



# ASR 2011 annual results

Net result at € 212 million, solvency further increased,  
dividend at € 71 million

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## Cautionary note regarding forward-looking statements

This presentation contains certain forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors. If a change occurs, our business, financial condition, results of operations, liquidity, investments, share price and prospects may vary materially from those expressed in our forward-looking statements. Some of the factors that could cause actual results to vary from those expressed in our forward-looking statements and other risks and uncertainties to which ASR Nederland N.V. is subject include, but are not limited to:

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# Key messages

- Net result of € 212 million (2010: € 317 million)
- Regulatory solvency ratio strong at 230% (2010: 221%)
- Total premium income down 5% to € 4,511 million, due to preference for return over premium (2010: € 4,738 million)
- Operating expenses down 6% to € 633 million, thanks to ongoing focus on efficiency
- Cost-premium ratio in insurance business improved to 11.8% (2010: 12.7%)
- In 2011, more than 900,000 customers with unit-linked contracts were informed regarding possible compensation payments. These payments have since been deposited directly into their policies or paid out. In total circa € 300 million

# Key developments in ASR's main markets

MARKET

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investment portfolio

## Market

## Developments

### Individual Life

- Ongoing decrease of volume in Life market and low demand for new mortgages
- Changing customer preference for bank savings products
- Negative impact from low interest rates on profitability
- Continuing demand for annuities, individual pensions, savings mortgages and funeral insurance

### Group Life

- Introduction of new vehicle for DC in accumulation phase (PPI)
- Negative impact from low interest rate for single premiums
- Pension funds failing to meet expectations. New legislation in development

### P&C

- Increase of tariffs especially in the motor segment
- Simple Non-life products are progressively being sold through the internet
- Increased claims frequency in home- and fire insurance

### Disability

- Continuing pricing competition
- Further increase of number of partially occupational disabled persons
- Depressed economic environment affects new business volume and claims behaviour

### Health

- Consumers are increasingly aware of their insurance needs
- More customers are buying their insurance through the internet
- Customers are increasingly cost conscious

# Volatility on financial markets increased in second half 2011

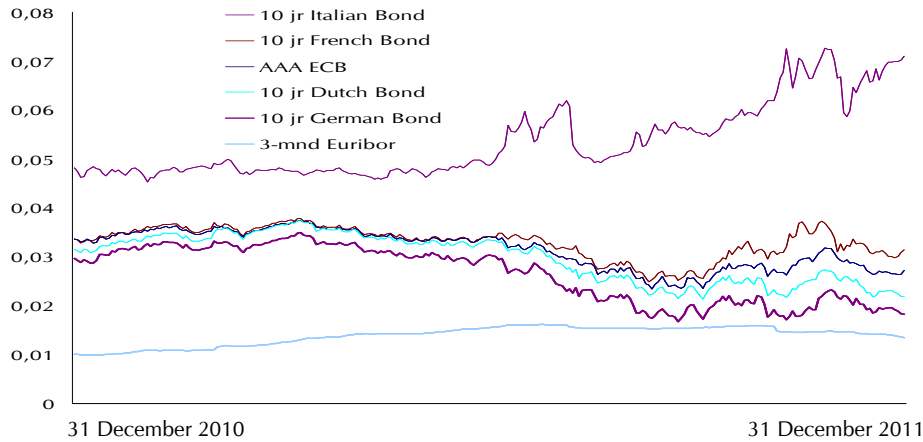
MARKET

strategy

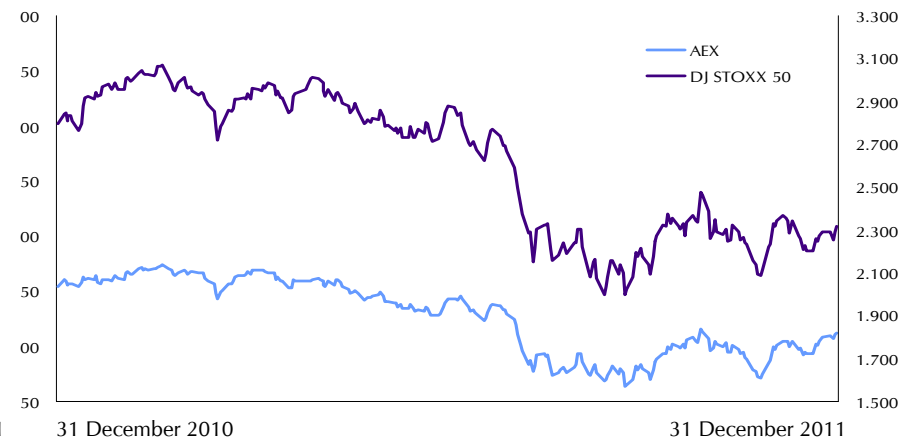
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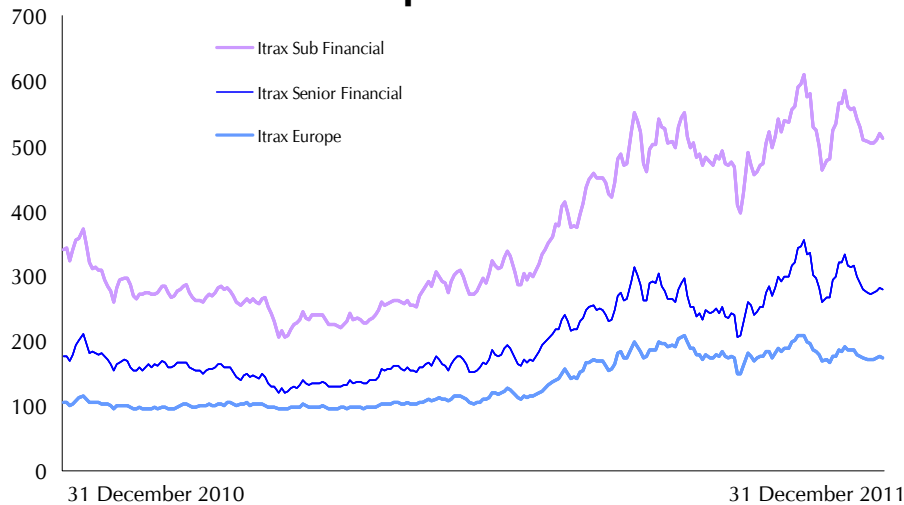
## Interest rate



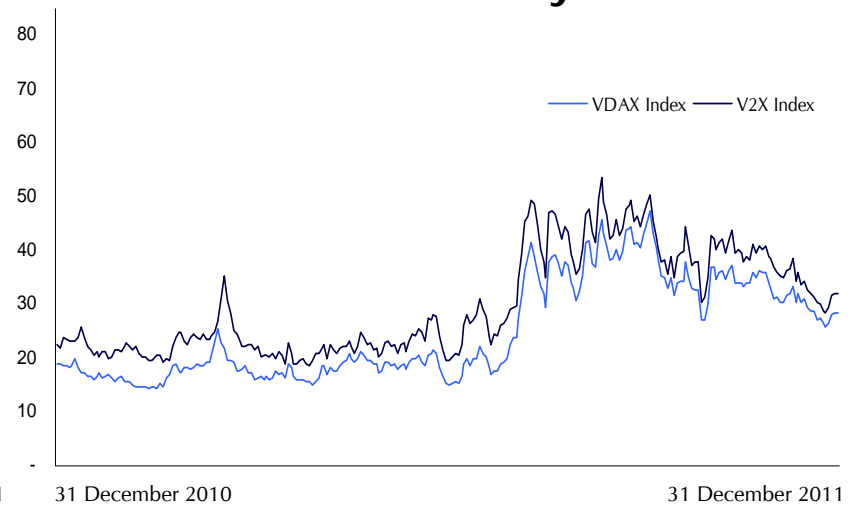
## Stock market



## Spread



## Volatility



# Update on strategy

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## Customer interests

- In 2011, more than 900,000 customers with unit-linked contracts were informed regarding possible compensation payments
- Total compensation amount deposited in policies in 2011 was circa € 300 million
- PPI launched in cooperation with Brand New Day
- Net promotor score: best scoring broker-based full service insurer

## Financial solidity

- Sound solvency position of 230% due to balance sheet risk reduction policy. Solvency was calculated by using the swap curve per year-end 2011
- Successful launch of the ASR Dutch Prime Retail Fund
- Risk mitigating measures taken to reduce solvency volatility

## Efficiency

- Operating expenses down by 6% to € 633 million (2010: € 672 million)
- Insurance cost-premium ratio improved to 11.8% (2010: 12.7%)
- Total work force decreased by 6% to 4,631 FTE (2010: 4,929 FTE)

# Key financials show impact challenging market circumstances

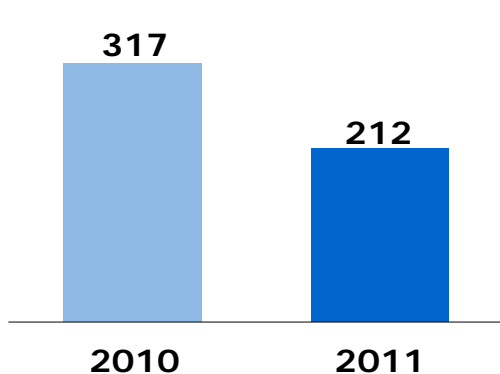
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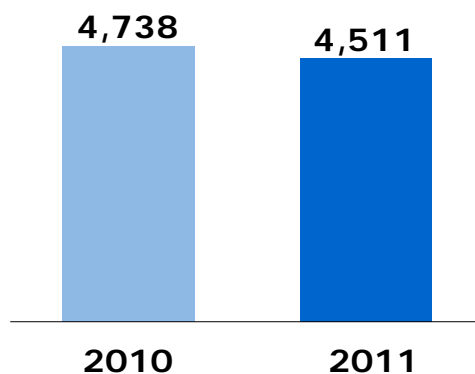
FINANCIAL RESULTS

investment portfolio

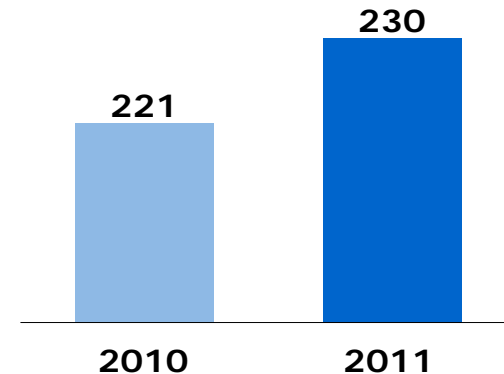
### Net result (€m)



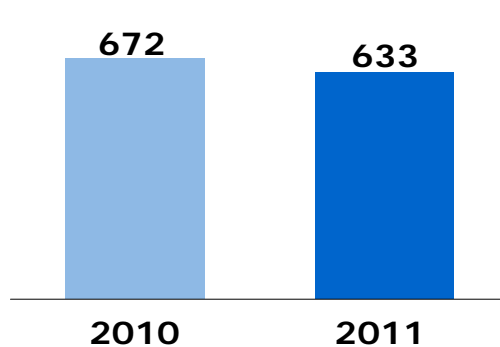
### Gross earned premiums (€m)



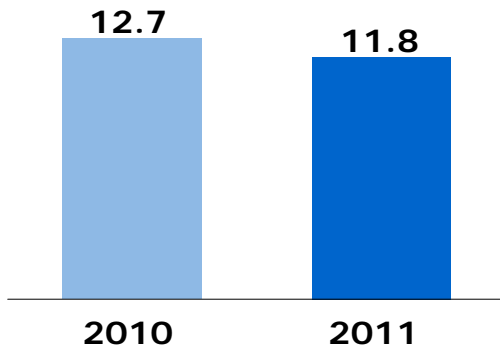
### Regulatory solvency ratio (%)



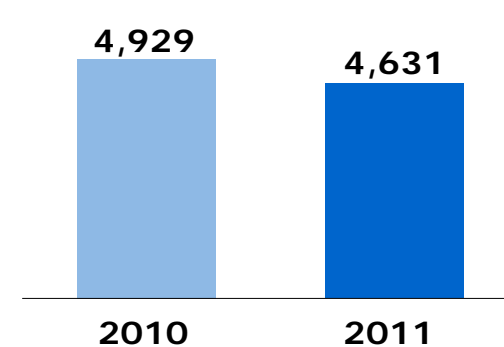
### Operating expenses (€m)



### Cost-premium ratio (%) \*



### Total work force (FTE)



\* Operating costs insurance companies

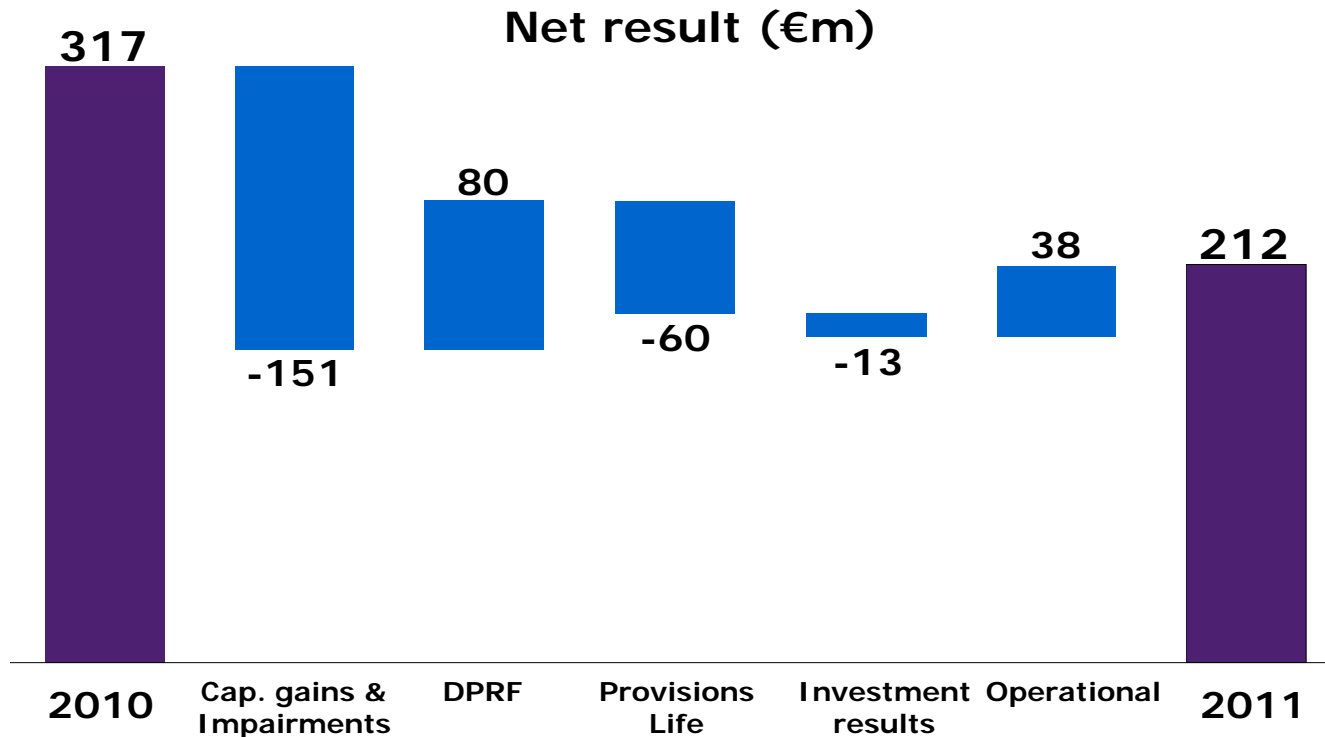
# Impairments and provisions impact net result

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## Net result impacted by:

- Increased impairments due to difficult market circumstances
- Capital gains real estate Dutch Prime Retail Fund
- Increase of provisions Life mainly due to additional provisions for unit-linked compensation, total provisions Life 2011 of € 94 million
- Direct investment results lower due to risk reduction policy and low interest rate environment
- Operational performance improved: lower operating expenses and improved claims ratio



# Sound solvency position in difficult market circumstances

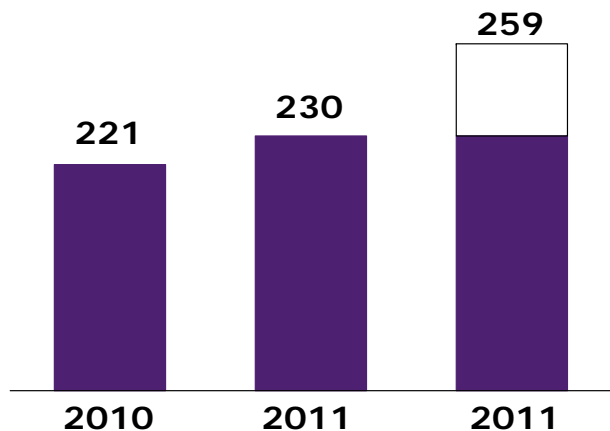
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## Solvency (%)



- Solvency remains at a strong level
- Solvency ratio of 259% when based on DNB 3 months average
- Buffer capital of 291% (2010: 262%)
- Risk mitigating measures reduce sensitivity of solvency by 35%p to -51%p, due to lower interest rate stress and equity stress

## Sensitivities (%-p) \*



\* undiversified

# Life business impacted by choice for return over premium

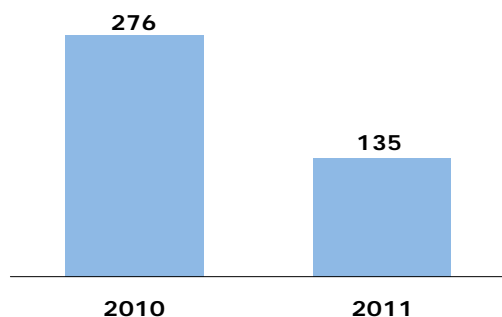
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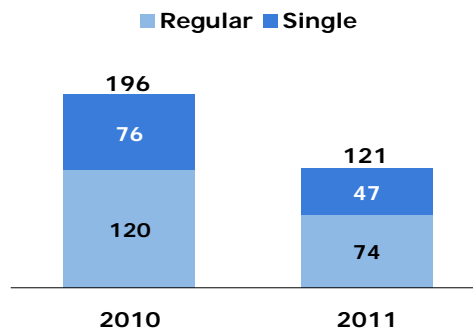
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## Net result (€m)

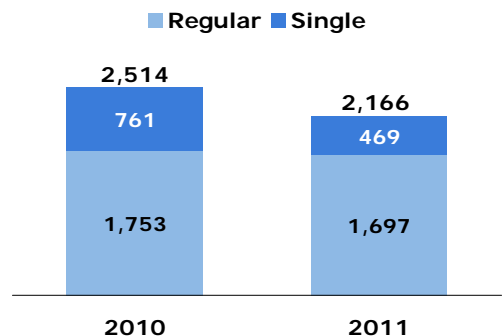


## New production (€m)

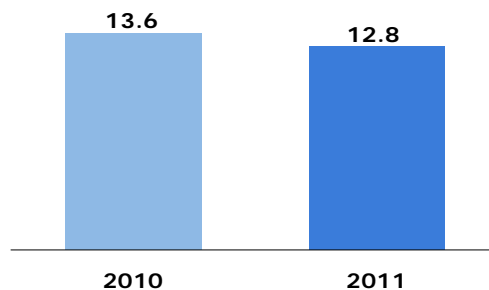


- Lower net result due to difficult market conditions, low interest rates and impact of compensation
- Preference for return over premium in single premiums
- Focus on compensating customers with a unit-linked policy

## Gross Earned Premiums (€m)



## Cost ratio (% APE)



# Further improved efficiency in Non-Life business

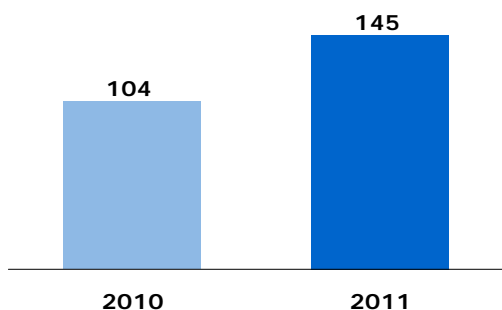
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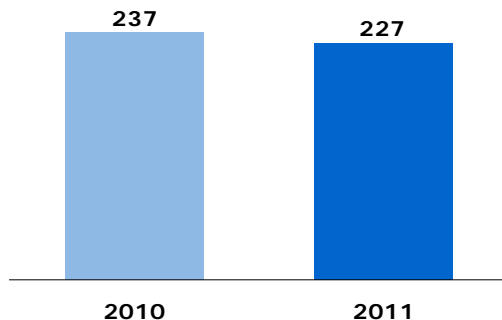
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## Net result (€m)

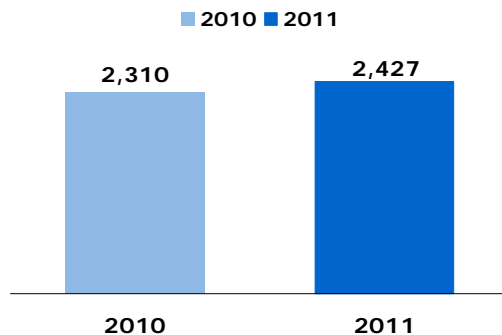


## New production (€m)

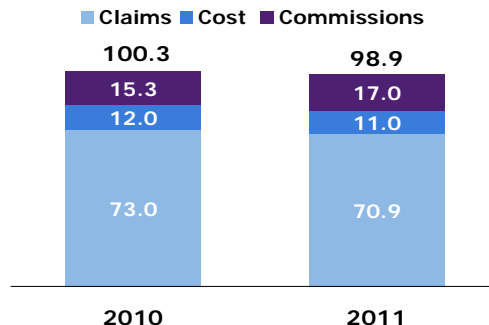


- Net result improved due to cost control and lower claims, amongst others
- New production fairly stable despite tariff changes
- GEP increased in all P&C product lines

## Gross Earned Premiums (€m)



## Combined ratio (%)



- Combined ratio improved due to lower claims ratio, lower cost ratio and harmonization of provisions

# Risk mitigation in investment portfolio during 2<sup>nd</sup> half of 2011

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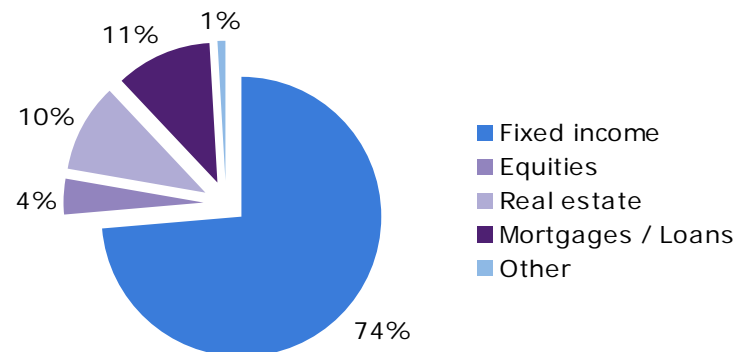
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INVESTMENT PORTFOLIO

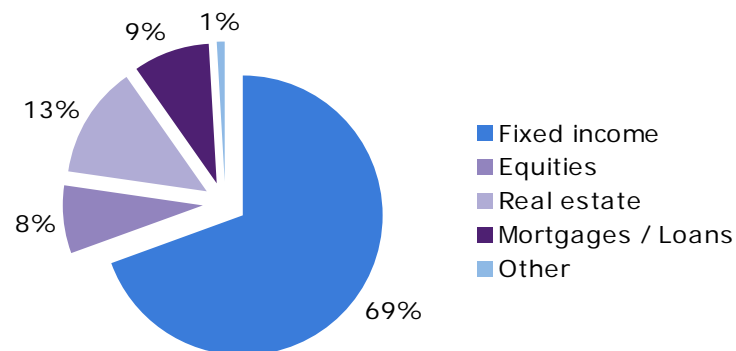
Assets (€bn, fair value)	Dec. 2011	Dec. 2010
Fixed income	20.0	18.4
Equities	1.2	2.1
Real estate	2.9	3.4
Mortgages / other loans (book value)	3.0	2.4
Other *	0.2	0.2
<b>Total investments</b>	<b>27.3</b>	<b>26.5</b>
Investments on behalf of policyholders	8.6	9.5
Other assets	7.4	6.1
<b>Total assets ASR</b>	<b>43.3</b>	<b>42.1</b>
Correction fair value versus book value (real estate & loans)	-1.2	-1.5
<b>Total balance sheet ASR</b>	<b>42.1</b>	<b>40.6</b>

\* 'Other' mainly represents equity associates

## Composition total investments 2011



## Composition total investments 2010



# Substantial decrease in Financials, reinvestment in Governments

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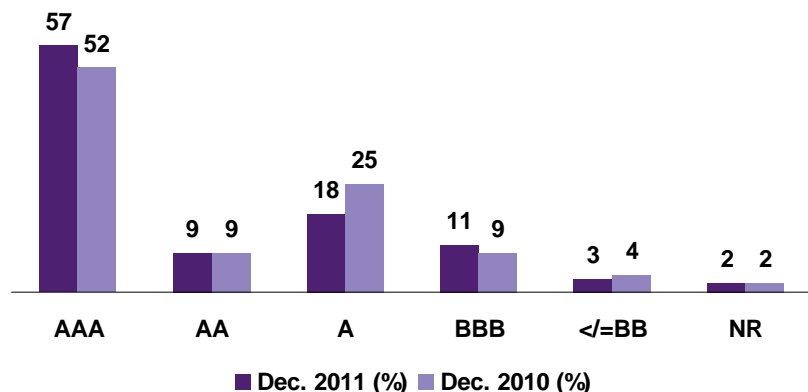
INVESTMENT PORTFOLIO

## Key highlights

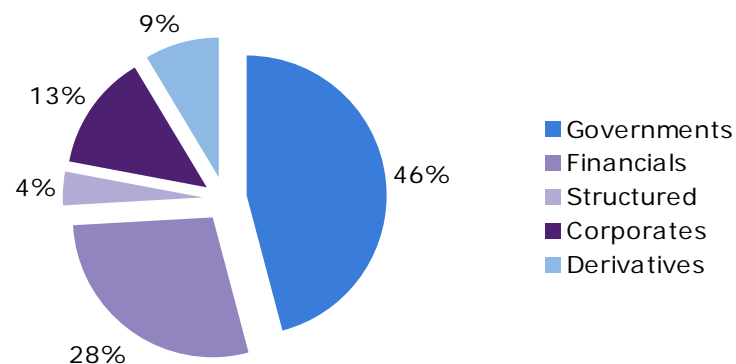
- Value of fixed income portfolio increased mainly due to revaluations because of a decrease in interest rates
- Interest rate risk further reduced by purchasing swaps and payer swaptions, and duration lengthening
- Exposure to structured credits (CDO's, SFI's, ABS's) further reduced. Additional investments were made in Dutch AAA-rated MBS's

Fixed income (€m)	Dec. 2011	Dec. 2010	delta
Government	9,151	8,292	10%
Financials	5,673	6,693	-15%
Structured	756	626	21%
Corporate	2,684	2,331	15%
Derivatives	1,720	489	252%
<b>Total</b>	<b>19,984</b>	<b>18,431</b>	<b>8%</b>

## Rating diversification of fixed income (excl. derivatives)



## Composition fixed income portfolio 2011



# Government portfolio dominated by Dutch and German bonds

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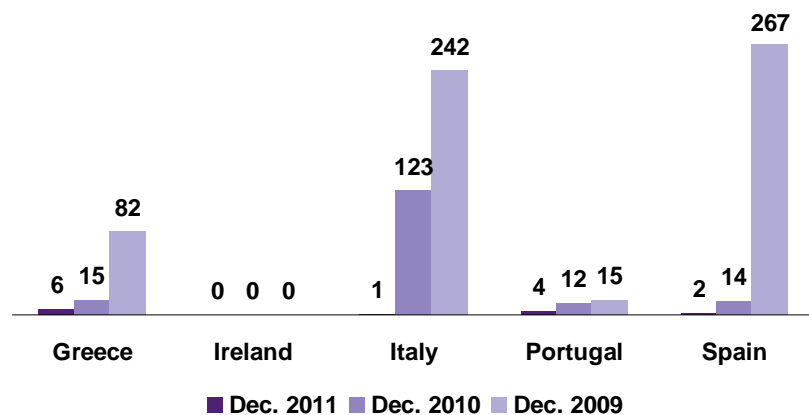
INVESTMENT PORTFOLIO

## Key highlights

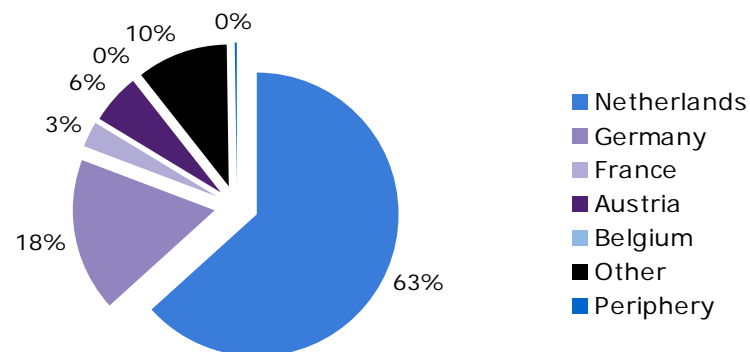
- Risk reduction measures mainly in France and Belgium
- Exposure to periphery brought down to € 13 million
- Investments in core Europe, predominantly in Dutch government bonds and non-EU government bonds

Governments (€m)	Dec. 2011	Dec. 2010	delta
Netherlands	5,786	3,719	56%
Germany	1,609	1,564	3%
France	257	1,489	-83%
Austria	527	409	29%
Belgium	2	190	-99%
Periphery	13	164	-92%
Other	958	758	26%
<b>Total</b>	<b>9,151</b>	<b>8,292</b>	<b>10%</b>

## Development of Peripheral governments



## Composition governments portfolio 2011



# Exposure to Financials reduced

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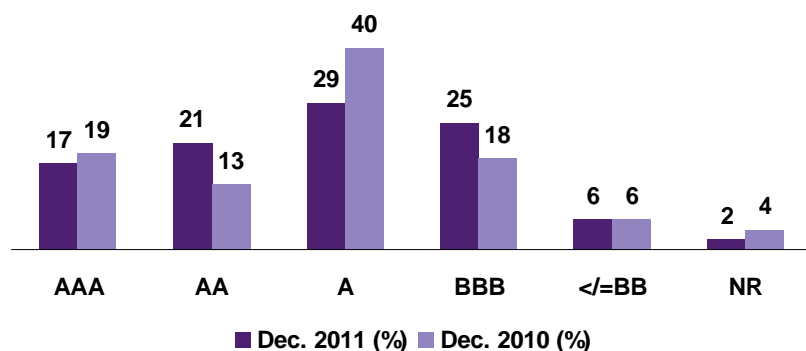
## Key highlights

- Exposure to financials decreased through exchanges, sales and negative revaluation due to the market turmoil
- Investments in covered bonds in accordance with investment policy

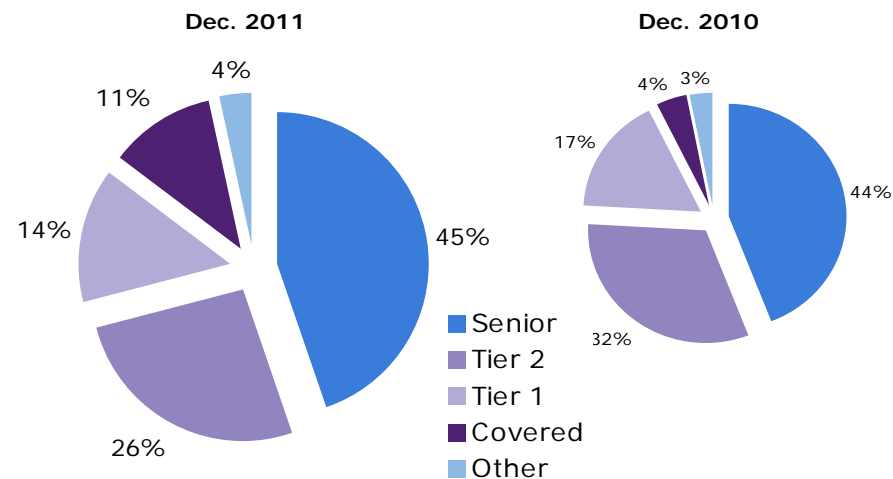
Financials (€m)	Dec. 2011	Dec. 2010	delta
Senior	2,534	2,962	-14%
Tier 2	1,488	2,117	-30%
Tier 1	812	1,126	-28%
Covered	645	280	130%
Other *	194	208	-7%
<b>Total</b>	<b>5,673</b>	<b>6,693</b>	<b>-15%</b>

\* Includes Preferred securities & Convertible bonds

## Rating diversification of Financials



## Composition Financials portfolio 2011 and 2010



# Real estate exposure reduced by Dutch Prime Retail Fund

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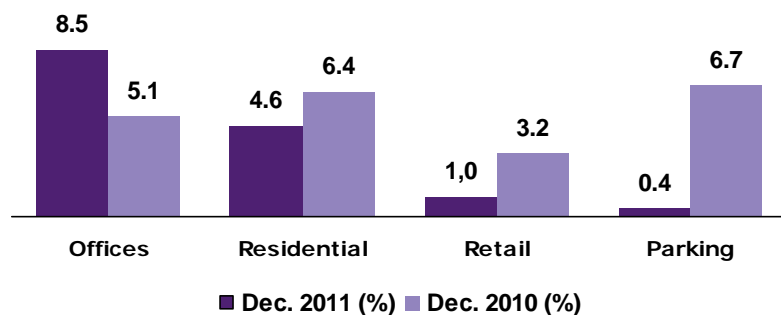
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## Key highlights

- Exposure to real estate decreased by 16% following the 2010 sales programme and the launch of the ASR Dutch Prime Retail Fund (€ 380 million)
- First tranche of Dutch Prime Retail Fund oversubscribed by 25%
- Stable performance real estate portfolio
- Limited exposure to Offices

## Real estate vacancy rates



Real estate (€m)	Dec. 2011	Dec. 2010	delta
Offices	182	271	-33%
Residential	930	1,008	-8%
Retail *	730	1,006	-27%
Parking	52	48	8%
Projects	33	101	-67%
<b>Total real estate (excl, rural &amp; own use)</b>	<b>1,927</b>	<b>2,434</b>	<b>-21%</b>
Rural	838	848	-1%
<b>Total real estate (excl, own use)</b>	<b>2,765</b>	<b>3,282</b>	<b>-16%</b>
Offices own use	132	186	-29%
<b>Total real estate</b>	<b>2,897</b>	<b>3,468</b>	<b>-16%</b>

\* Including own interest in DPRF



# Equity exposure reduced, no exposure to financials

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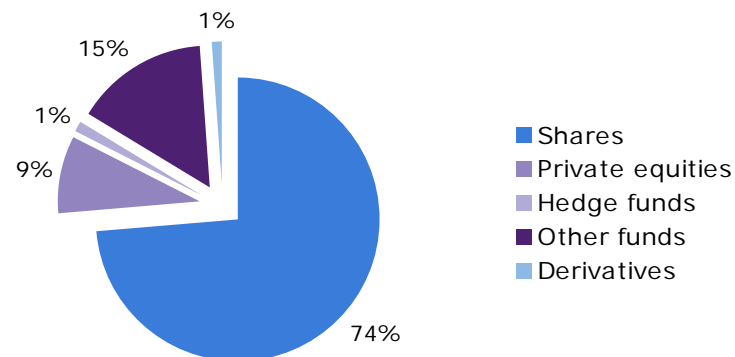
INVESTMENT PORTFOLIO

## Key highlights

- Reduction of equity exposure through sale of European Large caps, Global and Dutch equities and hedge funds
- Further risk mitigation through expansion of put-option hedge

Equities (€m)	Dec. 2011	Dec. 2010	delta
Equities	873	1,690	-48%
Private equities	105	98	7%
Hedge funds	14	140	-90%
Other funds	183	183	0%
Derivatives	12	7	71%
<b>Total</b>	<b>1,187</b>	<b>2,118</b>	<b>-44%</b>

## Composition equity portfolio 2011



# Key messages

- Net result of € 212 million (2010: € 317 million)
- Regulatory solvency ratio strong at 230% (2010: 221%)
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- Operating expenses down 6% to € 633 million, thanks to ongoing focus on efficiency
- Cost-premium ratio in insurance business improved to 11.8% (2010: 12.7%)
- More than 900,000 unit-linked clients have been compensated. In 2011, the total compensation amount deposited into policies was € 300 million

# Financial calendar and contact details

<b>Event</b>	<b>Date</b>
Interim results 2012	15 August 2012

## **Contact details**

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