



# ASR Nederland

**Annual results 2008**

*Lessons from past and 2008 loss prompt revised strategy*

### 2008

- Net loss EUR 640 million due to adverse effect of financial market turmoil and addition to a provision for compensation for unit-linked policies
- Buffer capital year-end 2008 stood at 233% (EUR 3,5 billion)
- Gross written premiums up 10% to EUR 5,8 billion

### 2009

- “Lessons learned” starting point for review of strategy
- Cost-efficiency programme of EUR 100 million already underway; compulsory redundancies not ruled out
- Completing the separation of ASR Nederland from Fortis
- New remuneration policy for management

## **Recent developments**

- ASR Nederland profile
- Dutch State became shareholder of ASR Nederland
- Full support from Dutch State
- Changes in corporate governance following the separation
- Focus on smooth disentanglement

## **Strategy**

## **Financial results 2008**

## **Concluding remarks**

# ASR Nederland is a well-established company in the Dutch market



## ASR Nederland

- Top 4 insurer in the Netherlands
- Complete product range: Individual Life, Group Life, Accident & Health, Property & Casualty (Retail and SME)
- Operating model: full-service insurer ASR Verzekeringen and niche players: De Amersfoortse, Europeesche Verzekeringen, Falcon Leven, Ditzo, Ardanta and ASR Vastgoed
- Multi-distribution: brokers, fee-consultants, banks and direct



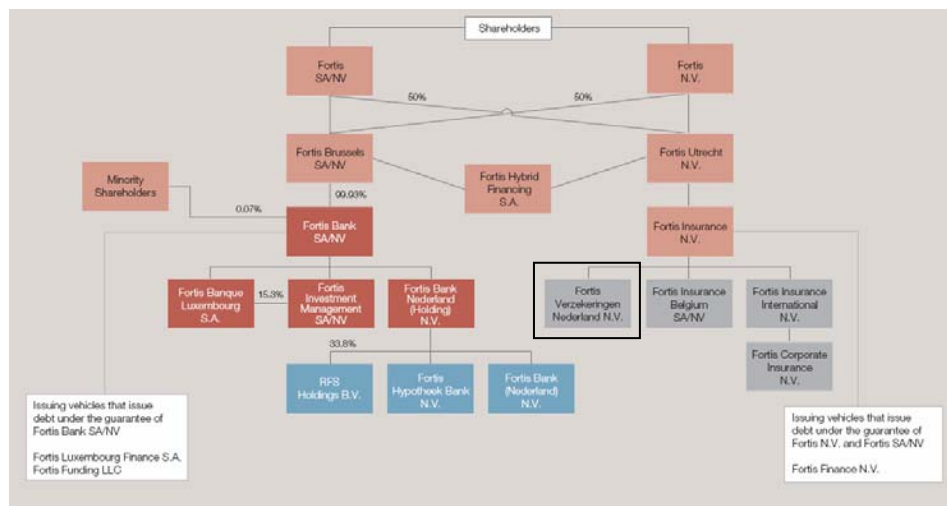
Market share		(#)	Business mix	Distribution mix
<b>Total</b>	: 11.9%	<b>(4)</b>	<b>100%</b>	Broker : 81%
<b>Life</b>	: 12.2%	<b>(6)</b>	<b>61%</b>	Direct : 14%
LI	: 13.6%	(4)	42%	Bank : 5%
GL	: 9.5%	(6)	19%	
<b>Non Life:</b>	<b>11.5%</b>	<b>(2)</b>	<b>39%</b>	
P&C	: 7.8%	(3)	17%	
A&H	: 23.3%	(1)	22%	

# Dutch State became sole shareholder of ASR Nederland

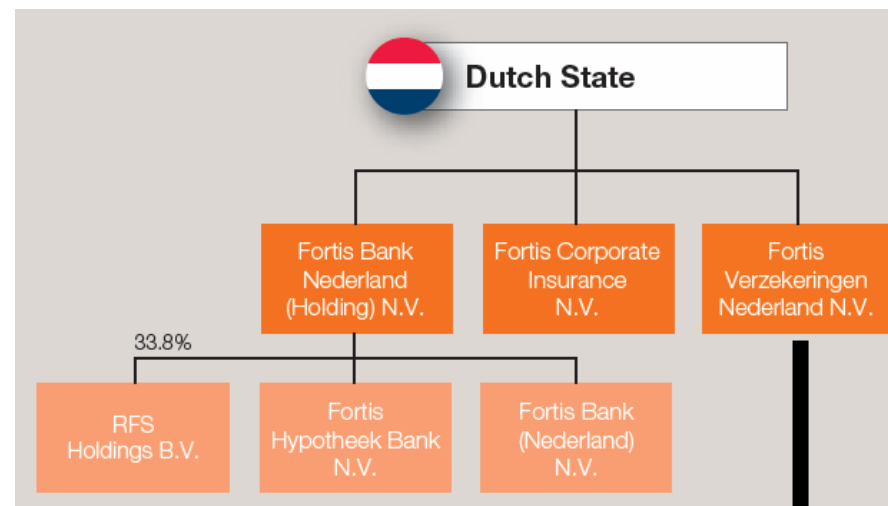


- 29 September Benelux governments provide support for Fortis Bank
- 03 October Dutch State nationalises Fortis Bank Nederland (Holding) N.V., Fortis Verzekeringen Nederland N.V. and Fortis Corporate Insurance N.V.  
 Since then the Dutch State has been the sole shareholder of Fortis Verzekeringen Nederland N.V.
- 21 November Dutch State announces that Fortis Verzekeringen Nederland N.V. will remain an independant company
- 17 December Dutch State nominates three new Supervisory Board members; the former members resign

Fortis structure before 26 September 2008



Structure at 3 October 2008



Rebranded into  
**ASR Nederland N.V.**

# Dutch State: 'ASR Nederland can remain an independent insurer and the priority is to stabilise the company



 *ministerie van Financiën*

In insurance, we intend to achieve this by keeping the existing Dutch operations of Fortis independent from the banks

**Dutch State view on combining insurance with banking**

- There is no clear funding benefit of combining insurance and banking
- Any potential economic benefits of combining insurance and banking can also be achieved through other strategic options (e.g. partnerships)
- Combining insurance and banking would create additional complexity and insufficient added value

- The Dutch State has committed to return ASR to the private sector within the next 2 to 5 years, but has not set a timeline
- The Dutch State has said that ASR will be returned to the private sector in a way that ensures it is operationally stable, financially sound and has a sufficiently robust capital base to enable it to operate viably in the long term

Source: website [www.minfin.nl](http://www.minfin.nl), date: 21 November 2008 and oral statements by the Dutch State

## Changes in corporate governance following separation



- From privately-owned to State-owned; the Dutch State acts as our shareholder
- Nomination and installation of new Supervisory Board
- Board of Directors: new CFO and enlarged from 5 to 6 members

- ASR Nederland was already operating 'stand-alone' within Fortis
- Disentanglement confined largely to supporting activities (HQ departments), e.g. HR, IST
- Loss of Fortis Bank Nederland banking distribution can be counterbalanced by distribution at other banks



# Agenda



**Recent developments**

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## The management of ASR Nederland has been asked to formulate a proposal for the future of the company



- ASR Nederland will operate as a stand-alone insurer for the time being
- Dutch State's shareholding in ASR Nederland is temporary, but no timeline has been set
- The Board of Directors and Supervisory Board have been asked to formulate a proposal for the future of ASR Nederland
- The strategic focus will be to rebalance long-term customer and shareholder values

## 'Lessons learned' provide a clear view of the future ...



### **Unit-linked policies**

- Products must satisfy the standards of 'tomorrow'
- Proactively doing what is good for our customer will get greater appreciation
- Avoid potential dossiers like unit-linked policies

### **Financial crisis**

- Continuity cannot be taken for granted and must never be jeopardised
- Take no risks that threaten customer interests
- Do not link management remuneration to the short-term
- Financial institutions also perform a 'utility function'

### **Downturn of Fortis**

- As a financial institution the trust of customers is our top priority
- Focus on continuity for the customer, and long term interests of shareholders

... and provide the building blocks for a new strategy



**The customers trust**

**Adaptability**

**Cost-efficiency**

**Transparency**

**Flexibility in distribution, accessibility**

**Sustainability and continuity**

## Cost-efficiency programme already started



- Until mid-2010: cost-efficiency programme of EUR 100 million on total gross cost base of EUR 730 million
- Measures will include:
  - merging the back-offices of ASR Verzekeringen and De Amersfoortse
  - merging support departments
  - accelerating our current programme (OPEX) to make our processes more efficient and customer-driven
  - downsizing the workforce. We will take measures to reduce the hiring of external staff and will not fill some vacancies. We do not rule out compulsory redundancies

# Agenda



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## Key figures

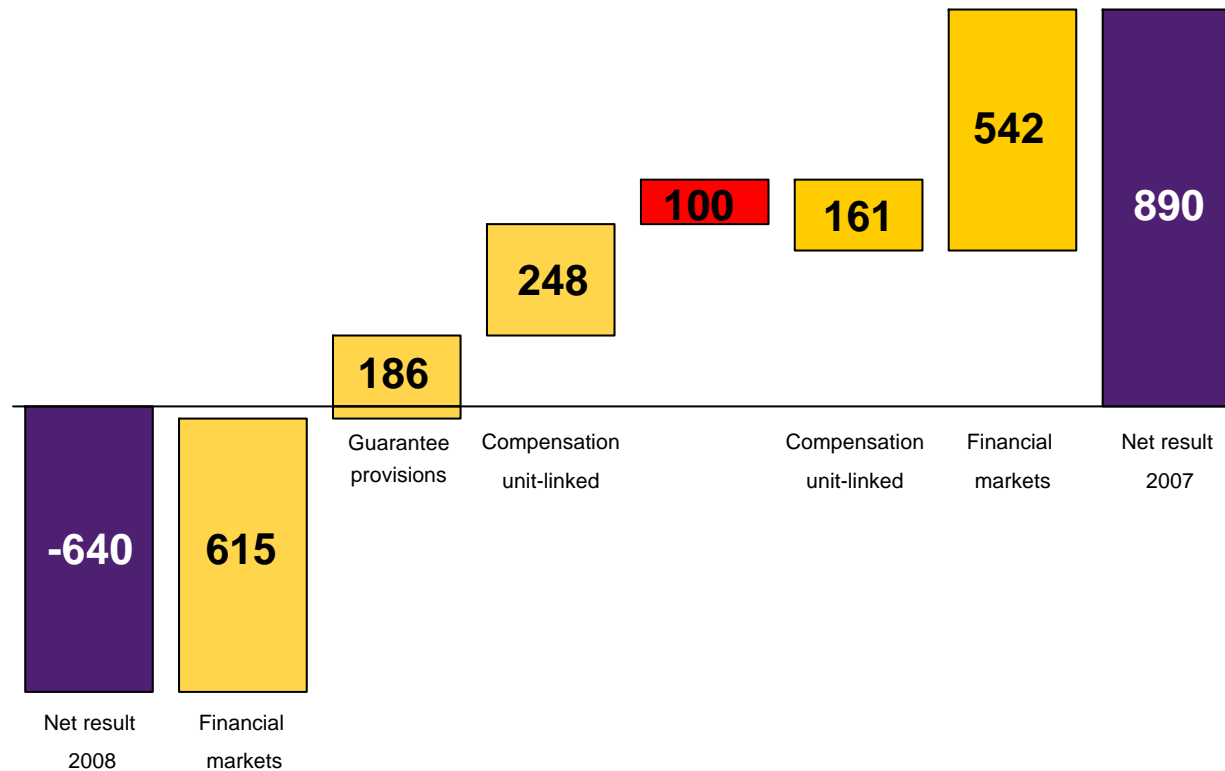
EUR million



	<u>31 December 2008</u>	<u>31 December 2007</u>	<u>%</u>
<b>Gross Written Premiums</b>	5.758	5.217	10%
<b>Net Profit</b>	-640	890	-172%
<b>Operating Costs</b>	591	561	5%
<b>Cost-premium ratio (net)</b>	14,7%	15,1%	
<b>Total technical provision</b>	29.413	30.678	-4%
<b>Total equity (including revaluation of real estate)</b>	1.757	3.487	-50%
<b>Solvency*</b>	233%	283%	
<b>Number of FTE</b>	4.540	4.626	-2%

\* Calculation of solvency is based, in addition to the real estate revaluation, on several additions such as capital securities and overvalue in the technical provisions according to the IFRS adequacy test. The 2007 calculation was made using the Fortis Capital Model.

# Net result 2008 versus 2007



**Net result** in 2008 substantially lower because of:

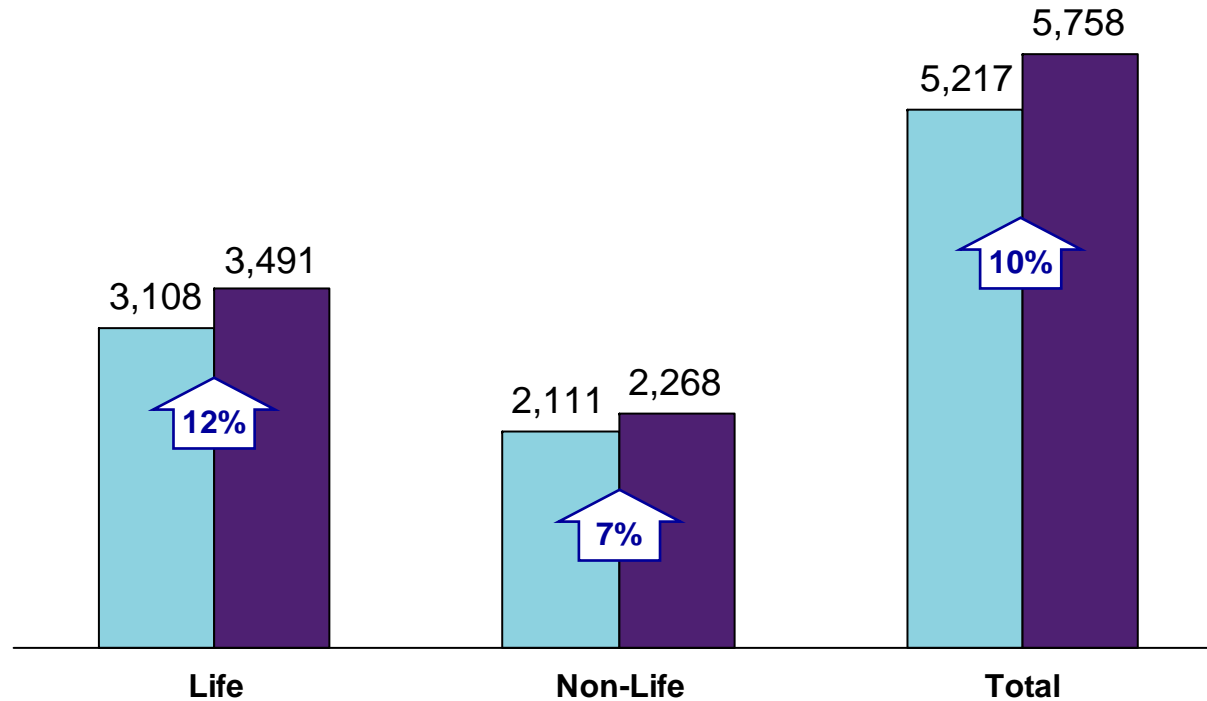
- Turmoil in the financial market that erupted in 2008 and high level of added values in 2007
- Provisions created for guarantees EUR 186 million in 2008
- Addition to provision for compensation unit-linked EUR 248 million (2007: EUR 161 million)



# ASR Nederland sustained its strong commercial performance in 2008, despite the financial turmoil and disentanglement of Fortis

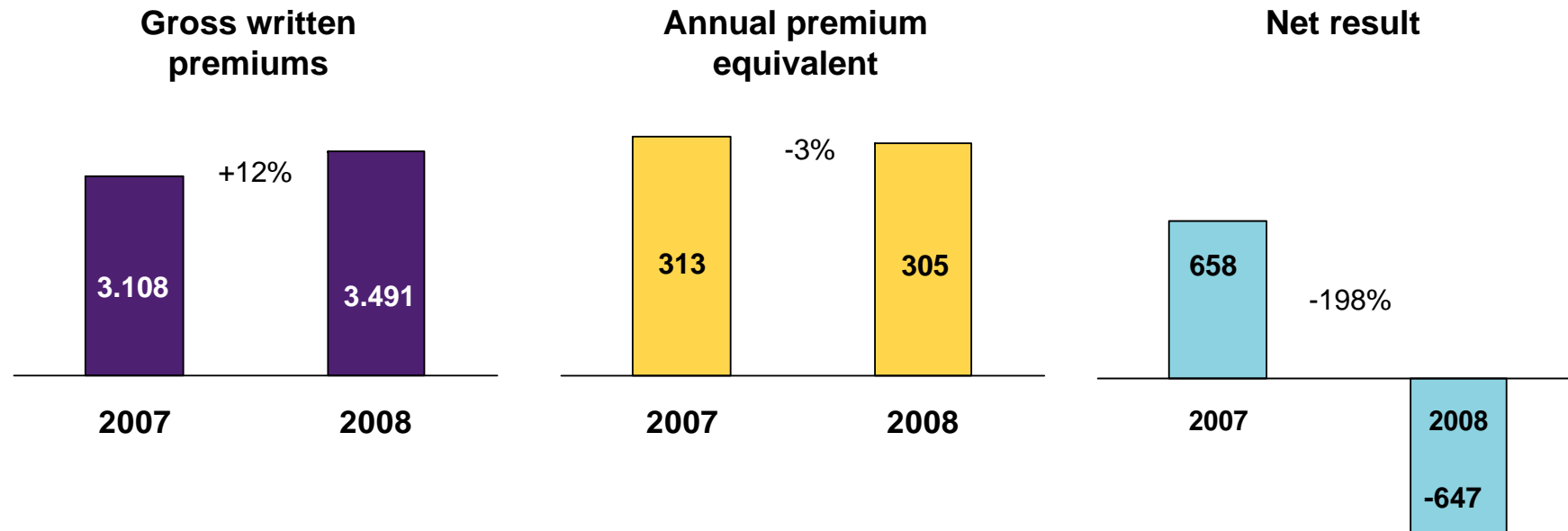


EUR million



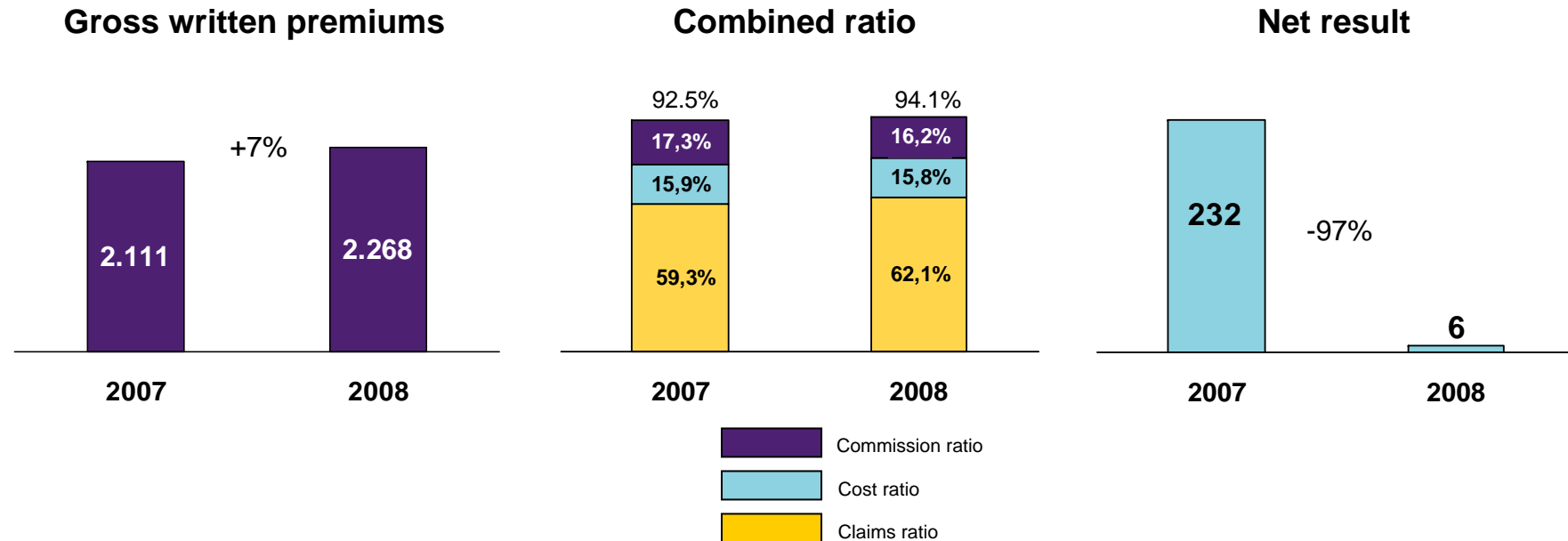
- GWP in Life grew mainly due to an increase of single premiums of EUR 299 million
- Growth in Non-Life resulted mainly from a growth in number of health-insured (+32%)

## Life insurance: net result hit by financial markets



- Group (+41%) and Individual (+3%) both contributed to growth
- Growth of Individual achieved partly thanks to fewer cancellations
- Turmoil in financial markets had severe impact
- Both years include additions to provision for compensation unit-linked
- Exceptionally high level of added values in 2007

# Non-Life insurance: growth in almost all sectors



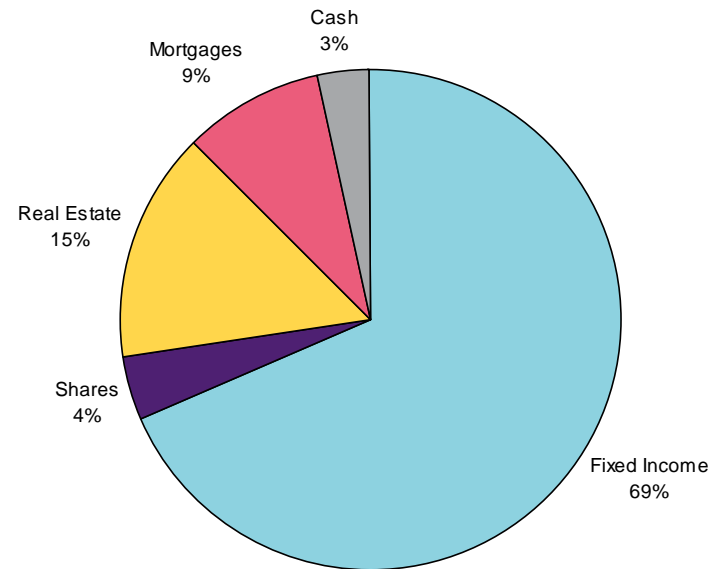
- GWP: All product lines, except Fire, achieved an increase
- Fierce price competition characterised the Dutch market in 2008
- Decrease net result due mainly to lower investment returns

# Investments in ASR Nederland Asset Management Portfolio

31 December 2008  
Amounts in EUR x 1 million



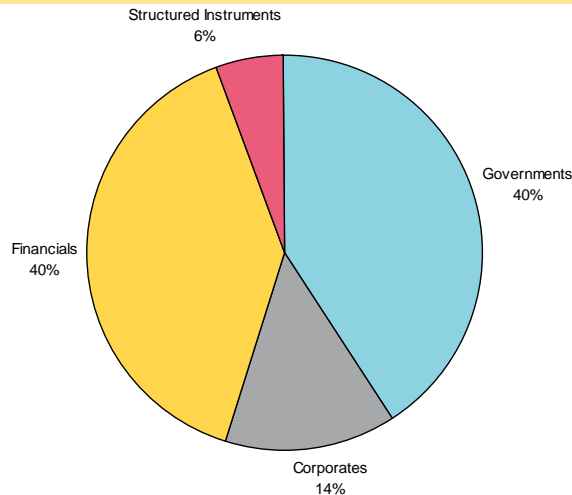
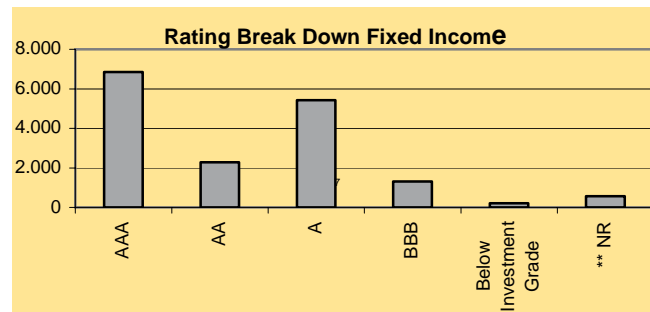
Asset Class	Fair Value
Fixed Income	16,6
Shares	1,1
Real Estate	3,7
Mortgages	2,2
Cash	0,8
<b>Asset Management Portfolio</b>	<b>24,4</b>
Unit Linked	5,7
Separated Accounts	1,6
<b>Third Party Investments</b>	<b>7,3</b>



# Fixed Income Portfolio

31 December 2008  
Amounts in EUR x 1 million

Sector	Fair Value
Governments	6.818
Corporates	2.290
Financials	6.614
Structured Instruments	925
<b>Total Fixed Income</b>	<b>16.648</b>



Financials per Rating		
Rating	Fair Value	%
AAA	619	9,4%
AA	1.203	18,2%
A	3.598	54,4%
BBB	844	12,8%
BB	152	2,3%
B	35	0,5%
CCC	3	0,0%
C	0	0,0%
D	3	0,0%
NR	158	2,4%
<b>Total</b>	<b>6.614</b>	<b>100,0%</b>

Category	Fair Value
CDO	382
CLO	150
RMBS	355
Subprime	28
Other	12
<b>Total Structured</b>	<b>925</b>

Structured per Rating		
Rating	Fair Value	%
AAA	465	50,2%
AA	220	23,8%
A	102	11,0%
BBB	17	1,9%
BB	17	1,9%
B	1	0,1%
CCC	2	0,3%
NR	101	10,9%
<b>Total</b>	<b>925</b>	<b>100,0%</b>

# Equity & Real Estate

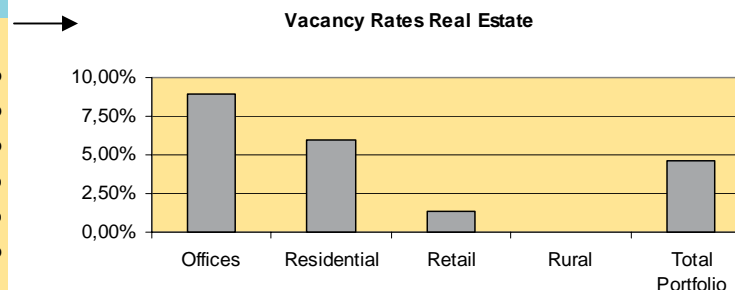
31 December 2008  
Amounts in EUR x 1 million



Equity Sector	%
Shares	65,8%
Private equity	7,5%
Hedge funds	18,6%
Other funds	8,1%
<b>Total</b>	<b>100,0%</b>

- ASR Nederland reduces its equity risk using an option strategy (notional underlying as per 31-12-08 EUR 635 million)
- The gross equity exposure on March 27th 2009 was EUR 873 million. The current option protection on this exposure amounts to a notional underlying of EUR 1.102 million
- The real estate portfolio consists of direct real estate and is well diversified in Rural, Residential, Retail, Offices, Parking and Projects. 40% of offices is occupied by ASR Nederland and Fortis

Real Estate Sector	%
Offices	16,1%
Parking	1,6%
Projects	3,8%
Residential	31,9%
Retail	26,2%
Rural	20,4%
<b>Total</b>	<b>100,0%</b>



## Exchange offer outstanding hybrid securities upcoming



Announcement on 26 March 2009:

- "ASR Nederland ("ASR") is the new name for Fortis Verzekeringen Nederland, and operates in the Netherlands under various names, including ASR Verzekeringen and Amersfoortse Verzekeringen. The Dutch State acquired 100% of the shares in ASR, formerly known as Fortis Verzekeringen Nederland on 3 October 2008 following developments at Fortis Group. The Dutch State, as a shareholder, aims to sell its shares in ASR back to the private sector in a manner that will ensure it remains operationally stable, financially sound and with a sufficient robust capital base to enable it to operate viably in the long term.
- ASR has outstanding hybrid securities, two of which have a first optional Call Date at 26 April 2009. As an issuer, ASR values its relationship with the market, and envisages utilising hybrid capital within its capital structure in the future. ASR is currently focussing on the separation from Fortis Group and formulating a new capital and business strategy, of which the key elements will be announced on 2 April along with ASR's annual results. In addition to this, ASR is also in the process of establishing independent ratings, which are expected to be finalised in the coming months. Due to these factors, ASR will not exercise its option to redeem pursuant to the terms of these securities and expects to announce a proposal to exchange these existing securities in the coming months. As a major institutional investor, ASR also understands the perspective of bondholders regarding hybrid securities, and the decision not to exercise the call is not motivated solely by economic reasons."

# Agenda



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**Concluding remarks**



### **ASR Nederland**

- ... financial markets and extraordinary items drove the downturn in results**
- ... disentanglement from Fortis will be completed in 2009**
- ... gross written premiums up 10% to EUR 5.8 billion**

### **ASR Nederland**

- ... Dutch State is sole shareholder**
- ... cost efficiency programme of EUR 100 million already underway**
- ... lessons learned drive new strategy**

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# ASR Nederland

**Annual results 2008**

*Lessons from past and 2008 loss prompt revised strategy*