



Press release

ERGO and SNS REAAL Group sign a Memorandum of Understanding for the acquisition of Nieuwe Hollandse Lloyd

Düsseldorf/Utrecht, 30 June 2005. ERGO, one of the leading European insurance groups, and SNS REAAL Group (SRG), one of the leading Dutch retail financial services providers, today signed a Memorandum of Understanding for the sale of Nieuwe Hollandse Lloyd Verzekeringsgroep N.V. (NHL), a Dutch retail insurer and ERGO subsidiary. The deal is aimed at strengthening SNS REAAL Group's presence in non-life business.

The acquisition represents a consistent strategic move for both ERGO and SNS REAAL Group. As ERGO is looking for expansion especially into Southern, Central and Eastern Europe, where higher growth rates are expected, the Dutch market in life and non-life insurance is no longer a strategic market for ERGO. A significant organic expansion of the market share of NHL on a stand-alone basis is not to be expected. ERGO will hold on to its market presence in legal expenses in the Netherlands. Its legal expenses specialist D.A.S. leads the Dutch market.

For SNS REAAL Group, growing and strengthening its non-life business is a strategic priority. The acquisition of NHL, which is particularly strong in the SME non-life insurance market, would enlarge SRG's portfolio by around 40% and move its non-life market ranking from 9 to 7.

The acquisition of NHL will lead to substantial cost synergies and immediate contribution to SRG's profit. The fact that both SRG and NHL focus on retail clients and are dedicated to the intermediary channel will make the synergies between the two companies even more pronounced – the services to both customers and intermediaries are expected to improve post acquisition.

SNS REAAL Group will continue to employ all employees of NHL (179 full-time staff). The acquisition is expected to close in the third quarter of 2005 as it is subject to regulatory approvals. Full integration of NHL into SNS REAAL Group's operations is expected to be completed 18 months after closing. SNS REAAL Group is financing the acquisition through internal facilities.

Commenting on the deal, Sjoerd van Keulen, Chairman of SNS REAAL Group, said: "We are delighted to announce this acquisition as it presents an opportunity to strengthen SRG's market share in non-life, broaden and diversify its product range, expand the client base and strengthen the distribution network. NHL is a solid business and an excellent addition to our portfolio. Its disability insurance business is an area SRG wants to develop as a priority, and is therefore of strategic importance to us."

Dr. Klaus Flemming, Member of the ERGO Board responsible for International Operations, said: "The integration within SNS REAAL will give NHL the opportunity to become a part of a top ten player in the Dutch insurance market. We appreciate very much that SNS REAAL Group has confirmed to undertake the integration process without dismissal of groups of people. The sale reflects our strategic focus on growth markets in Southern, Central and Eastern Europe."

The ERGO Insurance Group

With total premiums of over € 16 billion, the ERGO Insurance Group is a leading European Insurance Group and no. 2 in the German primary insurance market. 31 million customers throughout Europe place their trust in the ERGO companies – among which rank Victoria, Hamburg-Mannheimer, DKV, D.A.S. and KarstadtQuelle Versicherungen in Germany. ERGO leads the European market in private health and legal expenses insurance.

SNS REAAL Group

SNS REAAL Group is a leading retail financial services provider With its main brands, SNS Bank and REAAL Verzekeringen, SNS REAAL Group provides services to private and business customers. It also carries a number of market-specific brands: ASN Bank, BLG Hypotheken, CVB Bank, Proteq Direct, SNS Securities and SNS Asset Management. SNS REAAL Group has total assets of € 55 billion and more than 5,200 employees. In 2004, it achieved a profit of € 310 million and a 17.2% return on shareholder equity.

Nieuwe Hollandse Lloyd Verzekeringsgroup N.V.(NHL)

NHL is a small to medium size Dutch retail insurer which is particularly strong in the SME non-life insurance market. With 175,000 customers, NHL's portfolio consists of disability, motor, fire, transport and liability insurance (79% of total 2004 premiums) and life insurance (21% of total 2004 premiums). NHL uses indirect distribution models, including underwriters, intermediaries and co-assurance. It employs 179 full-time employees. In the recent years NHL completed successful restructuring, heavily invested in IT systems, rationalised its products and services and introduced new products. In 2004 NHL's premiums stood at € 163 million and profit at € 7.6 million.

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