a.s.r.
de nederlandse verzekerings maatschappij voor alle verzekeringen

PRESS RELEASE, 24 February 2015

a.s.r. improves results again

a.s.r.'s sustainability-oriented policy is translating into an excellent performance. Net result rose to € 381 million, a € 100 million increase thanks, in particular, to a strong improvement in underwriting result. Operating expenses from ordinary activities were down € 36 million. The combined ratio in the Non-life segment improved to 94.9%. With total equity seeing a limited increase, the DNB solvency I ratio continued to rise in 2014, reaching 285%. This allows a.s.r. to provide sustainable support to its customers.

Major focus on customer requirements

- Customers are increasingly happy with how a.s.r. does business, which is reflected in the highest Net Promoter Score since this benchmark was introduced in 2009.
- a.s.r. is there for its customers when they need us. In the Non-life segment, a.s.r. paid more than € 1.6 billion in insurance benefits in 2014 to customers who filed a claim.
- 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.
- The new occupational disability insurance policy offered by De Amersfoortse, which is specifically designed for self-employed persons, gives this group access to affordable 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.
- Doorgaan.nl, De Amersfoortse's crowd funding platform for business owners, is successful.

Increase in net result to € 381 million (2013: € 281 million); drop in operating expenses

- Net result rose to € 381 million, a € 100 million or 36% increase, in 2014. As a result, the return on equity was 12.4%.
- The increase in net result was attributable to an improvement in underwriting result in the Non-life segment, a continuous focus on cost control and sound investment returns.
- In 2014, an impairment on capitalized future profits, value of business acquired (VOBA), was recognized of previously acquired portfolios of unit-linked policies.
- Total operating expenses continued to fall to € 541 million. Operating expenses from ordinary activities were lower on a structural basis. They stood at € 499 million, a € 36 million fall from 2013 thanks, in part, to further productivity improvements. The number of internal staff dropped by 7% to reach 3,513 FTEs on 31 December 2014 (31 December 2013: 3,789 FTEs).

Stable premium income from Non-life segment; premium income from Life segment down in line with market

- At € 2,359 million, premium income from the Non-life segment was more or less stable (2013: € 2,392 million), which was partially attributable to growth in the occupational disability and health insurance portfolios.
- In the Life segment, premium income fell in line with the market; it saw a 7% drop to € 1,543 million (2013: € 1,666 million). New life insurance contracts sold (APE) rose to € 140 million (up 115%) thanks, in part, to the buy-out of the Chevron pension funds (APE: € 37 million).

DNB solvency I ratio at 285% (31 December 2013: 268%); solvency II (SCR) ratio circa 175%

- The DNB solvency I ratio continued to increase to 285% in 2014, which was due to such factors as the successful placement of a hybrid loan and the addition of net result. The effect of the Ultimate Forward Rate (UFR) was 81%-points.
- Solvency II ratio (SCR), calculated using the parameters known to date, was circa 175%, based on the standard model.

Jos Baeten, CEO of a.s.r.: ‘2014 has been good to us in every respect. a.s.r. posted a net result of € 381 million for 2014, which represents a 36% increase from 2013. It turns out that we are successful in our efforts to continuously adapt to our ever-changing environment. Importantly, our policy to bring about structural new cost cuts while making our costs more flexible at the same time has proved effective. Our guiding principle is that we choose value over volume, which has resulted in a sound margin on premium income and a robust solvency ratio. a.s.r.’s DNB solvency I ratio continues to be strong, rising to 285% at year-end 2014. Our strategy is aimed at sustainable business practices, which we put into practice by being there for our customers when they need us, operating cost-efficiently, maintaining a continuous focus on improvements and being prudent in our insurance and investment strategies. The fact that this is bearing fruit is reflected in a return on equity of 12.4% and a 40% increase in dividends to € 138.9 million.

In 2014, we focused even more on embedding the principle of treating customers fairly in our business practices. Our products are not only increasingly easy-to-understand and are better tailored to customer requirements, but our solid financial position also contributes to the trust that our customers have in us. In addition, we continue to invest in excellent customer service and the expertise of our employees, because they define what we want to be as an insurance company.

The capital markets are characterized by continually low interest rates. The ECB’s decision to embark on quantitative easing increases the adverse effect for consumers who plan to hold on to their savings and, by extension, for insurance companies offering long-term savings products.

All segments are developing well. Premium income from Non-life was virtually stable; this segment’s combined ratio is structurally below 100% for all product lines. We are pleased that the ‘Vernieuwde Voordeelpakket’, a package of non-life policies for private individuals, is a favourite among consumers. Sales of this package have increased by over 80% over the past year. In the commercial P&C market, the number of large claims has dropped as a result of the policy we have pursued over recent years.

The occupational disability insurance business managed to shore up its position as market leader despite difficult conditions. The introduction of a new occupational disability insurance policy for self-employed persons clearly meets a need for the target group: adequate cover for the risk of occupational disability at a fair price.

We managed to improve our position in the pension market. The new ‘Werknemers Pensioen’ (Employee Pension) meets a need in this market. 700 employers opted for this employee pension contract in 2014. We are also doing well at retaining existing customers. The buy-out of Stichting Chevron Pensioenfonds (the Chevron pension fund), which involved € 370 million in plan assets, put a perfect close to the year and represented a success for our pension business.

The life insurance market, which is contracting, continues to demand our attention. We are adapting the organizational structure of our life business to developments in this market. As a result, we eventually plan to let go of half our people in this business. This has been a difficult decision, but it needed to be taken to have our costs keep pace with the rate of contraction in this portfolio.

Unit-linked policies continued to be a priority in the life business in 2014. We have now reached nearly 90% of unit-linked policyholders. In the last quarter of 2014, we managed to make contact with the specific group of 35,000 customers who hold non-accruing of low-accruing unit-linked policies. At year-end 2014, we had reached more than 80% of these customers.

With a view to strengthening our balance sheet and capital position even more, we issued a hybrid bond loan of € 500 million in 2014. a.s.r. now not only amply meets the solvency II requirements, but this loan has also helped to optimize our capital structure and created the conditions for reducing our interest expense. The interest that investors showed in subscribing for the loan, confirms to us that market has faith in a.s.r.

Another financial milestone was the success of the Dutch Prime Retail Fund. After a fourth placement in 2014, the Fund's total externally placed assets rose to over € 530 million. A fifth placement was undertaken early in 2015.

The renovation of the a.s.r. building is in full swing. The entire building will have been renovated by the end of 2015. By that time, virtually all a.s.r. employees will have a workstation in the offices at Archimedeslaan in Utrecht. The people who already work in the renovated part of the building very much enjoy their new environment. The inspiring workplace will undoubtedly contribute to the provision of even better customer services. We are now entering the last phase of the renovation. As we did before, we will stay open for business during the renovation. Sustainability was the most important criterion in a.s.r. receiving the award for Best Office Building in the Netherlands in 2014.

Our sustainable investment policy earned us the highest rating awarded by the Fair Insurance Guide twice in 2014. In the VBDO survey, a.s.r. achieved a top three position for the fourth year in a row.
Development and sustainable employability also form the pillars of our HR policy. We have scaled down our pay-and-benefits package, while stepping up our investments in employee training and development.

We can look back at two successful 'support campaigns'. The online platform doorgaan.nl welcomed dozens of business owners with great business ideas, which we not only facilitated with crowd funding, but also provided financial support to some of these business ideas. Over 2,000 investors raised more than € 500,000 in project finance. This helped various businesses to get their venture off to a successful start. 'Andere Spelen' (Alternative Games) is an a.s.r. initiative that was launched in 2014. Its aim is to encourage more children to participate in physical exercise by introducing them to lesser known sports. In this context, a large event was organized in Utrecht in November.

a.s.r. is on its way towards an autonomous and healthy future. We made great strides in that respect in 2014 too. With this in mind, I look back on the past year with a sense of contentment. In 2014, the Minister of Finance decided to postpone the dual-track approach to a.s.r.'s privatization to allow us to explore whether or not we wanted to submit a bid for VIVAT/REAAL. Together with a consortium of investors, which had been formed for the purpose of funding a potential acquisition, we thoroughly analyzed every aspect of such a bid. Based on our findings, we ultimately decided not to submit a final bid. In dialogue with NLFI, our shareholder, we will now continue to prepare for our privatization. The privatization process will start as soon as the Minister of Finance has taken a decision and informed the Dutch Parliament of the time schedule and procedure leading up to a.s.r.'s return to private hands. We are confident about this process, also given the great interest that many investors have already shown in a.s.r. Meanwhile, all our efforts will continue to be focused on our customers. After all, clients define our purpose of existence.'

a.s.r. key figures (€ million)	2014	2013
Net result [1]	381	281
Return on total equity	12.4%	10.6%
Gross written premiums	3,787	3,923
Operating expenses	-541	-547
- Of which from ordinary activities [2]	*-499*	*-535*
Provision for restructuring expenses	-29	-24
Combined ratio, Non-life	94.9%	104.6% [3]
New insurance contracts sold, Life (APE)	140	65
	31 December 2014	**31 December 2013**
Total equity (including revaluation of real estate) [4]	3,833	3,799
DNB solvency I ratio	285%	268%
Solvency II ratio (SCR) [5]	ca. 175%	N/A
Total number of internal FTEs	3,513	3,789

1 Net result for 2013 and 2014 is affected by a number of incidental items that have hardly had any effect overall on developments in net result from 2013 to 2014.

2 Operating expenses from ordinary activities comprise total operating expenses exclusive of incidental items such as costs associated with preparing for the privatization of a.s.r. and investments in growth and strategic projects.

3 Adjusted for the additional WGA-ER expense item (return to work by partially disabled persons – own risk), the combined ratio for 2013 was 96.5%.

4 The unrealized revaluation of real estate included in total equity amounted to € 806 million at year-end 2014 and to € 784 million at year-end 2013.

5 The solvency II ratio (SCR) was calculated based on the standard model, which is usually more stringent than an internal model. The final required parameters will be adopted at European level in 2015 and 2016, which is why the solvency II ratio at year-end 2014 is somewhat uncertain.

Notes to a.s.r. key figures

- Net result represents the net result attributable to holders of equity instruments.
- Return on equity is calculated as net result attributable to shareholders divided by average total IFRS-based equity attributable to shareholders.

Dividend proposal

The Executive Board intends to distribute € 138.9 million in dividend on ordinary shares. As in previous years, this represents 40% of the net result after regular dividend distributions on preference shares and hybrid instruments.

Publication of the financial results on 24 February 2015 at 7 a.m. CET. Conference call for financial market participants (English) on 24 February at 2 p.m. CET. To find out more, please visit: www.asr.nl/aboutasr.

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About a.s.r.

a.s.r. is the Dutch insurance company for all types of insurance. Via the a.s.r., De Amersfoortse, Ditzo, Ardanta and Europeesche Verzekeringen brands, a.s.r. offers a wide range of financial products covering non-life, life and income protection insurance, group and individual pensions, health insurance, and travel and leisure, and funeral expenses insurance. Besides insurance products, the a.s.r. product range includes savings and investment products and bank savings products. a.s.r. also invests actively in real estate development and operations.

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Financial performance in 2014

- **Increase in net result to € 381 million (2013: € 281 million).**
  - Non-life segment: improvement in combined ratio to 94.9% thanks to policy aimed at claims prevention and control.
  - Life segment: lower net result due to incidental expense items despite stable performance.
  - Other segment: improvement in earnings because of de-risking in real estate development business.
- **Operating expenses from ordinary activities down 7%, dropping from € 535 million to € 499 million. Operating expenses (including additional non-recurring expense items) down to € 541 million (2013: € 547 million).**
- **Gross written premiums down 3% to € 3,787 million (2013: € 3,923 million) due, in particular, to contraction of life portfolio.**
- **DNB solvency I ratio continually robust at 285% (2013: 268%).**

a.s.r. key figures (€ million)	**2014**	**2013**
Gross written premiums, Non-life segment	2,359	2,392
Gross written premiums, Life segment	1,543	1,666
Elimination of own pension contract	-115	-135
Total gross written premiums	**3,787**	**3,923**
Operating expenses, Non-life and Life segment	-393	-439
Operating expenses, Other segment (including eliminations)	-148	-108
Total operating expenses	**-541**	**-547**
- *Of which from ordinary activities* [1]	*-499*	*-535*
Provision for restructuring expenses	-29	-24
Net result, Non-life segment	148	5 [2]
Net result, Life segment	258	367
Net result, Other segment (including eliminations)	-25	-91
Net result	**381**	**281** [2]
Cost-premium ratio, insurance business	9.8%	10.9%
Return on equity (IFRS)	12.4%	10.6%
	31 December 2014	**31 December 2013**
Total equity (including revaluation of real estate)	3,833	3,799
Total equity (IFRS)	3,027	3,015
DNB solvency I ratio	285%	268%
Total number of internal FTEs	3,513	3,789

1 Operating expenses from ordinary activities comprise total operating expenses exclusive of incidental items such as costs associated with preparing for the privatization of a.s.r. and investments in growth and strategic projects.

2 In 2013, this included the additional WGA-ER expense item of € 137 million.

Net result
Net result for 2014 stood at € 381 million (2013: € 281 million), which reflects the fact that a.s.r. had a good year in 2014. This increase was mostly attributable to a drop in operating expenses from ordinary activities and an improvement in underwriting result achieved in the Non-life segment.
Net result was affected in both 2014 and 2013 by a number of incidental items that resulted in a net € 6 million increase in net result for 2014.

In the Non-life segment, net result soared from € 5 million in 2013 to € 148 million, thanks to better claims prevention and claims handling procedures, lower operating expenses and the incidental WGA-ER expense item in 2013. The combined ratio improved from 104.6% in 2013 to 94.9% in 2014. The skills and expertise of our people and our employee leaning and development programme are clearly bearing fruit.

In the Life segment, net result fell by € 109 million, dropping from € 367 million to € 258 million. Disregarding incidental expense items, including an impairment of VOBA, earnings were up to a limited extent in 2014 thanks to higher investment returns and lower operating expenses. The impairment needed to be recognized on VOBA given the structural market developments in the life portfolios containing unit-linked policies.

In the Other segment, the loss for 2013 of € 91 million was reduced to a loss for 2014 (including eliminations) of € 25 million, an improvement by € 66 million. The improved performance was attributable, in particular, to an improvement in earnings from the real estate development business, other incidental income items and higher investment income. The increase was partially cancelled out by higher operating expenses.

Operating expenses
Total operating expenses continued to fall in 2014, landing at € 541 million. The drop was brought about despite various investments in growth and strategic projects as well as higher costs associated with preparing for a.s.r.'s privatization. Operating expenses from ordinary activities fell by 7%, dropping from € 535 million to € 499 million. This cost reduction was achieved thanks to continuous focus on efficiency, causing the FTEs to drop. The base of internal staff declined from 3,789 FTEs in 2013 to 3,513 FTEs, a 7% fall.

Employees
The pay-and-benefits package was scaled back in 2014. The guiding principle in this process was to create a sustainable package that meets our objectives to offer generally competitive employment conditions and make costs more flexible. In this context, variable pay was abolished and the pension scheme was amended. In addition, we are increasing our investments in employee training and development.

Gross written premiums
Premium income was down 3% from 2013, falling to € 3,787 million (2013: € 3,923 million). This fall was mainly observed in the Life segment, which dropped by 7%. Besides being attributable to market developments, the fall was also caused by the impact of previously introduced measures in the motor, fire and other portfolio in order to improve returns. The occupational disability and health insurance portfolios showed limited growth.

Solvency and total equity
The DNB solvency I ratio continued to be robust, rising from 268% at year-end 2013 to 285% at 31 December 2014. Based on the standard model, the solvency II ratio (SCR), which was calculated using the parameters known to date, was circa 175%. The final required parameters will be adopted at European level in 2015 and 2016, which is why the solvency II ratio at year-end 2014 is somewhat uncertain.

At 0.4%, the rate of growth in IFRS-based equity was limited, rising from € 3,015 million at 31 December 2013 to € 3,027 million at year-end 2014. Making allowance for the unrealized revaluation of investment property of € 806 million (2013: € 784 million), total equity stood at € 3,833 million (2013: € 3,799 million).

The € 34 million rise in total equity was due to various items. Routine movements include the addition of net result of € 381 million and movements in unrealized revaluations. These positive effects were largely cancelled out by unrealized actuarial gains and losses. The lower discount rate for the a.s.r. pension contract (IAS19) reduced total equity by € 527 million in 2014. In addition, the dividend of € 99 million that was promised for 2013 was distributed in 2014.

Finally, a.s.r. issued a new Tier 2 hybrid loan of € 500 million in the second half of the year in the context of the capital optimization drive. Of the original hybrid Tier 1 capital of € 515 million, € 209 million remained at year-end 2014.

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Non-life segment

- **Increase in net result to € 148 million (2013: € 5 million).**
- **Combined ratio at 94.9% (2013: 104.6%).**
- **Gross written premiums virtually stable at € 2,359 million (2013: € 2,392 million).**
- **Operating expenses down 10% to € 215 million (2013: € 240 million).**

Key figures, Non-life segment (€ million)	**2014**	**2013**
Gross written premiums	2,359	2,392
Operating expenses	-215	-240
Provision for restructuring expenses	-14	-11
Net result before tax	193	2
Income tax expense	-45	3
Net result	148	5 [1]
Claims ratio	70.0%	78.3%
Commission ratio	15.5%	15.8%
Expense ratio	9.4%	10.5%
Combined ratio, Non-life	**94.9%**	**104.6%**

[1] Including the additional WGA-ER expense item of € 137 million.

Net result
Net result for 2014 stood at € 148 million (2013: € 5 million). Net result improved for all product lines, thanks to a proactive claims prevention policy. Operating expenses were down.

Combined ratio
The combined ratio improved to 94.9% (2013: 104.6%). The combined ratio is below 100% in all product lines. The active claims prevention policy, including measures aimed at controlling claims and proactive portfolio management, brought about further increases in the underwriting result in 2014, particularly in the occupational disability, motor, fire and other P&C insurance portfolio.

The combined ratio in the occupational disability insurance business improved to 91.4% (2013: 118.0%), which was attributable mainly to the great expertise of our people in pricing risks, as well as in acceptance, prevention and reintegration, and claims handling.

The combined ratio in the health insurance business was stable at 98.9% (2013: 98.8%). Similar to previous years, the health insurance business did not distribute any dividend to ASR Nederland N.V. in 2014. Instead, earnings were used to limit premium increases for customers in 2015.

The combined ratio in the motor, fire and other P&C insurance portfolio dropped to 95.0% (2013: 98.9%). Thanks, in part, to the prevention policy and risk reassessments, the average amount of large – or top – claims was down on last year. The number of top claims was the same as the relatively low number filed in 2013. The mild weather in the first few months of 2014 contributed to the reduction in claims compared with last year.

Operating expenses
Operating expenses fell to € 215 million (2013: € 240 million). This decrease was the result of our continuous focus on costs. The expense ratio improved to 9.4% (2014: 10.5%) as a result.

Gross written premiums
Gross written premiums stood at € 2,359 million (2013: € 2,392 million). This slight drop mainly stems from active portfolio management and tighter acceptance procedures. Overall, the number of new policies was up in all non-life portfolios, particularly because of a lower rate of policy cancellations. The motor, fire and other P&C insurance portfolio saw the largest rise in premium income thanks to better pricing and the introduction of revamped products.

Gross written premiums rose in the occupational disability insurance market, in which a.s.r.'s De Amersfoortse label has led the market for years. The increase was mostly the result of single premium and regular premium hikes. Despite the fact that we took measures to improve returns earlier, customers also recognize and appreciate our clear focus on treating them fairly.

Gross written premiums also increased in the health insurance business thanks to the Ditzo online sales channel. Developments in sales of top-up health insurance policies reflect that customers are increasingly opting for policies with lower coverage at lower prices.

In the motor, fire and other P&C insurance portfolio, gross written premiums were down from last year as a result of measures designed to improve returns. The decision to focus on value creation has led to a higher underwriting result and a better combined ratio. Thanks, in part, to improved pricing and revamped products, more new policies were sold in the motor, fire and other P&C insurance portfolio.
After the introduction of a new pricing strategy for car insurance in mid-June, the number of applications for car insurance increased by nearly 50% in the second half of 2014, compared with the first six months of the year. In a contracting recreation insurance market, Europeesche Verzekeringen, a.s.r.'s travel and leisure insurance business, was named Best Travel Insurance Company in 2014.

Life segment

- **Net result lower at € 258 million (2013: € 367 million).**
- **Operating expenses down 11% to € 178 million (2013: € 199 million).**
- **Gross written premiums down 7% to € 1,543 million in line with market developments (2013: € 1,666 million).**
- **New production (APE) up to € 140 million (2013: € 65 million).**

Key figures, Life segment (€ million)	**2014**	**2013**
Regular written premiums	1,308	1,421
Single premiums	235	245
Gross insurance premiums	**1,543**	**1,666**
Operating expenses	-178	-199
Provision for restructuring expenses	-12	-10
Net result before tax	318	471
Income tax expense	-59	-104
Net result	259	367
Net result attributable to non-controlling interests	-1	-
Net result	258	367
Cost-premium ratio	10.7%	11.6%
New production (APE)	140	65

Net result

In the Life segment, net result fell from € 367 million to € 258 million due, in particular, to incidental expense items, including an impairment of € 70 million after tax on the VOBA of previously acquired unit-linked insurance portfolios. Disregarding incidental expense items, earnings showed a limited increase thanks to higher investment income. Furthermore, cost reductions helped to cancel out the lower contribution to net result as a result of portfolio contraction. The underwriting result was stable.

Operating expenses

Operating expenses were down 11%, falling by € 21 million to € 178 million. This caused the cost-premium ratio to improve. This is in line with the policy of bringing about structural cost reductions and increasing cost flexibility, which is designed to have costs fluctuate with developments in premium income. In addition, steps have been taken to further reduce the variety of procedures that are being used for keeping policy records and running processes. Despite the contraction in the portfolio, the administrative expenses per policy were down. While premium income fell, the cost-premium ratio improved by 0.9%-points to 10.7% (2013: 11.6%).

Gross written premiums
In the Life segment, premium income fell from € 1,666 million to € 1,543 million (down 7%). Premium income from single premiums (€ 235 million) dropped by 4% and that from regular written premiums by 8% (€ 1,308 million). The drop occurred in the pension, life and funeral portfolios. The increase in new production to € 140 million (2013: € 65 million) was fully attributable to the bolstered position of the pension business. In addition to new policies stemming from renewals of existing pension contracts, 2014 also saw a few pension fund buy-outs.

In the pension business, premium income showed an 8% fall to € 626 million as a result of a lower indexation rate for existing pension contracts, a reduction in the cap on tax-facilitated pension accrual (from 2.25% to 2.15%) and the raising of the statutory retirement age to 67.

There was a sharp rise in the number of new production in 2014. The increase was attributable to the renewal of existing contracts as well as to newly signed pension contracts taken out by customers opting for the ‘Werknemers Pensioen’ pension proposition that was introduced at the end of 2013. More than 700 employers, mostly SMEs, have now taken out this contract. In addition, a.s.r. assumed the pension obligations of a few pension funds through buy-outs in 2014; the premium income from the pension contract with Chevron will be reflected in premium income for 2015. These buy-outs tie in with a.s.r.’s strategy to raise its profile in the pension market.

Brand New Day Premiepensioeninstelling N.V., an IORP that is a 50% subsidiary of a.s.r., doubled in size in 2014 now that it counts nearly 1,000 employers among its customers (year-end 2013: just over 500).

The contraction in the Dutch individual life insurance market, which has dragged on for some years now, continued on into 2014. In a report about the viability of Dutch life insurers that was published in November 2014, the Dutch Central Bank, i.e. the regulator, expressed the expectation that this trend will continue and that the market will undergo major changes over the next decade. Regular written premiums fell in this market. Premium income from single premiums increased for immediate individual annuities thanks to a successful pilot for online sales. In addition, we offer savings or bank savings products to customers whose policies are about to expire. More and more customers are deciding to stay with a.s.r.

At € 109 million, a 2% drop from 2013, gross written premiums from the funeral insurance business were more or less stable, despite attrition in the portfolio. The share of online distribution in the funeral insurance business is on the increase. Nearly four in ten policies are now taken out online (2013: two in ten). The increase was due, in part, to online media initiatives by a.s.r., including the ‘doodgaanendoorgaan.nl’ website, which offers practical information on funeral arrangements. This website has welcomed over 250,000 visitors since it was launched late last year.

Other segment

- **Net result reduced to € -25 million (2013: € -91 million), thanks mainly to a better performance of property development business and incidental income item as a result of amendments to own pension scheme.**
- **Increase in operating expenses to € 148 million (2013: € 108 million) due, among other factors, to costs associated with preparing for privatization, costs of own pension scheme and new strategic initiatives.**

The Other segment comprises all non-insurance business lines, including the banking and mortgage businesses (a.s.r. bank and a.s.r. hypotheken), the emergency assistance desk (SOS International), the financial intermediary business (Poliservice), the real estate development and asset management businesses and holding companies.

Key figures, Other segment (including eliminations) (€ million)	**2014**	**2013**
Operating expenses	-148	-108
Provision for restructuring expenses	-3	-3
Net result before tax	-38	-113
Income tax expense	10	17
Net result	-28	-96
Net result attributable to non-controlling interests	3	5
Net result	-25	-91

Net result
In the Other segment, net result improved from € -91 million to € -25 million. The loss reduction was mainly attributable to the real estate development business, where further de-risking resulted in fewer allocations to loss provisions. An incidental income item of € 59 million, as a result of the amendment of the own pension scheme in accordance with IAS19, also boosted earnings. These positive developments were partially cancelled out by an increase in operating expenses, which were up in 2014 due, for instance, to preparations for a.s.r.'s privatization and investments in growth and strategic projects.

Developments in 2014
a.s.r. bank again saw its savings deposits rise in 2014 despite low interest rates. The 16% increase in the portfolio to € 1,032 million (2013: € 889 million) was chiefly attributable to deposits in annuity savings accounts. Customers appreciate the fact that a.s.r. bank offers a full online platform for them to take out and manage their annuity savings account, which is accessible around the clock.

Margins at a.s.r. bank were virtually stable thanks, in part, to an increase in volumes and active focus on the interest rate policy. Sales of new 'WelThuis Hypotheek' mortgages amounted to € 1,033 million in 2014 (2013: € 1,411 million). The average market share of new mortgage products sold declined to 2.2% (2013: 4.3%). In the Dutch mortgage market, the benchmark for mortgages in arrears for more than 90 days is 1.0%. At a rate of arrears of just 0.43%, the quality of a.s.r. bank's 'WelThuis Hypotheek' mortgage portfolio definitely qualifies as good. In line with the current trend, customers also made extra repayments on their 'WelThuis Hypotheek' mortgages.

Earning from the real estate development business improved in 2014. The growth of the Dutch economy in 2014 and increased consumer confidence had a positive effect on the housing market, which the real estate development business saw reflected in the sale of new residential units. By contrast, the retail market contracted, which resulted in a drop in shop rents and hence lower sales proceeds from shopping malls under development.
The real estate development business continued its de-risking policy in 2014 too, for instance by scaling back, postponing and terminating various developments Total assets dropped from € 201 million to € 143 million in 2014, a 29% fall. Over the past two years, total assets have been reduced by 50%.

Appendices

1	Financial Statements
1.1	Consolidated Balance Sheet
1.2	Consolidated Income Statement
1.3	Consolidated Statement of Movements in Equity
1.4	Segmented Balance Sheet
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1 Financial Statements

1.1 Consolidated Balance Sheet (before profit appropriation)

Consolidated Balance Sheet (€ million)	31 December 2014	31 December 2013 restated
Intangible assets	139	253
Deferred acquisition costs	213	241
Property, plant and equipment	140	97
Investment property	1,764	1,717
Associates and joint ventures	42	42
Investments	22,963	19,688
Investments on behalf of policyholders	8,333	8,049
Loans and receivables	9,231	8,489
Derivatives	3,435	1,054
Deferred tax assets	478	228
Reinsurance contracts	419	407
Other assets	677	659
Cash and cash equivalents	3,135	1,521
Total assets	**50,969**	**42,445**
Share capital	100	100
Share premium reserve	962	962
Unrealized gains and losses	737	581
Actuarial gains and losses	-634	-107
Other reserves	800	701
Profit for the year	381	281
Total equity attributable to shareholders	**2,346**	**2,518**
Other equity instruments	701	515
Equity attributable to holders of equity instruments	**3,047**	**3,033**
Non-controlling interests	-20	-18
Total equity	**3,027**	**3,015**
Liabilities arising from insurance contracts	28,223	23,928
Liabilities arising from insurance contracts on behalf of policyholders	9,779	8,992
Employee benefits	3,123	2,426
Provisions	38	36
Borrowings	117	98
Derivatives	387	535
Deferred tax liabilities	-	-
Due to customers	1,949	1,366
Due to banks	3,277	677
Other liabilities	1,049	1,372
Total liabilities	**47,942**	**39,430**
Total liabilities and equity	**50,969**	**42,445**

1.2 Consolidated Income Statement

Consolidated Income Statement (€ million)	**2014**	**2013**
Gross written premiums	3,787	3,923
Change in provision for unearned premiums	-4	1
Gross insurance premiums	**3,783**	**3,924**
Reinsurance premiums	-140	-164
Net insurance premiums	**3,643**	**3,760**
Investment income	1,417	1,484
Realized gains and losses	497	486
Fair value gains and losses	533	348
Result on investments on behalf of policyholders	858	783
Fee and commission income	35	45
Other income	238	205
Share of profit/(loss) of associates and joint ventures	-4	14
Total income	**3,574**	**3,365**
Insurance claims and benefits	-5,214	-5,122
Insurance claims and benefits recovered from reinsurers	100	110
Net insurance claims and benefits	**-5,114**	**-5,012**
Operating expenses	-541	-547
Provision restructuring expenses	-29	-24
Acquisition costs	-413	-455
Impairments	-118	-91
Interest expense	-315	-357
Other expenses	-214	-279
Total expenses	**-1,630**	**-1,753**
Profit before tax	**473**	**360**
Income tax (expense) / gain	-94	-84
Profit for the year	**379**	**276**
Attributable to:		
- Shareholders	300	248
- Holders of other equity instruments	108	44
- Tax on interest of other equity instruments	-27	-11
Profit attributable to holders of equity instruments	**381**	**281**
Attributable to non-controlling interests	-2	-5
Profit for the year	**379**	**276**

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1.3 Consolidated Statement of Movements in Equity

(€ million)	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses pension obligation	Other reserves	Profit for the year	Equity attributable to shareholders	Other equity instruments	Non-controlling interests	Total Equity
At 1 January 2013	100	962	503	-224	504	316	**2,161**	515	-13	**2,663**
Change in accounting policies	-	-	-2	-	2	-	**-**	-	-	**-**
Restated opening balance 2013	100	962	501	-224	506	316	**2,161**	515	-13	**2,663**
Profit for the year	-	-	-	-	-	281	**281**	-	-5	**276**
Total other comprehensive income	-	-	80	117	-	-	**197**	-	-	**197**
Total comprehensive income	**-**	**-**	**80**	**117**	**-**	**281**	**478**	**-**	**-5**	**473**
Dividend paid	-	-	-	-	-	-88	**-88**	-	-	**-88**
Profit carried over from previous financial year	-	-	-	-	228	-228	**-**	-	-	**-**
Discretionary interest on other equity instruments	-	-	-	-	-44	-	**-44**	-	-	**-44**
Tax related to interest on other equity instruments	-	-	-	-	11	-	**11**	-	-	**11**
At 31 December 2013	**100**	**962**	**581**	**-107**	**701**	**281**	**2,518**	**515**	**-18**	**3,015**
At 1 January 2014	100	962	581	-107	701	281	**2,518**	515	-18	**3,015**
Profit for the year	-	-	-	-	-	381	**381**	-	-2	**379**
Total other comprehensive income	-	-	156	-527	-	-	**-371**	-	-	**-371**
Total comprehensive income	**-**	**-**	**156**	**-527**	**-**	**381**	**10**	**-**	**-2**	**8**
Dividend paid	-	-	-	-	-	-99	**-99**	-	-	**-99**
Profit carried over from previous financial year	-	-	-	-	182	-182	**-**	-	-	**-**
Discretionary interest on other equity instruments	-	-	-	-	-108	-	**-108**	-	-	**-108**
Tax related to interest on other equity instruments	-	-	-	-	27	-	**27**	-	-	**27**
Issue of other equity instruments								186		**186**
Cost of issue of other equity instruments					-2		**-2**			**-2**
At 31 December 2014	**100**	**962**	**737**	**-634**	**800**	**381**	**2,346**	**701**	**-20**	**3,027**

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1.4 Segmented Balance Sheet

As at December 2014 (€ million)	Non-Life	Life	Other	Eliminations	Total
Intangible assets	1	134	4	-	139
Deferred acquisition costs	63	150	-	-	213
Property, plant and equipment	1	130	9	-	140
Investment property	249	1,488	27	-	1,764
Associates and joint ventures	-	3	39	-	42
Investments	4,765	17,823	2,894	-2,519	22,963
Investments on behalf of policyholders	-	8,333	-	-	8,333
Loans and receivables	428	7,922	941	-60	9,231
Derivatives	3	3,432	-	-	3,435
Deferred tax assets	-	-	478	-	478
Reinsurance contracts	419	-	-	-	419
Other assets	-16	571	120	2	677
Cash and cash equivalents	183	2,827	125	-	3,135
Total assets	**6,096**	**42,813**	**4,637**	**-2,577**	**50,969**
Equity attributable to holders of equity instruments	1,136	2,561	-649	-1	3,047
Non-controlling interests	-	9	-20	-9	-20
Total equity	**1,136**	**2,570**	**-669**	**-10**	**3,027**
Subordinated debt	15	30	-	-45	-
Liabilities arising from insurance contracts	4,571	25,803	-	-2,151	28,223
Liabilities arising from insurance contracts on behalf of policyholders	-	9,779	-	-	9,779
Employee benefits	-	-	3,123	-	3,123
Provisions	-	18	20	-	38
Borrowings	7	92	48	-30	117
Derivatives	-	386	1	-	387
Deferred tax liabilities	66	-417	351	-	-
Due to customers	50	1,202	1,030	-333	1,949
Due to banks	-	3,027	250	-	3,277
Other liabilities	251	323	483	-8	1,049
Total liabilities	**4,960**	**40,243**	**5,306**	**-2,567**	**47,942**
Total liabilities and equity	**6,096**	**42,813**	**4,637**	**-2,577**	**50,969**

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1.4 Segmented Balance Sheet (continued)

As at December 2013 (€ million) (restated)	**Non-Life**	**Life**	**Other**	**Eliminations**	**Total**
Intangible assets	1	246	6	-	253
Deferred acquisition costs	65	176	-	-	241
Property, plant and equipment	1	84	12	-	97
Investment property	235	1,466	16	-	1,717
Associates and joint ventures	-	3	39	-	42
Investments	4,154	15,245	2,320	-2,031	19,688
Investments on behalf of policyholders	-	8,049	-	-	8,049
Loans and receivables	431	7,253	970	-165	8,489
Derivatives	4	1,050	-	-	1,054
Deferred tax assets	-	-	228	-	228
Reinsurance contracts	407	-	-	-	407
Other assets	-5	503	161	-	659
Cash and cash equivalents	289	997	210	-25	1,521
Total assets	**5,582**	**35,072**	**3,962**	**-2,171**	**42,445**
Equity attributable to holders of equity instruments	898	2,632	-497	-	3,033
Non-controlling interests	-	-	-18	-	-18
Total equity	**898**	**2,632**	**-515**	**-**	**3,015**
Subordinated debt	15	30	-	-45	-
Liabilities arising from insurance contracts	4,240	21,677	-	-1,989	23,928
Liabilities arising from insurance contracts on behalf of policyholders	-	8,992	-	-	8,992
Employee benefits	-	-	2,426	-	2,426
Provisions	1	7	28	-	36
Borrowings	5	76	94	-77	98
Derivatives	-	533	2	-	535
Deferred tax liabilities	52	-250	198	-	-
Due to customers	30	319	1,057	-40	1,366
Due to banks	2	675	-	-	677
Other liabilities	339	381	672	-20	1,372
Total liabilities	**4,684**	**32,440**	**4,477**	**-2,171**	**39,430**
Total liabilities and equity	**5,582**	**35,072**	**3,962**	**-2,171**	**42,445**

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1.5 Segmented Income Statement

2014 (€ million)	Non-Life	Life	Other	Eliminations	Total
Gross written premiums	2,359	1,543	-	-115	3,787
Change in provision for unearned premiums	-4	-	-	-	-4
Gross insurance premiums	**2,355**	**1,543**	**-**	**-115**	**3,783**
Reinsurance premiums	-130	-10	-	-	-140
Net insurance premiums	**2,225**	**1,533**	**-**	**-115**	**3,643**
Investment income	135	1,190	119	-27	1,417
Realized gains and losses	94	401	2	-	497
Fair value gains and losses	3	532	-2	-	533
Result on investments on behalf of policyholders	-	858	-	-	858
Fee and commission income	23	-	12	-	35
Other income	6	30	208	-6	238
Share of profit/(loss) of associates and joint ventures	-	5	-9	-	-4
Total income	**261**	**3,016**	**330**	**-33**	**3,574**
Insurance claims and benefits	-1,751	-3,629	-	166	-5,214
Insurance claims and benefits recovered from reinsurers	92	8	-	-	100
Net insurance claims and benefits	**-1,659**	**-3,621**	**-**	**166**	**-5,114**
Operating expenses	-215	-178	-164	16	-541
Provision restructuring expenses	-14	-12	-3	-	-29
Acquisition costs	-368	-48	-	3	-413
Impairments	-16	-102	-	-	-118
Interest expense	-1	-199	-42	-73	-315
Other expenses	-20	-71	-165	42	-214
Total expenses	**-634**	**-610**	**-374**	**-12**	**-1,630**
Profit before tax	**193**	**318**	**-44**	**6**	**473**
Income tax (expense) / gain	-45	-59	12	-2	-94
Profit for the year	**148**	**259**	**-32**	**4**	**379**
Profit attributable to non-controlling interests	-	-1	2	1	2
Profit attributable to holders of equity instruments	**148**	**258**	**-30**	**5**	**381**

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1.5 Segmented Income Statement (continued)

2013 (€ million)	**Non-Life**	**Life**	**Other**	**Eliminations**	**Total**
Gross written premiums	2,392	1,666	-	-135	3,923
Change in provision for unearned premiums	1	-	-	-	1
Gross insurance premiums	**2,393**	**1,666**	**-**	**-135**	**3,924**
Reinsurance premiums	-151	-13	-	-	-164
Net insurance premiums	**2,242**	**1,653**	**-**	**-135**	**3,760**
Investment income	143	1,251	120	-30	1,484
Realized gains and losses	86	395	5	-	486
Fair value gains and losses	-11	357	2	-	348
Result on investments on behalf of policyholders	-	783	-	-	783
Fee and commission income	35	-	10	-	45
Other income	6	9	190	-	205
Share of profit/(loss) of associates and joint ventures	-	14	-	-	14
Total income	**259**	**2,809**	**327**	**-30**	**3,365**
Insurance claims and benefits	-1,923	-3,381	-	182	-5,122
Insurance claims and benefits recovered from reinsurers	96	14	-	-	110
Net insurance claims and benefits	**-1,827**	**-3,367**	**-**	**182**	**-5,012**
Operating expenses	-240	-199	-110	2	-547
Provision restructuring expenses	-11	-10	-3	-	-24
Acquisition costs	-390	-65	-	-	-455
Impairments	-12	-49	-30	-	-91
Interest expense	-3	-240	-41	-73	-357
Other expenses	-16	-61	-256	54	-279
Total expenses	**-672**	**-624**	**-440**	**-17**	**-1,753**
Profit before tax	**2**	**471**	**-113**	**-**	**360**
Income tax (expense) / gain	3	-104	17	-	-84
Profit for the year	**5**	**367**	**-96**	**-**	**276**
Profit attributable to non-controlling interests	-	-	5	-	5
Profit attributable to holders of equity instruments	**5**	**367**	**-91**	**-**	**281**