

a.s.r. annual results 2014

a.s.r. improves results again

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Key messages

- Net result increased to € 381 million (2013: € 281 million)
 - Thanks to improvements in underwriting result in segment Non-life, cost savings and higher investment income
- DNB Solvency I ratio at 285% (2013: 268%)
 - UFR impact at 81%-points
- Solvency II ratio (SCR) at about 175% (mid-point estimate in 'standard model')
- Non-life segment: premium income virtually stable at € 2,359 million (down 1%)
- Life segment: drop in premium income in line with market to € 1,543 million (down 7%)
- Combined ratio strongly improved to 94.9% (2013: 104.6%)
 - Combined ratio below 100% in all product lines
- Operating expenses structurally lower at € 541 million (2013: € 547 million)
 - Operating expenses from regular business down to € 499 million (-7%)
- a.s.r. preparing for return to private ownership

a.s.r. continues to focus on customer needs and society

Primary focus on customer needs ...

- a.s.r. achieved the highest Net Promoter Score since this benchmark was introduced in 2009
- Customer interest was embedded even deeper in our business practices in 2014. Our products are not only growing increasingly easy-to-understand and are better tailored to customer requirements, but our solid financial position also contributes to the faith our customers have in us
- a.s.r. continues to invest in excellent customer service and the expertise of employees because they define what we want to be as an insurance company

... by innovating products and services ...

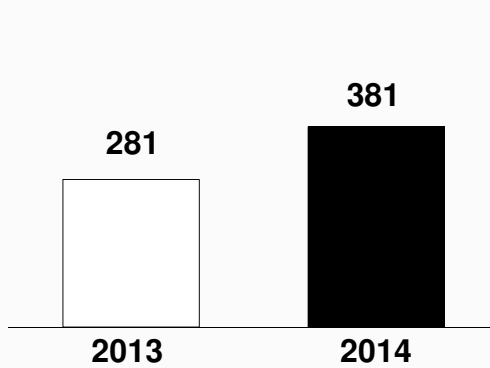
- The new occupational disability insurance policy offered by De Amersfoortse, which is specifically designed for self-employed persons, gives this group access to affordable occupational disability insurance and meets a need in society
- The *Werknemers Pensioen* (Employee Pension) contract has become an established name in the market. More and more employers opt for this product, which offers simplicity at low cost, can be arranged fully online and gives employees a choice of options
- The *Vernieuwde Voordeelpakket*, a package of non-life policies for private individuals, is acclaimed as unique in the market. Sales of this package saw substantial growth in 2014
- a.s.r.'s liability insurance policy for private individuals was awarded five stars for quality in the Moneyview comparison shopping test
- Similarly, a.s.r. bank's *Lijfrente Spaarrekening* (Annuity Savings Account) and *Extra Pensioen Uitkering* (Extra Pension Benefits) also received five stars in the Moneyview test

... while making a contribution to society

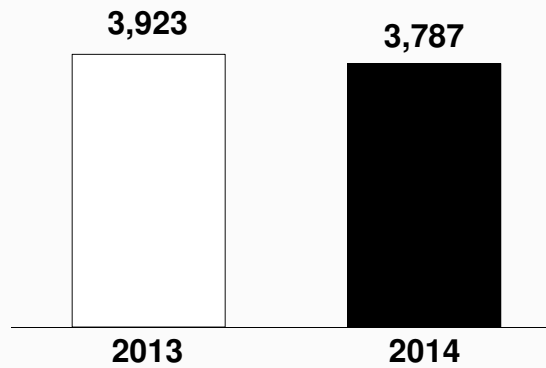
- The Dutch Association of Investors for Sustainable Development (VBDO) and the *Eerlijke Verzekeringswijzer* (Fair Insurance Guide) rate a.s.r. as one of the top three most sustainable insurance companies in the Netherlands
- Doorgaan.nl, De Amersfoortse's crowd funding platform for business owners, is successful
- The renovation of the a.s.r. building will be completed by the end of 2015. By that time, virtually all a.s.r. employees will have a workstation in Utrecht. Employees are excited about the building and find inspiration in their new work environment. During the last stages of the renovation, we will stay open for business as usual. Sustainability was the most important criterion in a.s.r. receiving the award for Best Office Building in the Netherlands in 2014

Key figures

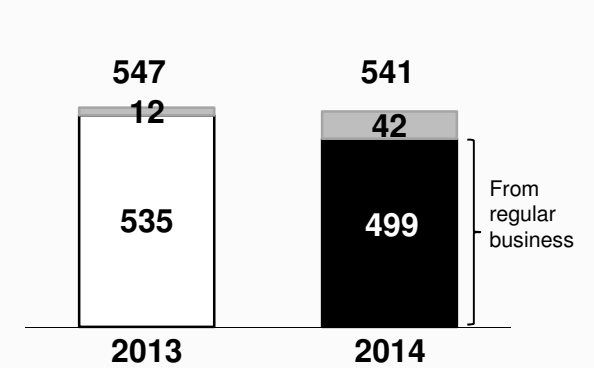
Net result (€m)



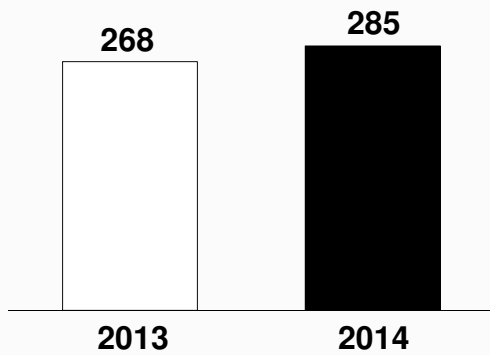
Gross written premiums (€m)



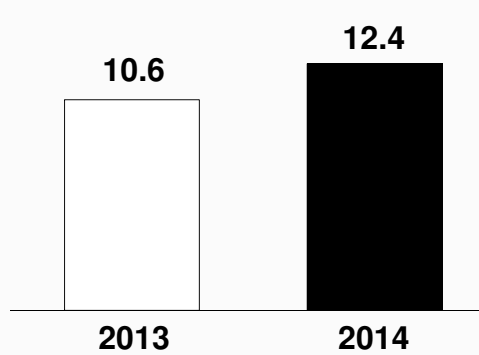
Operating expenses (€m)



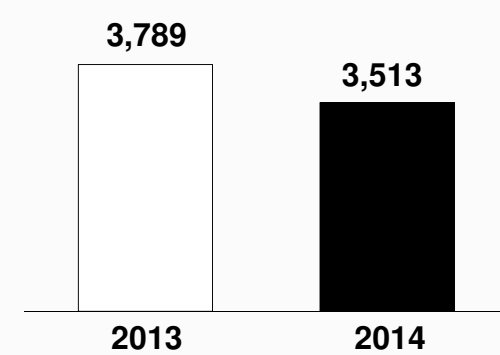
DNB solvency I ratio (%)



RoE (%)



Number of internal employees (fte)



Strong increase in underlying result

Underlying result a.s.r. (€ million)	2013	2014
IFRS result (before tax)	360	473
<i>Normalization of investment results</i>	-134	-187
<i>Other changes</i>	68	29
Underlying result (before tax)	294	315
+		
<i>Normalization of operating items</i>	143	154
<i>Normalization of non-operating items</i>	11	41
<i>Normalization of restructuring expenses</i>	-3	6
Total normalization	151	201
=		
Normalized underlying result (before tax)	445	516
Normalized underlying result (after tax)	345	419

- IFRS-based net result before tax has been adjusted for fluctuations in investment returns and impairment losses compared to long-term expected returns as well as for other changes relating primarily to the costs of the transparency programme and real estate development
- The resulting underlying profit provides an indication of the performance of the underlying business of a.s.r.

More items are normalized to provide an indication of the sustainable underlying profit:

- Normalization of operating items: major incidentals related to the insurance business such as an impairment of VOBA in 2014 and additional provisions for WGA-ER in 2013 are included in the normalization of operating items
- Normalization of non-operating items includes various costs related to the future privatization of a.s.r.
- Normalization of restructuring expenses includes the adjustment of the employee pension scheme, restructuring costs and provisions related to claims

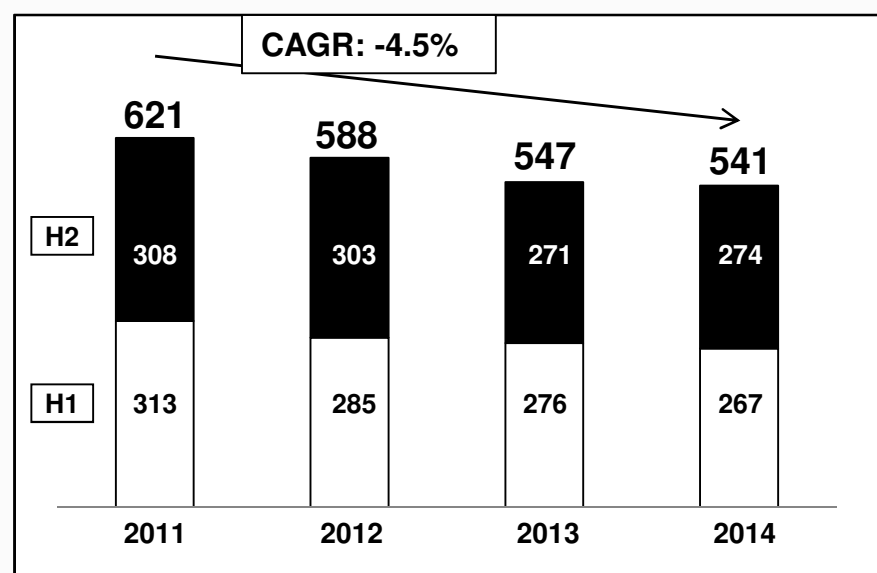
Net normalized underlying result (after tax) increases circa 20%

Year-on-year reduction in operating expenses and FTE continued

Commitment to further lower operating expenses

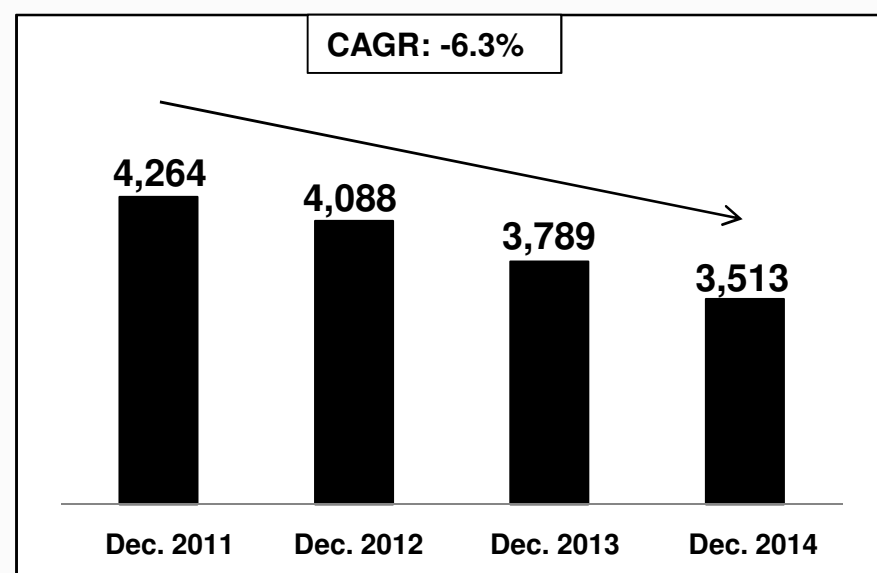
Operating expenses (€m)

(exclusive of provision for restructuring expenses)



- Reduction of 13% in period 2011-2014
- In 2014 1% fall in operating expenses to € 541 million despite extra costs associated with investments in growth and strategic projects and costs incurred for the preparation of the privatization
- Disregarding these extra costs, operating expenses down 7% from € 535 million to € 499 million
- Improvement in cost-premium ratio of insurance business to 9.8% (2013: 10.9%)

Number of internal employees (FTEs)

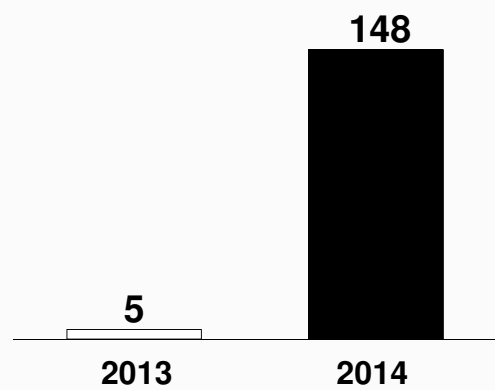


- Reduction in headcount of internal employees by 751 FTEs, i.e. 18%, between 2011 and 2014
- Reduction in FTE of internal employees by 276 FTEs to 3,513 in 2014

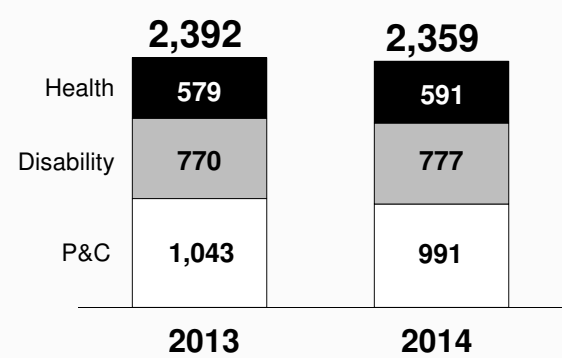
Non-Life segment: increase in net result thanks to better claims handling process and lower operating expenses

Combined ratio below 100% in all non-life product lines

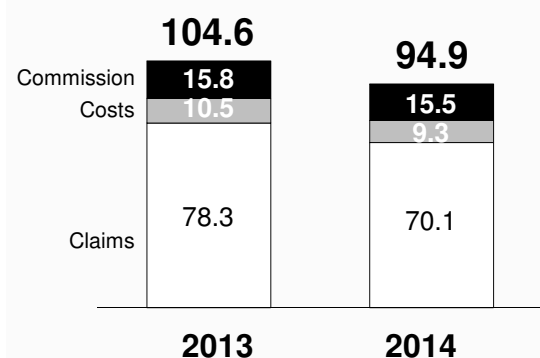
Net result (€m)



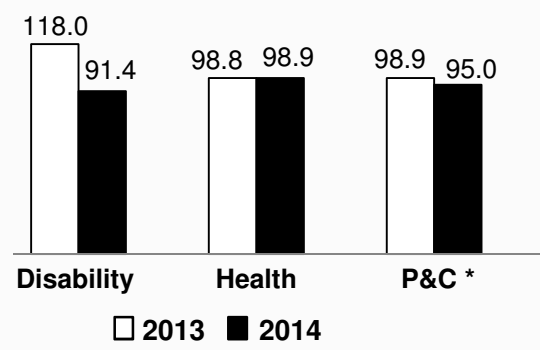
Gross written premiums (€m)



Combined ratio (%)



Combined ratio Disability, Health, P&C (%)

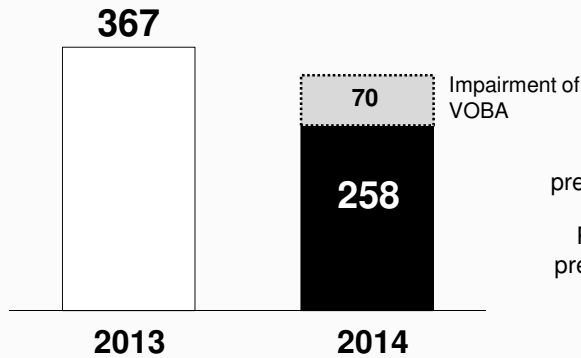


* Including travel and leisure insurance

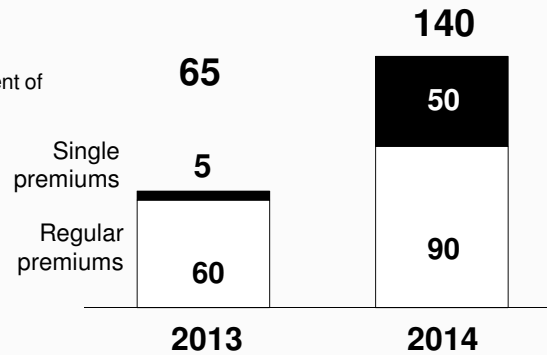
- Increase in net result thanks to better claims prevention and handling policy and lower costs and less impairments; in 2013 additional expense item for partial occupational disability insurance (WGA-ER)
- Gross premiums written more or less stable. Further bolstering of market leadership in occupational disability insurance. Increase in Health thanks to Ditzo distribution channel. Minor contraction in P&C (motor, fire and other insurance) as a result of preference of value over volume
- Improvement in combined ratio from 104.6% to 94.9% (2013, excluding impact WGA-ER: 96.5%)
- Combined ratio below 100% in all product lines

Life segment: fall in net result due to an impairment of Value of Business Acquired

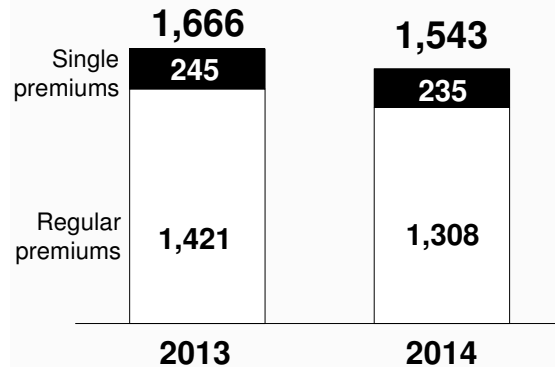
Net result (€m)



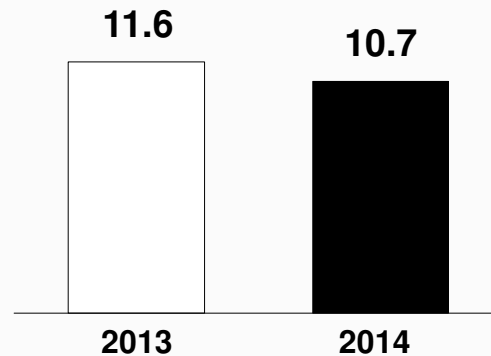
New production (€m APE)



Gross written premiums (€m)



Cost ratio (% APE)

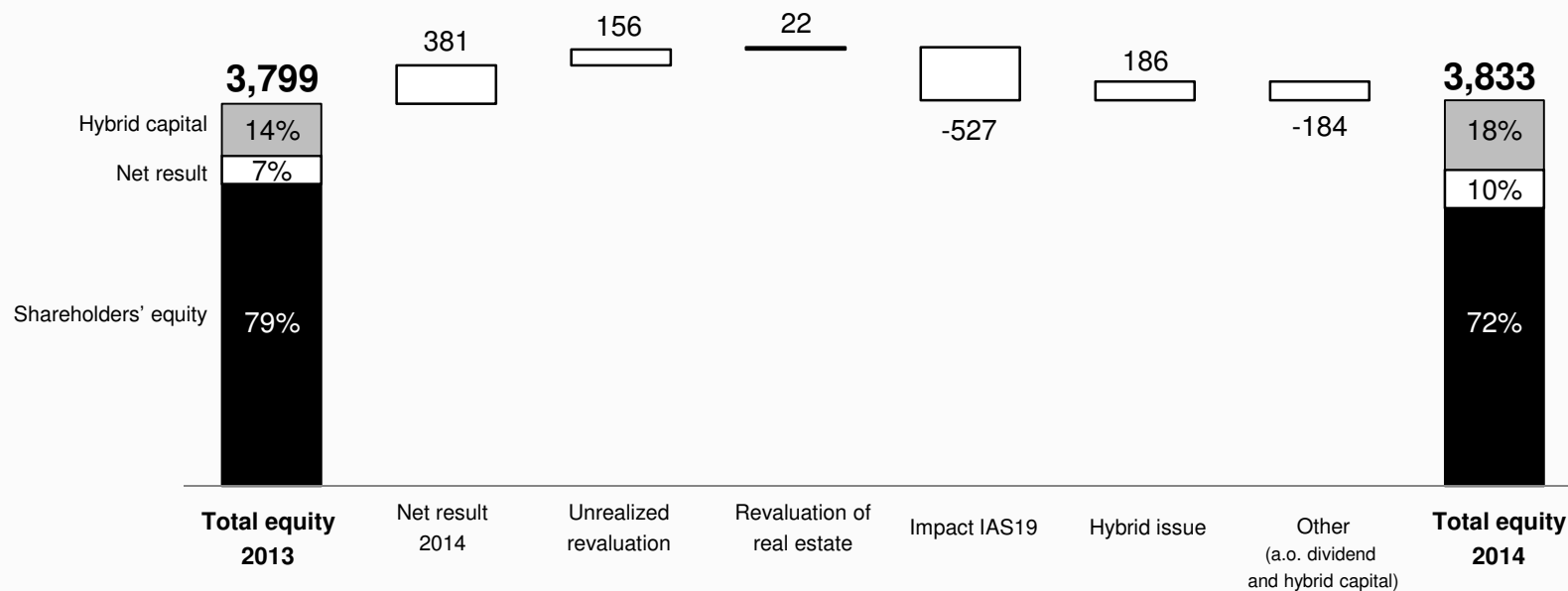


- Net result decreased due to an impairment of VOBA, despite higher return on investments and lower operating expenses
- An impairment on capitalized future profits on previously acquired portfolios of unit-linked policies (VOBA)
- Increase of new production (APE) to € 140 million, thanks to active retention policy, particularly in pension business and buy-out of a pension contract (APE: € 37 million)
- Decrease in GWP in line with market developments and due, in part, to preference for value over volume
- Cost ratio improved to 10.7%, in line with policy to improve cost flexibility and to lower structural cost

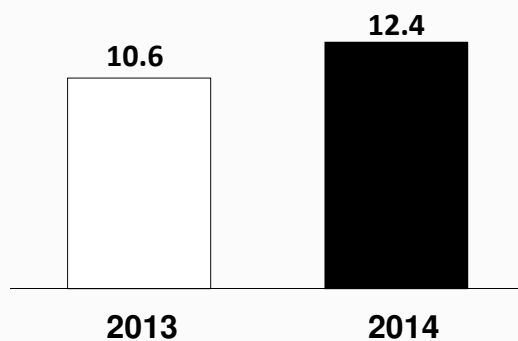
Other segment: net result improved

- Other segment comprises all non-insurance business, i.e. the banking operations (a.s.r. bank and a.s.r. hypotheek (mortgages)), SOS International (emergency desk), Poliservice (intermediary business), a.s.r. vastgoed ontwikkeling (real estate development), a.s.r. vastgoedvermogensbeheer (real estate asset management) and the holding companies
- Net result (including eliminations) improved from € -91 million to € -25 million, in particular due, to improvement in earnings from real estate development and incidental income item as a result of adjustment of own pension scheme
- Increase in operating expenses to € -148 million (2013: € -108 million), mainly due to exceptional expense items associated with the preparations for a.s.r.'s privatization and investments in growth and strategic projects
- Growth in savings deposits at a.s.r. bank, thanks to active steering which led to growth in 'Lijfrente spaarrekening' (annuity savings account)
- a.s.r. sold more than € 1 billion worth of mortgages in 2014; the portfolio has grown with € 748 million
- The de-risking policy in the real estate development business was continued in 2014, leading to various property developments being further scaled down. Total assets fell by 29% to € 143 million in 2014 (31 December 2013: € 201 million)

Development of total equity



RoE (%)

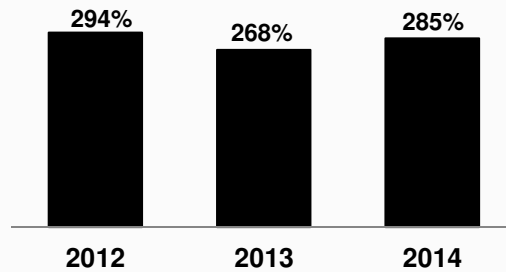


- High-quality capital structure
- Capital position was further optimized in 2014 as a result of the issue of new Tier 2 hybrids of € 500 million and partial repayment and repurchase of existing hybrids; balance of hybrid capital at year-end 2014: € 709 million
- In 2014, total equity fell by € -527 million as a result of a lower discount rate for the measurement of the own pension obligation in accordance with IAS19
- Total equity is inclusive of the unrealized revaluation of investment property of € 806 million
- Return on equity rose by 1.8%-points, thanks to an increase in profitability. Disregarding actuarial gains and losses (impact IAS19) recognized in total equity, RoE at 10.7% in 2014

Solvency continually robust

Solvency

DNB solvency I



Solvency II

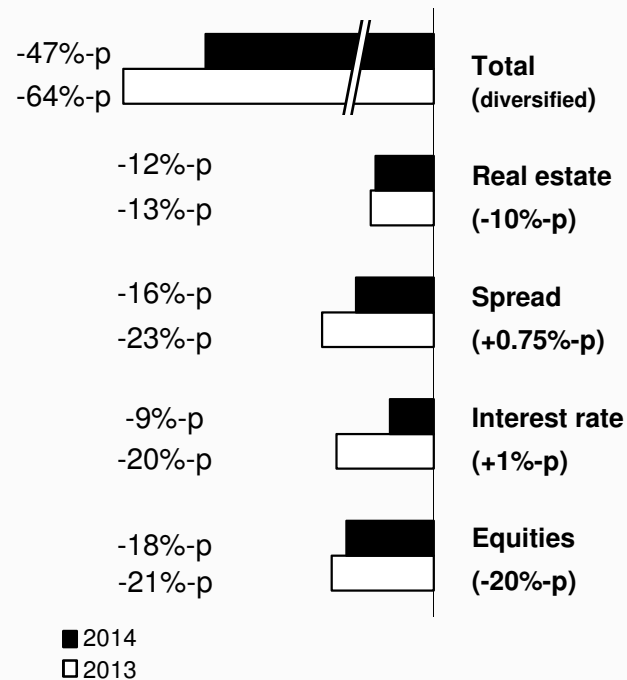
(midpoint estimate)*

Dec. 2014

- **Solvency II ratio (SCR):** c.175%
- **ECAP ratio:** c.190%

* excl. impact dividend

Sensitivity analyses



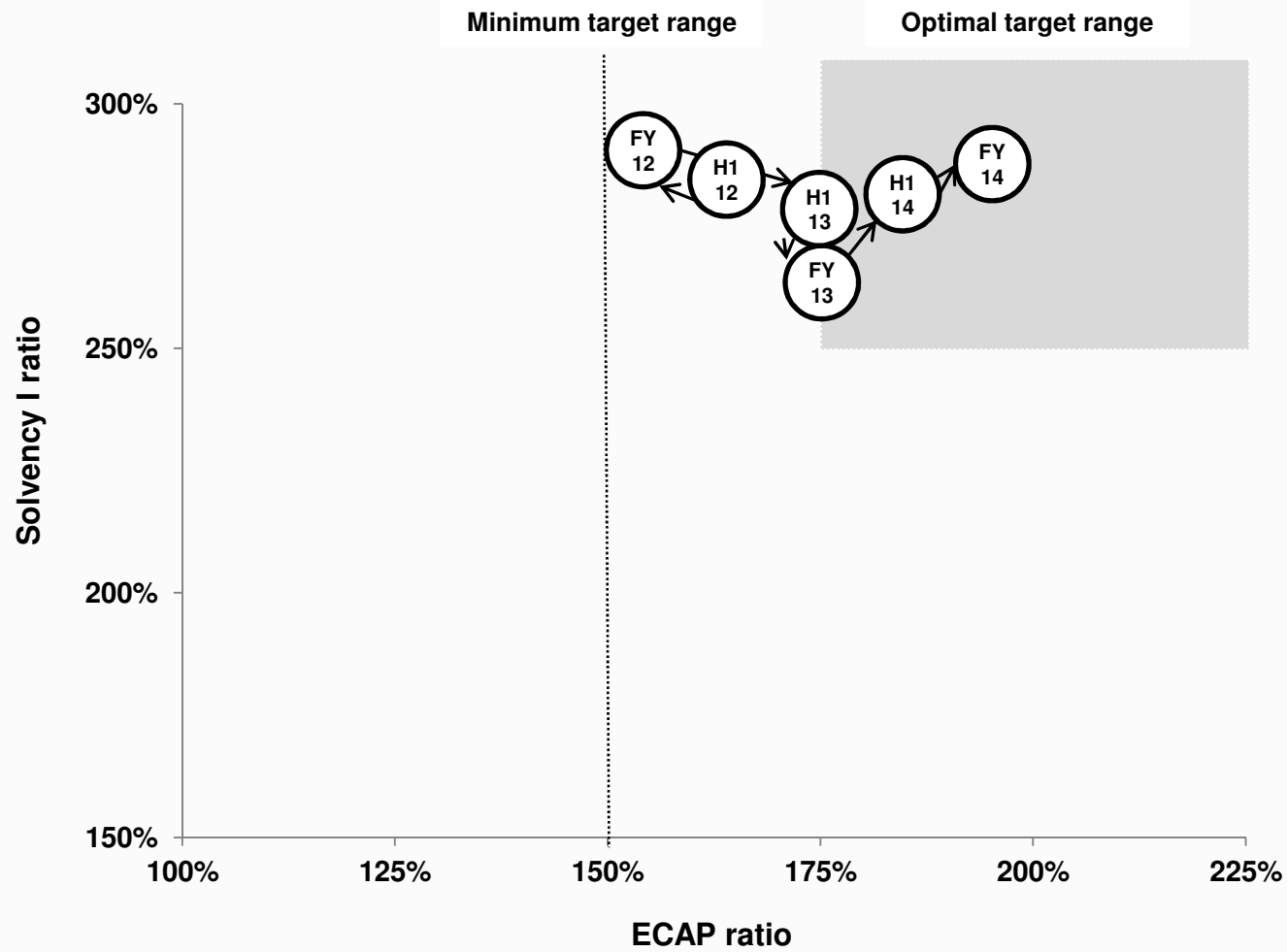
* Impact on DNB solvency I ratio

Key developments

- a.s.r. is well capitalized under several solvency regimes: DNB solvency I, Solvency II and ECAP
- DNB solvency I ratio improved to 285%
- UFR effect (Dec. 2014) is 81%-point
- Disregarding UFR, Solvency I ratio above 200% at year-end 2014, despite historically low interest rates
- DNB solvency I is influenced by:
 - Issue of Tier 2 capital of € 500 million and repurchase of Tier 1 capital; hybrid capital increased to € 709 million on balance
 - Impact of pension scheme on indexation account: € -285 million
 - Organic capital generation
- In 2014, the SCR ratio improved versus 2013, due to an increase in available capital thanks to interest rate developments, lower credit spreads and improved net result

Development of solvency

DNB solvency I ratio versus economic capital ratio



Robust and well-diversified investment portfolio

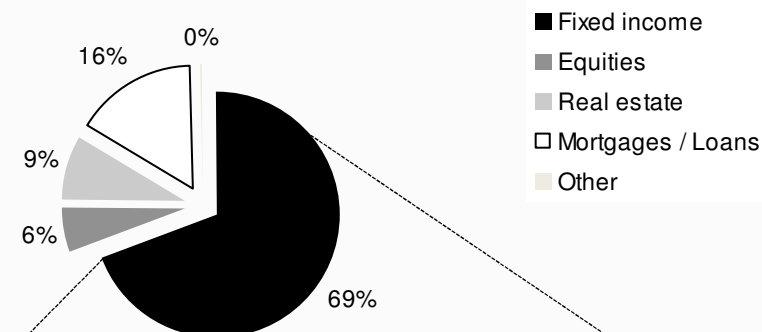
Assets (€ billion, fair value) *	Dec. 2014	Dec. 2013
Fixed income	24.1	18.8
Equities **	2.0	2.0
Real estate **	3.0	2.8
Mortgages / other loans	5.6	4.9
Other ***	0.1	0.2
Total investments	34.8	28.7
Investments on behalf of policyholders	8.3	8.0
Other assets	9.0	6.7
Total assets a.s.r.	52.1	43.4
Adjustment fair value versus book value (real estate & loans)	-1.1	-1.0
Total balance sheet a.s.r.	51.0	42.4

* Rounding differences appear

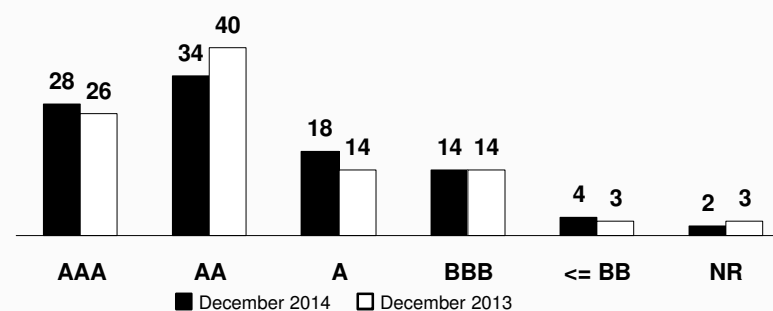
** Reclassification of equities to real estate as a result of changes in IFRS 10. This is reflected in the comparative figures for 2013

*** 'Other' mainly represents equity associates

Composition investment portfolio Dec. 2014



Rating diversification fixed income portfolio (excl. derivatives)



Continuous high-quality of fixed-income portfolio at current low interest rates

Key highlights

- Value of fixed-income securities and interest rate derivatives has risen as a result of a further decline in interest rates and tightening spreads
- A switch was made in 2014 from Dutch to German government bonds and bonds issued by non-AAA countries (i.e. France, Italy, Ireland, Spain)
- Dutch and German government bonds remain at the core of the fixed-income securities portfolio
- The interest rate sensitivity of the balance sheet has decreased further as a result of purchases of long-term government bonds and further optimization of the interest rate derivatives portfolio
- Investments in high-risk Tier 1 and senior bonds were scaled back in the financials portfolio, making selective reinvestments in lower Tier 2 and covered bonds using a barbell strategy
- Increase in the mortgage portfolio was virtually entirely attributable to state-guaranteed mortgages (NHG)

Fixed income (€m)	Dec. 2014	Dec. 2013	Delta
Government	11,681	9,638	21%
Financials	4,944	4,607	7%
Structured	556	600	-7%
Corporate	3,844	3,435	12%
Derivatives	3,035	511	n/a
Total	24,060	18,791	28%

Mortgages (€m, book value) *	Dec. 2014	Dec. 2013	Delta
LtFV < 75%	965	862	12%
LtFV < 100%	565	601	-6%
LtFV < 125%	514	463	11%
LtFV > 125%	60	52	15%
NHG	3.421	2.798	22%
Total	5.525	4.776	16%

* Loan to Foreclosure Value at originated value, no index applied

Governments (€m)	Dec. 2014	Dec. 2013	Delta
Netherlands	3,452	4,154	-17%
Germany	4,158	2,955	41%
Austria	652	554	18%
Belgium	756	657	15%
Supranationals	467	367	27%
France	799	224	257%
Periphery	716	36	n/a
Other	682	691	-1%
Total	11,682	9,638	21%

Further diversification of equities portfolio and good performance of real estate portfolio

Key highlights

Equities

- The composition of the equities portfolio was relatively stable in 2014; the portfolio was diversified further by making investments in the UK and Switzerland
- The risk of falling stock markets has been mitigated through put options

Property

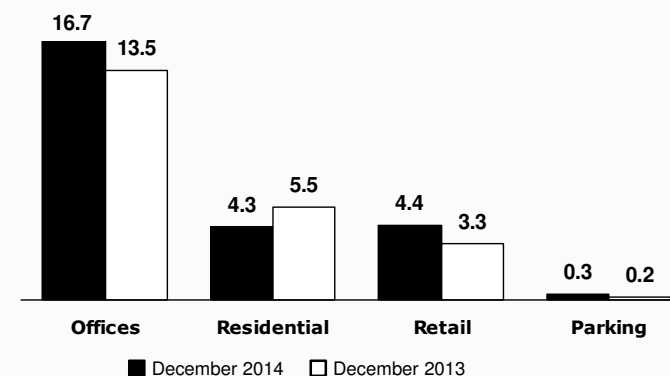
- The housing market showed signs of recovery in 2014
- The real estate portfolio saw limited growth as a result of investments in the segments residential and rural, and because of the renovation of the head office (Archimedeslaan)
- The fifth placement of the Dutch Prime Retail Fund (€ 250 million) was completed in January 2015, which caused a.s.r.'s property exposure to drop by about € 125 million

Real estate (€m)	Dec. 2014	Dec. 2013	Delta
Offices	169	178	-5%
Residential	781	721	8%
Retail *	759	725	5%
Parking	54	57	-5%
Projects	40	104	-62%
Total real estate (excl. rural & own use)	1,803	1,783	1%
Rural	1,029	970	6%
Total real estate (excl. own use)	2,832	2,755	3%
Offices own use	133	94	41%
Total real estate	2,965	2,849	4%

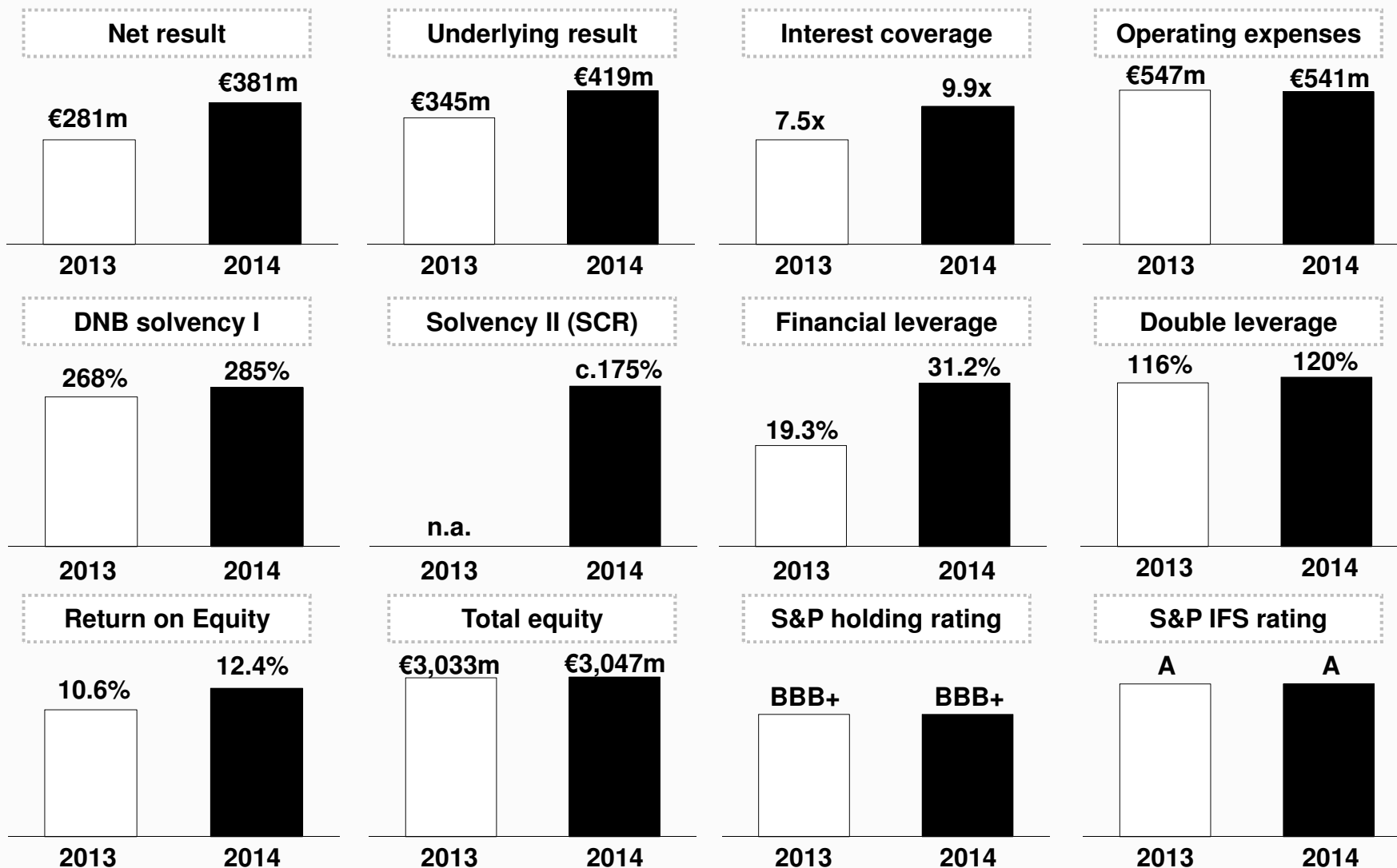
Equities (€m) *	Dec. 2014	Dec. 2013	Delta
Equities	1,745	1,700	3%
Private equities	87	103	-16%
Hedge funds	1	2	-50%
Other funds	75	143	-48%
Derivatives	17	9	n/a
Total	1,925	1,957	-2%

* Reclassification of equities to property as a result of changes in IFRS 10. This is reflected in the comparative figures for 2013

Real estate vacancy rates



a.s.r. financial ratio's



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Appendix 1: underlying results

<i>Underlying Result a.s.r. (€ million)</i>	2013	2014
IFRS result (before tax)	360	473
<i>Normalization investment result</i>	<i>-134</i>	<i>-187</i>
<i>Other adjustments</i>	<i>68</i>	<i>29</i>
Underlying Result (before tax)	294	315
+		
Normalization regular activities	143	154
Including:		
• Impairment VOBA	-	93
• WGA-ER	183	-
• Regulatory changes Pension portfolio	-	27
• Release of provision mortgages	-15	-
• Other changes in provisions	-25	34
Normalization non-regular activities	11	41
Including:		
• Costs related to exit, strategic projects and one-off pension charges	10	34
• Start-ups and new initiatives	1	7
Normalization restructuring	-3	6
Including:		
• Changes in a.s.r. pension scheme	-27	-78
• Reorganization expenses	24	29
• Various provisions not related to regular activities	-	55
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Normalized Underlying Result (before tax)	445	516
Normalized Underlying Result (after tax)	345	419

Appendix 2: incidental items

Impairment of VOBA

- An impairment of € 70 million after tax was recognized on Value of Business Acquired (VOBA) in 2014. The impairment relates to life portfolios with investment contracts. The impairment was needed to recognize the structural developments in this market

Adjustment of own pension scheme (IAS 19)

- Various aspects of a.s.r.'s own pension scheme were adjusted in 2014; in addition, a number of legal amendments were made to the scheme. The most important changes, which had a total impact of € 59 million after tax, were:
 1. Conversion of unconditional indexation for active members into conditional indexation. Deferred members will continue to qualify for unconditional indexation as long as there is funding in the indexation account, which was created in 2014
 2. Increase in statutory retirement age
 3. Cap on statutory pensionable earnings of € 100,000
 4. Change in statutory accrual rate to 1.875%
 5. Change in minimum franchise
- In 2013, a part of the IAS 19 provision was released (circa € 20 million after tax) due to adjustment of pension legislation

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