests	-	2	-	-	-	2
Net result attributable to shareholders and securityholders	**52**	**151**	**22**	**(9)**	**-**	**216**

Income statement Insurance activities by segment 1st half year 2011

In € millions	Zwitserleven	REAAL Life	REAAL Non-life	REAAL Other	Eliminations	Total
Income						
Premium income	676	874	413	-	-	1,963
Reinsurance premiums	3	108	26	-	-	137
Net premium income	**673**	**766**	**387**	**-**	**-**	**1,826**
Fee and commission income	10	30	1	10	-	51
Fee and commission expense	-	5	-	7	-	12
Net fee and commission income	**10**	**25**	**1**	**3**	**-**	**39**
Share in result of associates	-	3	-	-	-	3
Investment income	186	497	33	11	(11)	716
Investment income for account of policyholders	(31)	(11)	-	-	-	(42)
Result on financial instruments	5	(39)	-	-	-	(34)
Income invested collateral securities lending	1	1	-	-	-	2
Total income	**844**	**1,242**	**421**	**14**	**(11)**	**2,510**
Expenses						
Technical claims and benefits	386	805	241	-	-	1,432
Charges for account of policyholders	320	174	-	-	-	494
Acquisition costs for insurance operations	13	33	94	(1)	-	139
Staff costs	37	36	30	4	-	107
Depreciation and amortisation of fixed assets	3	10	7	-	-	20
Other operating expenses	33	39	30	8	-	110
Impairment charges	10	7	-	-	-	17
Interest expense securities lending	-	-	-	-	-	-
Other interest expenses	19	64	5	11	(11)	88
Total expenses	**821**	**1,168**	**407**	**22**	**(11)**	**2,407**
Result before tax	**23**	**74**	**14**	**(8)**	**-**	**103**
Taxation	5	12	3	(2)	-	18
Net result continued operations	**18**	**62**	**11**	**(6)**	**-**	**85**
Net result discontinued operations	-	-	-	-	-	-
Net result for the period	**18**	**62**	**11**	**(6)**	**-**	**85**
Minority interests	-	1	-	-	-	1
Net result attributable to shareholders and securityholders	**18**	**61**	**11**	**(6)**	**-**	**84**

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Hierarchy financial instruments

	Level 1		Level 2		**Level 3**		Total	
In € millions	**HY 2012**	FY 2011	**HY 2012**	FY 2011	**HY 2012**	FY 2011	**HY 2012**	FY 2011
Financial assets								
Investments	21,316	20,270	7,047	7,225	82	87	28,445	27,582
Investments for account of policyholders	6,990	7,571	5,378	4,849	-	-	12,367	12,420
Invested collateral securities lending	-	-	89	117	-	-	89	117
Derivatives	12	(16)	3,971	3,910	-	-	3,983	3,893
Loans and advances to customers	-	-	2,296	2,329	-	-	2,296	2,329
Financial liabilities								
Fair value through profit or loss: debt certificates	-	-	1,535	1,601	-	-	1,535	1,601
Derivatives	-	-	3,852	3,618	-	-	3,852	3,618

Compared to the previous financial year the Greek government bonds shifted from level 2 to level 1.

Net result for the period

In € millions	Quarterly						Half Yearly			Year
	Q2 2012	**Q1 2012**	Q4 2011	Q3 2011	Q2 2011	Q1 2011	**1HY 2012**	2HY 2011	1HY 2011	FY 2011
SNS Retail Bank	46	25	103	34	45	42	71	137	87	224
SNS SME	(4)	6	(12)	16	15	19	2	4	34	38
Net result for the period at SNS Bank	**42**	**31**	**91**	**50**	**60**	**61**	**73**	**141**	**121**	**262**
REAAL Life	84	67	73	113	41	20	151	186	61	247
REAAL Non-life	20	2	19	2	10	1	22	21	11	32
REAAL other	(2)	(7)	12	(5)	(4)	(2)	(9)	7	(6)	1
Net result for the period at REAAL	**102**	**62**	**104**	**110**	**47**	**19**	**164**	**214**	**66**	**280**
Net result for the period at Zwitserleven	37	15	(93)	(12)	4	14	52	(105)	18	(87)
Net result for the period at Group activities	(22)	(21)	(31)	(28)	(22)	(12)	(43)	(59)	(34)	(93)
Net result for the period SNS REAAL Core activities	**159**	**87**	**71**	**120**	**89**	**82**	**246**	**191**	**171**	**362**
Net result for the period at Property Finance	(67)	(64)	(61)	(69)	(61)	(57)	(131)	(130)	(118)	(248)
Net result for the period SNS REAAL	**92**	**23**	**10**	**51**	**28**	**25**	**115**	**61**	**53**	**114**

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Breakdown fixed income portfolio (geographical)

In € millions	Insurance activities		Banking activities		Total	
June 2012						
Ireland	220	1%	107	3%	327	1%
Greece	-	0%	2	0%	2	0%
Portugal	-	0%	-	0%	-	0%
Italy	402	1%	290	8%	692	2%
Spain	349	1%	-	0%	349	1%
Total GIIPS	**971**	**3%**	**399**	**11%**	**1,370**	**4%**
Germany	9,255	31%	1,131	31%	10,386	31%
France	1,781	6%	227	6%	2,008	6%
The Netherlands	13,324	45%	1,343	38%	14,667	44%
Austria	1,025	4%	256	7%	1,281	4%
Belgium	275	1%	180	5%	455	2%
Other	2,880	10%	69	2%	2,949	9%
Total	**29,511**	**100%**	**3,605**	**100%**	**33,116**	**100%**
December 2011						
Ireland	317	1%	165	4%	482	1%
Greece	-	0%	26	1%	26	0%
Portugal	26	0%	-	0%	26	0%
Italy	369	1%	271	7%	640	3%
Spain	403	1%	29	1%	432	1%
Total GIIPS	**1,115**	**3%**	**491**	**13%**	**1,606**	**5%**
Germany	7,000	25%	1,548	39%	8,548	26%
France	1,342	5%	213	5%	1,555	5%
The Netherlands	14,264	50%	1,138	29%	15,402	48%
Austria	1,696	6%	309	8%	2,005	6%
Belgium	253	1%	164	4%	417	1%
Other	2,872	10%	102	2%	2,974	9%
Total	**28,542**	**100%**	**3,965**	**100%**	**32,507**	**100%**
June 2011						
Ireland	352	1%	132	3%	484	2%
Greece	-	0%	43	1%	43	0%
Portugal	25	0%	-	0%	25	0%
Italy	693	3%	643	16%	1,336	4%
Spain	680	2%	29	1%	709	2%
Total GIIPS	**1,750**	**6%**	**847**	**21%**	**2,597**	**8%**
Germany	6,637	24%	678	17%	7,315	23%
France	2,608	10%	438	11%	3,046	10%
The Netherlands	11,307	41%	1,131	28%	12,438	40%
Austria	1,495	6%	519	13%	2,014	6%
Belgium	627	2%	307	8%	934	3%
Other	3,000	11%	90	2%	3,090	10%
Total	**27,424**	**100%**	**4,010**	**100%**	**31,434**	**100%**

Breakdown fixed income portfolio (sector)

In € millions	Insurance activities		Banking activities		Total	
June 2012						
Sovereign	17,121	58%	3,092	86%	20,213	61%
Financials	4,916	17%	201	6%	5,117	15%
Mortgages	5,035	17%	-	0%	5,035	15%
Corporates	1,400	5%	23	0%	1,423	4%
Mortgage backed securities	937	3%	224	6%	1,161	4%
Other	102	0%	65	2%	167	1%
Total	**29,511**	**100%**	**3,605**	**100%**	**33,116**	**100%**
December 2011						
Sovereign	16,351	57%	3,483	87%	19,834	61%
Financials	4,730	17%	141	4%	4,871	15%
Mortgages	4,895	17%	-	0%	4,895	15%
Corporates	1,246	5%	22	1%	1,268	4%
Mortgage backed securities	1,231	4%	273	7%	1,504	5%
Other	89	0%	46	1%	135	0%
Total	**28,542**	**100%**	**3,965**	**100%**	**32,507**	**100%**
June 2011						
Sovereign	14,627	53%	3,465	86%	18,092	57%
Financials	4,766	17%	233	6%	4,999	16%
Mortgages	5,053	19%	-	0%	5,053	16%
Corporates	1,468	5%	45	1%	1,513	5%
Mortgage backed securities	1,285	5%	226	6%	1,511	5%
Other	225	1%	41	1%	266	1%
Total	**27,424**	**100%**	**4,010**	**100%**	**31,434**	**100%**

Breakdown fixed income portfolio (maturity)

In € millions	Insurance activities		Banking activities		Total	
June 2012						
< 3 Months	510	2%	23	1%	533	2%
< 1 Year	926	3%	283	8%	1,209	4%
< 3 Years	2,326	8%	967	27%	3,293	10%
< 5 Years	2,303	8%	445	12%	2,748	8%
< 10 Years	5,001	17%	884	24%	5,885	18%
< 15 Years	2,867	9%	250	7%	3,117	9%
> 15 Years	15,578	53%	753	21%	16,331	49%
Total	**29,511**	**100%**	**3,605**	**100%**	**33,116**	**100%**
December 2011						
< 3 Months	472	2%	74	2%	546	2%
< 1 Year	1,108	4%	35	1%	1,143	4%
< 3 Years	2,229	8%	1,185	30%	3,414	10%
< 5 Years	2,379	8%	261	7%	2,640	8%
< 10 Years	6,230	22%	1,480	37%	7,710	24%
< 15 Years	3,025	10%	232	6%	3,257	10%
> 15 Years	13,099	46%	698	17%	13,797	42%
Total	**28,542**	**100%**	**3,965**	**100%**	**32,507**	**100%**
June 2011						
< 3 Months	629	2%	47	1%	676	2%
< 1 Year	1,194	4%	233	6%	1,427	5%
< 3 Years	2,139	8%	174	4%	2,313	7%
< 5 Years	2,367	9%	680	17%	3,047	10%
< 10 Years	5,924	22%	1,384	34%	7,308	23%
< 15 Years	3,180	11%	546	14%	3,726	12%
> 15 Years	11,991	44%	946	24%	12,937	41%
Total	**27,424**	**100%**	**4,010**	**100%**	**31,434**	**100%**

Breakdown fixed income portfolio (rating)

In € millions	Insurance activities		Banking activities		Total	
June 2012						
AAA	16,683	57%	2,846	79%	19,529	59%
AA	3,404	11%	205	6%	3,609	11%
A	2,129	7%	366	10%	2,495	7%
BBB	1,347	5%	186	5%	1,533	5%
< BBB	139	0%	2	0%	141	0%
No rating	5,809	20%	-	0%	5,809	18%
Total	**29,511**	**100%**	**3,605**	**100%**	**33,116**	**100%**
December 2011						
AAA	18,031	63%	3,199	81%	21,230	65%
AA	1,333	5%	208	5%	1,541	5%
A	2,465	8%	347	9%	2,812	9%
BBB	857	3%	185	4%	1,042	3%
< BBB	221	1%	26	1%	247	1%
No rating	5,635	20%	-	0%	5,635	17%
Total	**28,542**	**100%**	**3,965**	**100%**	**32,507**	**100%**
June 2011						
AAA	15,489	56%	2,505	62%	17,994	57%
AA	2,804	10%	356	9%	3,160	10%
A	2,396	9%	922	23%	3,318	11%
BBB	1,266	5%	146	4%	1,412	4%
< BBB	120	0%	43	1%	163	1%
No rating	5,349	20%	38	1%	5,387	17%
Total	**27,424**	**100%**	**4,010**	**100%**	**31,434**	**100%**

SNS REAAL

Breakdown SNS SME Portfolio

In € millions	PF SME	SNS Retail Bank SME	SNS SME
Total portfolio June 2012			
Commitments	3,645	1,571	5,216
Undrawn commitments	9	-	9
Outstanding loan portfolio (gross)	**3,636**	**1,571**	**5,207**
Loan provision	70	67	137
Outstanding loan portfolio	**3,566**	**1,504**	**5,070**
Property projects	7	-	7
Held for sale	-	-	-
Total exposure	**3,573**	**1,504**	**5,077**
Non-performing loans	157	195	352
Non-performing loans as % of loans outstanding	4.3%	12.4%	6.8%
Coverage ratio	44.6%	34.4%	38.9%
Total portfolio December 2011			
Commitments	4,133	1,613	5,746
Undrawn commitments	(14)	-	(14)
Outstanding loan portfolio (gross)	**4,147**	**1,613**	**5,760**
Loan provision	42	62	104
Outstanding loan portfolio	**4,105**	**1,551**	**5,656**
Property projects	7	-	7
Held for sale	-	-	-
Total exposure	**4,112**	**1,551**	**5,663**
Non-performing loans	41	208	249
Non-performing loans as % of loans outstanding	1.0%	12.9%	4.3%
Coverage ratio	103.2%	29.8%	41.8%
Total portfolio June 2011			
Commitments	4,817	1,598	6,415
Undrawn commitments	(20)	-	(20)
Outstanding loan portfolio (gross)	**4,837**	**1,598**	**6,435**
Loan provision	14	69	83
Outstanding loan portfolio	**4,823**	**1,529**	**6,352**
Property projects	10	-	10
Held for sale	-	-	-
Total exposure	**4,833**	**1,529**	**6,362**
Non-performing loans	17	203	220
Non-performing loans as % of loans outstanding	0.4%	12.7%	3.4%
Coverage ratio	82.4%	34.0%	37.7%

Portfolios based on former business unit structure.