

Pressrelease

27 August 2010

Recovery of profit ASR Nederland in first half-year

ASR Nederland realized a net result of € 226 million in the first half of 2010. This is € 149 million more than in the same period last year.

The premium revenue increased slightly and operational expenses were reduced further. ASR Nederland made progress with executing its strategy, focused on creating a balance between customer and shareholder value, financial solidity and efficiency.

Key figures

(EUR million)	1 st half of 2010	1 st half of 2009	Change in %	Year-end 2009
Net result	226	77	+193%	255
Gross premiums	2,612	2,568	+2%	4,873
Operational expenses	317	334	-5%	676
Number of FTE's	4,399	4,530	-3%	4,454
Total equity *	3,282	1,907	+72%	2,975
Solvency (DNB)	222%	227%		232%
Buffer capital (IFRS-basis) **	274%	287%		293%

* Total assets including net unrealized revaluation of the real estate portfolio

** Total equity expressed as percentage of the minimum requirement

- Net result increase to € 226 million
- Premium income grows by 2%, mostly due to increase at non-life. Premium income for life is practically equal to first half of 2009
- Total equity (including net unrealized revaluation of the real estate portfolio) strengthened to € 3,282 million
- Regulatory solvency (DNB) is 222%, IFRS buffer capital 274%
- Cost savings programme successfully completed, realizing a cost reduction of more than € 100 million
- New initiatives regarding simplifying the organization and product portfolio and clustering IT-systems

Statement from the CEO, Jos Baeten

After several tough years, our profitability is back on track. That is a sign of recovery, but we realize that this is primarily due to investment returns. For profit development in the long term it is important that we succeeded in realizing our planned initiative to lower our structural costs in the past half-year. Although we have met our cost saving objectives, we acknowledge the necessity to take additional measures in this area. This will go deeper than improving the efficiency of our current processes and forces us to make strategic choices. That is why we are considering the future of the real estate development leg of our company.

In line with the market, the total production of new insurances faltered. This is a reflection of the stagnating demand for insurance products. The life insurance market especially is under pressure. We are not optimistic about market developments regarding traditional life insurances. That is why we consider it necessary to offer alternative products for wealth accumulation. To this end we have bought back ASR Bank, so that we can offer banking products.

The development of our combined ratio in non-life has improved and shows the positive impact of our cost savings programme.

Strategy progress

ASR Nederland strives for balance in the interests of its stakeholders. With as a backdrop a new economic reality, reordering of the financial sector, social changes and last but certainly not least the changes in consumer behaviour. The lessons from the recent past are part of this referential framework. The ASR strategy is based on three interdependent pillars:

- Customer focus
- Financial solidity
- Increasing efficiency

Customer focus

The needs and wishes of customers are shifting. In order to adequately anticipate customer's needs, we are doing direct and structural research. This has resulted in new products and rationalizing existing products. Additionally, the process of handling claims has been reorganized by distinguish large, complex claims and standard claims, so that many can be dealt with rapidly and immediately. In order to anchor customer value in managing the company, the Net Promotor Score, a measurement for customer loyalty, has been added to the managements' bonus criteria.

ASR Nederland has reached an understanding with several interest groups regarding the maximum costs for investment-linked insurance. We have agreed to informing our customers if their investment-linked insurance is eligible for compensation in the third quarter of 2010. We have already begun informing our customers. Unfortunately it turns out that it is not possible to inform all our customers before 1 October. Customers that we cannot inform in time, will be told of this delay before 1 October. Informing our customers of their possible compensation at a later date does not influence their eligibility for compensation.

Financial solidity

In the first half of 2010 ASR Nederlands' DNB solvency decreased slightly from 232% at year-end 2009 to 222%. This is primarily due to the fall of interest rates in the second quarter.

The drop in stock prices only marginally affected the solvency. ASR Nederlands' buffer capital also slightly decreased compared to year-end 2009 and amounts to 274%. Total equity did increase to € 3,282 million (year-end 2009: € 2,975 million).

There is an active risk management policy. In that effect swaptions were acquired to mitigate the interest rate risk and specific fixed rate investments were reduced. As from 2009 investments in Portugal, Ireland, Italy, Greece and Spain (PIIGS countries), mostly government bonds, were cut back. The direct exposure to government bonds from PIIGS countries was reduced from € 606 million to € 220 million. In this manner the direct exposure to government bonds in PIIGS countries was reduced to a little over 1% of the fixed rate portfolio in the first half of 2010. Although specific risks within the stock portfolio were reduced, the portfolio was ultimately slightly expanded.

The sensitivity of the solvency ratio (DNB) is for most market risks comparable to its sensitivity at year-end 2009. Only the interest rate risk increased due to a lower interest rate.

Efficiency

ASR Nederland strives for a structural and substantial reduction of the cost-premium ratio. As a start a € 100 million cost savings programme was introduced in April 2009. This cost savings programme was successfully completed per 30 June 2010 and the structural savings on the gross costs from 1 July 2009 to 30 June 2010 is higher than the target of € 100 million per year. Thanks to the reduction in costs and a slightly increase in revenue, the cost/premium ratio declined from 12.8% to 11.4%.

New initiatives were started regarding simplifying the organization and the product portfolio and clustering IT-systems.

Using the method of an Added Value analysis, a critical look was taken at the tasks, size and the organization of staff departments. This has resulted in a revision of tasks, rearrangements and in combining staff departments. By phased method, the Operational Excellence programme continues to be implemented into the organization.

In the name of reducing complexity, the brand name portfolio has been additionally accentuated. Europeesche Verzekeringen as a specialist in travel and leisure insurance has abandoned its motor vehicle portfolio. From now on De Amersfoortse only focuses on health- and income insurance. The commercial operation of ASR Verzekeringen and De Amersfoortse has been reorganized under one management.

As announced earlier the accommodation of ASR Nederland will be centralized, with the exception of Europeesche Verzekeringen in Amsterdam and Ardanta in Enschede. This will occur in phases. In 2015 at the latest the various departments, that are currently housed in 13 buildings at 9 locations in the Netherlands, will be accommodated at one central location in the Utrecht region. In that effect the Mondriaan building in Amersfoort and the building on the Weena in Rotterdam has been let as of 1 July 2010 and 1 January 2011, respectively. An agreement has been reached regarding the sale of the building at Archimedeslaan 6.

Market impression

After the recovery of the financial markets late 2009, we've seen relative stability in the first half of 2010. We do see a declining trend in interest rates, which in principle is unfavourable for insurers. Although there are signs of economic recovery, the economic prospects are uncertain and our results can be influenced by unexpected market developments in the future.

The insurance market is shifting. The market is adjusting to a new reality. Economic prospects, consumer perspective and a framework of rules rapidly require new demands on insurers. This process plays out with the broad social and political urge to mitigate the risk of another credit crunch as a backdrop.

Net result

The net result over the first half of 2010 amounts to € 226 million and is therefore € 149 million higher than the result over the same period last year (€ 77 million). This improvement is mostly due to the higher revenue from investments thanks to the recovery of financial markets, the reduction in costs and an improved combined ratio for non-life.

Premium income

The demand for insurance products was under pressure the first half of 2010. Life insurances have lost popularity as a way of accumulating wealth and experience increasing competition from banking solutions. The market for mortgages and pensions continues to be in stormy weather. In the non-life market the competition on prices and conditions continued unabatedly. In the income insurance market, the effects of the economy manifested itself due to fewer new business owners and lower sums insured.

The gross premium income from life was under pressure and remained practically the same compared to last year. Our Next Generation Life products characterize themselves by more transparency and anticipate customer's needs. Considering the premium income this demands more time. The new 'premiepensioen' in group life increasingly finds its way to the SME (Small & Medium Enterprises). Gross premium revenue from non-life increased by 2%, primarily due to tariff alterations.

Annual Premium Equivalent (life) and combined ratio (non-life)

New production by life, measured in APE, declined with 11% to € 105 million, despite a rise in the production of new immediate annuities in the first half of 2010. Production of regular-payment annuity is under pressure by declining production of pensions especially, despite a higher contribution by mortgage-related life production.

The combined ratio decreased by 1.3 percentage point, from 99.1% to 97.8%. This decline is the consequence of the decrease of the cost- and provision ratio. There is an increase in the claims ratio on the other hand, caused primarily by the extreme winter weather early 2010 and an increase in the amount of disability claims.

Future

The Dutch State has had 100% ownership of ASR Nederland since 3 October 2008. Contrary to a number of other financial institutions, ASR Nederland never received any capital injection. Neither were guarantees or loans issued. As the government indicated from the first moment, the intention is to return ASR Nederland to the private market. The manner in which this will occur and the moment of privatization is subject to discussion.

More information regarding the figures

The half-year consolidated statement, which accompanies this document, contains more detailed financial information.

Publication of the 2010 half-year figures is on Friday 27 August 2010.
Press conference (in Dutch) at 10:00 CET. Conference call for financial market participants (in English) at 14:00 CET. More information at www.asrnederland.nl.

Note for the editor, not for publication

About ASR Nederland

ASR Nederland is one of the largest insurers in the Netherlands. Via our labels ASR Verzekeringen, Ardanta, De Amersfoortse, Europeesche Verzekeringen, Falcon Leven and Ditzo, we offer a wide range of financial products covering P/C, life and income insurance, group and individual pensions, health insurance, travel and leisure insurance, and funeral insurance.

Additionally, ASR Nederland is involved as an investor in real estate development and operation via ASR Vastgoed Vermogensbeheer and ASR Vastgoed Ontwikkeling.

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