

PRESS RELEASE

Solid results for ASR in the first half year of 2012

Utrecht, 15 August 2012

Despite of persistent turbulent market conditions and the low interest rate, ASR succeeded to increase solvency to 285%, to further reduce the costs by 8% and to report a net result of € 105 million in the first half year of 2012.

ASR key figures

Net result, on the basis of IFRS € 105 million (full year 2011: € 212 million)

- Net IFRS result increased by € 56 million in comparison to the second half year of 2011. The profit for the period in the first half of 2011 was € 163 million, due to an one-off high realized capital gain on real estate resulting.
- Decrease in operating expenses by € 24 million (-8%) in the first half of 2012 makes a positive contribution to the net IFRS result and illustrates the continuous focus on cost efficiency.
- Equity (excluding net revaluation of the real estate portfolio) increased by 10% from € 2,365 million at the end of 2011 to € 2,596 million as per 30 June 2012. The return on equity is 8% (full year 2011: 9%).

DNB solvency 285% (year end 2011: 230%)

- The DNB-solvency on a consistent basis has increased from 230% to 264%, partly due to adequate risk management.
- Starting 30 June 2012, the Ultimate Forward Rate (UFR) is used to calculate solvency, in accordance with the adapted DNB directives.
- The inclusion of UFR increased the solvency ratio by 21%-point to 285%.

Gross premiums written € 2,457 million (first half year of 2011: € 2,620 million)

- Gross written premiums in the Non-life segment increased by 4% to € 1,430 million as a result of the successful introduction of Ditzo Health insurance.
- ASR has decided to prevail return of the life production over premium volume. Therefore volumes in single premiums and annuities are substantially lower. If this reduction is left out of consideration, the decrease in premiums in the Life segment is 8%, as a consequence of the stagnating life market and effects caused by the unit-linked compensation. The total of the gross premiums written in the Life segment thereby amounted to € 1,104 million.

Operating expenses € 294 million (first half year of 2011: € 318 million)

- The operating expenses decreased by 8% (€ -24 million) in comparison to the first half year of 2011.
- The cost-premium ratio improved from 11.0% to 9.4% in the first half of 2012, while the premium volume decreased. This improvement reflects active steering on structurally lower expenses to the insurance company and a more adequate cost allocation at ASR.

ASR CEO, Jos Baeten: 'That we can once again present positive results in a shrinking market and under persistently difficult financial and economic conditions is a direct result of the course we set out previously. Strong steering on financial solidity and structural reduction of the costs of the insurance business is apparently paying off. Our solvency therefore remains as strong as ever. The market for individual life insurance is characterized by further stagnation, which will have an effect on our premium volume. This is the reason for ASR to focus on the non-life market, occupational disability insurance and pensions in particular. This requires a smaller and decisive organization that combines further structural cost reduction with better service to the customer and intermediaries.'

Developments in the first half year of 2012

In the first half year of 2012 the situation in the financial markets remained turbulent. ASR has responded to this by adequate risk management, whereby the choice of further hedging the interest rate risk by means of derivatives proved to be a good decision.

The insurance market also proved to be difficult in the first half of 2012, just as it did in the previous period. This has affected ASR's profitability. Mainly due to the stagnating life market, higher claims paid, increased pressure on margins and a lower investment result. Reducing the operating expenses has had a positive effect on the profitability.

These developments validate ASR's strategy, which is to have continuous operating improvement go hand in hand with a lower cost level and management of balance sheet risks.

Developments within ASR's business units

Non-life segment

The combined ratio of the Non-life segment increased from 100.3% to 101.2% in the first half of 2012 due to an increase in the number of claims and a number of large claims. The ratio was affected positively by the higher premium income, lower costs and a more adequate calculation method.

The market for occupational disability insurance is impacted by the economic situation and is currently characterized by lower volumes and a longer period of occupational disability. As a consequence of the economic situation, ASR has received fewer applications for new insurances. Within Occupational Disability there was subsequent later outflow and higher inflow levels, mainly as a result of the economic conditions in particular in the first quarter. ASR is responding to this by far-reaching improvements in the prevention and reintegration process, which already produced the first results in the second quarter. ASR succeeded in retaining its position as the market leader in the first half of 2012.

In the health insurance market, the mobility of consumers appears to be increasing. Consumers changed insurers more than in previous years. This was one of the reasons Ditzo Health was successful and brought in approximately 94,000 new policy holders in the beginning of 2012.

The claims ratio at Property & Casualty has increased, mainly for motor and fire insurances. Measures were already taken at the beginning of this year in the area of pricing and insurance terms in order to limit the total claims. These measures are gradually leading to structurally improved results in the Property & Casualty portfolio. However, in the first half year they were affected in a negative way by an increase in the number of claims.

Life segment

The new production in the Life segment decreased from € 56 million to € 32 million (-43%) in the first half of 2012, for the most part as a consequence of the preference for return over premium volume.

The pension market is characterized by a historically low interest rate environment. Therefore ASR opts for a reserved approach in offering guarantees, resulting in a lower production of pension insurances. The focus in Pensions is on customer retention. In addition, the joint venture with Brand New Day in the Institution for Occupational Retirement Provision (IORP), which was started last year, has produced the first hundred group contracts.

The preference of return over premium volume results in a limited production of single premiums and annuities, among other things. When executing the unit-linked compensation process, customers increasingly opt for the ASR bank saving product, Lijfrente Opbouwrekening, as an alternative continuation of their unit-linked contract (current balance more than € 180 million).

In the first half year of 2012, ASR concluded agreements on additional improvements for customers with an unit-linked contract with the foundations Woekerpolisclaim and Verliespolis.

Customer interest

Customer confidence is crucial to ASR in its ambition to become the most customer-driven insurer. Due in part to this, ASR policy is focused on a good financial solidity, so customers can be confident that ASR can meet its financial obligations at all times.

In addition, ASR is continuously building a decisive, cost-efficient and customer-driven organization. Customers choose how and when they want to approach their insurer. ASR wants to facilitate this choice of customers by further expanding its accessibility. Improvements were made in the first half of 2012 as far as accessibility, product information, complaints processing and text clarity are concerned.

Outlook

Due in part to the uncertain financial and economic situation, ASR makes no outlook statements for the second half of the year.

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About ASR

ASR is one of the Netherlands' largest insurers. With the brands ASR, Ardanta, De Amersfoortse, Europeesche Verzekeringen and Ditzo, ASR offers a wide range of financial products in the field of: Non-life, Life and Disability insurance, Group and Individual pensions, Health insurance, Travel and Leisure insurance, and Funeral insurance. Furthermore, ASR offers savings and investment products and tax-driven bank savings products. As an investor ASR is active in property management and development, amongst others.