

a.s.r. interim results 2014

Improved result driven by sustainable strategy

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Key messages

- Net result at € 161 million from € 110 million at 30 June 2013
 - Excluding additional WGA-ER expense of € 39 million in H1 2013, net result was up 8% from € 149 million to € 161 million
- DNB solvency remains robust at 284% (31 December 2013: 268%)
- Gross written premiums Non-life business stable at € 1,415 million (H1 2013: € 1,410 million); down to € 916 million in Life business in line with the market (H1 2013: € 1,013 million)
- Significant improvement in Non-life combined ratio's. Combined ratio's are well below 100% across Non-life businesses
- Decrease in operating expenses for the sixth consecutive year; down 3% to € 267 million, with continuing investments in new initiatives
- a.s.r. is on track for forthcoming privatization

a.s.r.'s sustainable strategy is bearing fruit

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Primary focus on customer needs ...

- In the occupational disability business, a.s.r. focused on prevention and reintegration efforts, which is helpful for both employers and employees. Employees return to work faster and claims are managed better, which ultimately benefits the customer, for instance by offering more attractive premiums
- The Dutch Consumers' Association has named a.s.r. the best complaints-handling organization of all banks and insurance companies
- With non-life insurance policies for businesses, a.s.r. works closely with intermediaries in prevention and managing claims, to be able to offer attractive premiums to customers

... by innovating products and services ...

- The Werknemers Pensioen (Employee Pension) was successfully launched late last year. The main features of this product are simplicity with low costs, fully online and offering employees freedom of choice
- The WelThuis Hypotheek (mortgage) has been modified so that the interest paid by customers decreases as they redeem their mortgage
- One example of a successful product innovation is the updated Voordeelpakket (package of non-life insurance policies). Both intermediaries and customers increasingly benefit from this policy

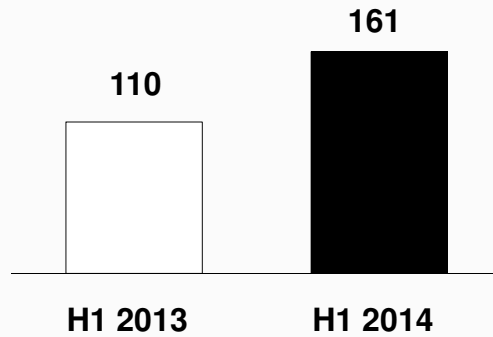
... while making a contribution to society

- The Ditzo 'Kijk kanker de wereld uit' (Fighting Cancer) campaign met broad acclaim and has received various awards (Esprix Awards, Online Video Award 2014 and SAN Accent)
- Doorgaan.nl, De Amersfoortse's crowd funding platform for business owners, was a success from the start. Several young entrepreneurs have received help with funding their business activities
- The Eerlijke Verzekeringswijzer (Fair Insurance Guide) ranks a.s.r. as the most sustainable investor among insurers
- The renovation of the a.s.r.'s head office is in full swing. The first wing has been completed. This is an important step towards a cost-efficient office that meets the strictest sustainability requirements

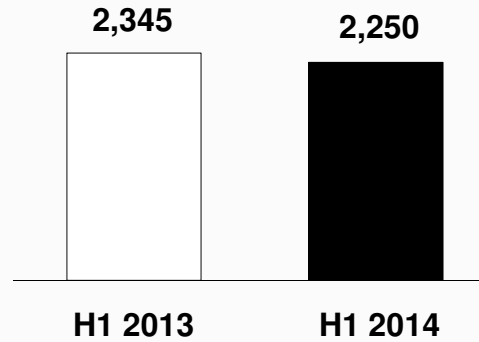
Key financials

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Net result (€m)



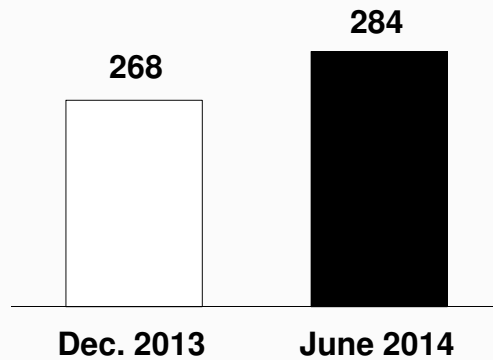
Gross written premiums (€m)



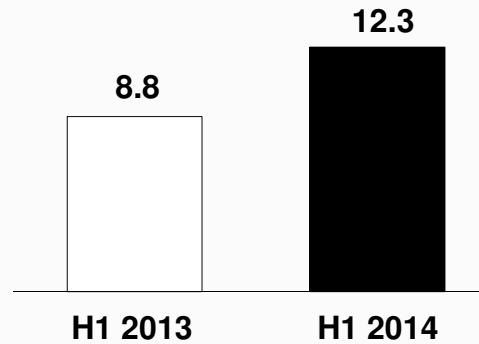
Operating expenses (€m)



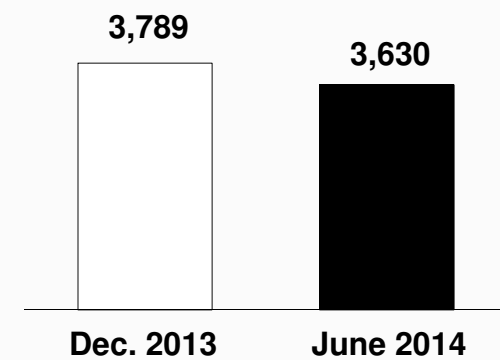
DNB-solvency ratio (%)



RoE (%)

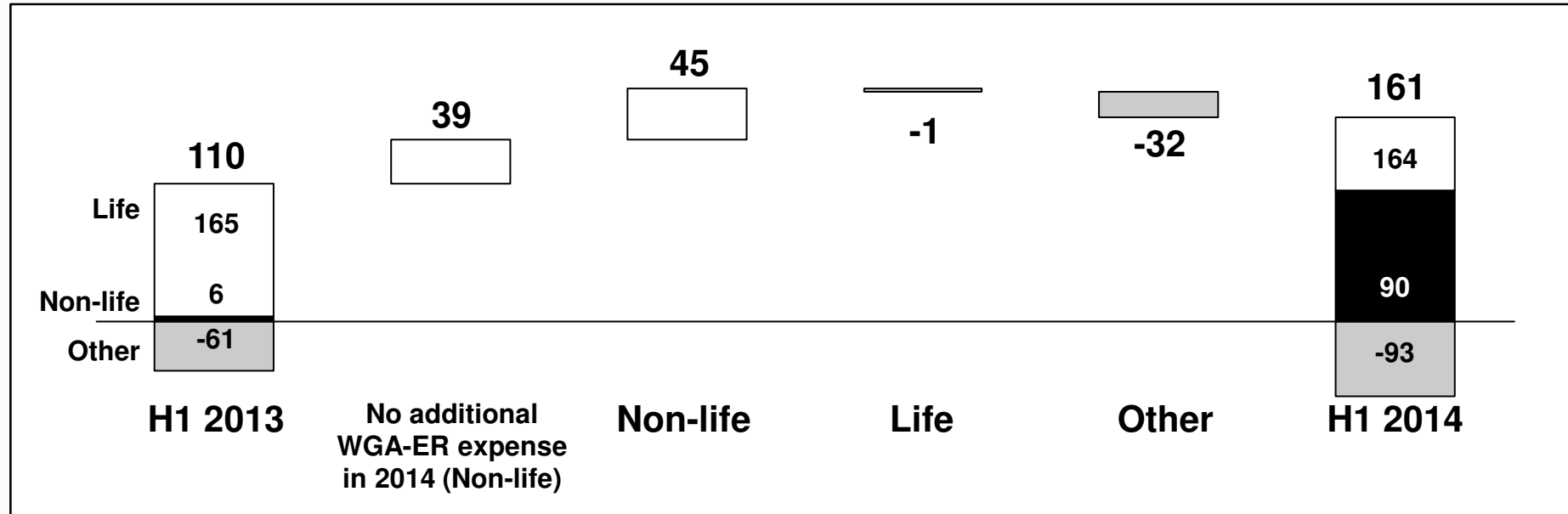


Internal work force (FTE)



Net result improved to € 161 million

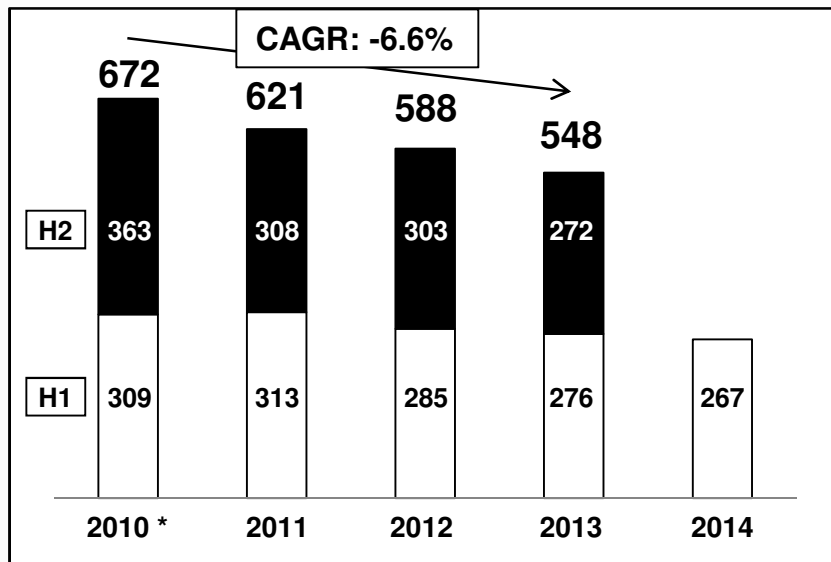
(€ million)



- **Segment Non-life:** net result strongly up thanks to better claims prevention and handling and lower operating costs, besides an additional expense for WGA-ER of € 39 million in 2013. The combined ratio improved from 104.0% (excluding additional expense WGA-ER: 99.3%) to 93.7%. Combined ratio is below 100% across the Non-life businesses
- **Segment Life:** net result stable. Cost savings and higher investment income (e.g. positive impairment reversals) offset incidental insurance expenses
- **Segment Other:** net result affected by costs associated for a.s.r.'s privatisation, higher provisions, investments in new initiatives and further scaling back the risks in the property development portfolio

Cost leadership demonstrated by lower operating expenses year-on-year

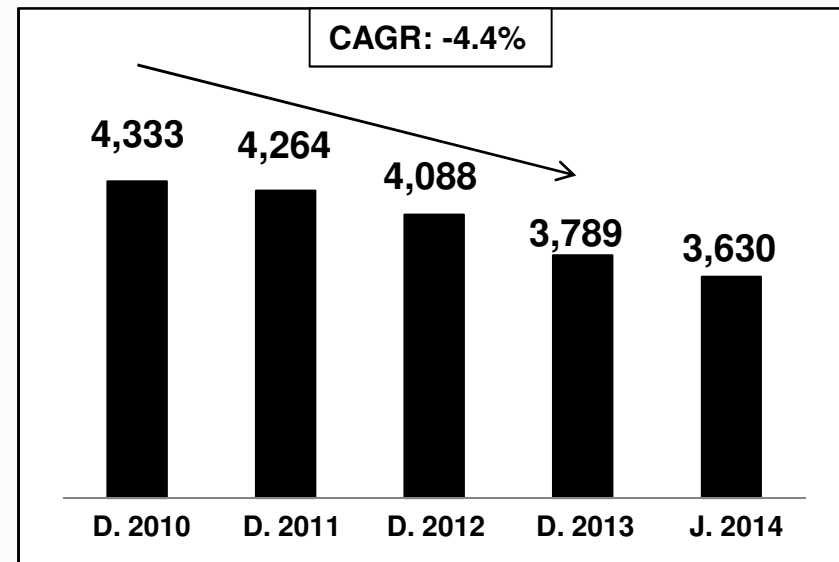
Operating expenses (€m)
(before restructuring costs)



* Restructuring costs not excluded

- Operating expenses down 18% from 2010 to 2013, with continuing investments in new initiatives, IT and distribution
- Further reduction in operating expenses in H1 2014, down 3% to € 267 million (30 June 2013: € 276 million)

Internal work force (FTE)

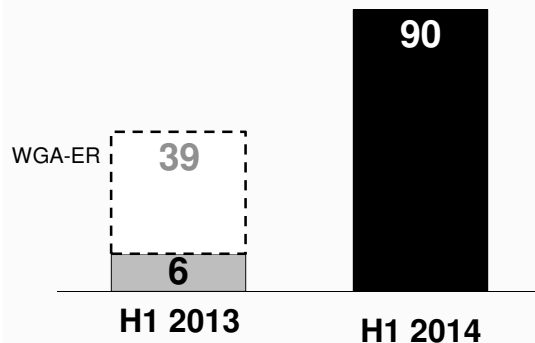


- Decrease in internal workforce by 544 FTE from 2010 to 2013
- Further reduction of internal workforce in H1 of 2014 to 3,630 FTE

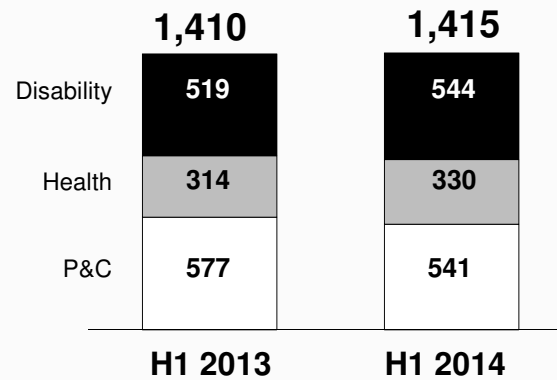
Non-life net result increased due to better claim prevention measures and lower costs

Combined ratio in all Non-life businesses well below 100%

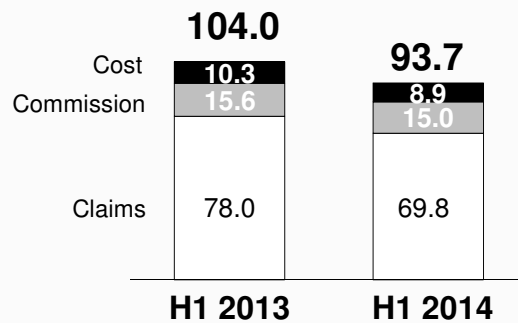
Net result (€m)



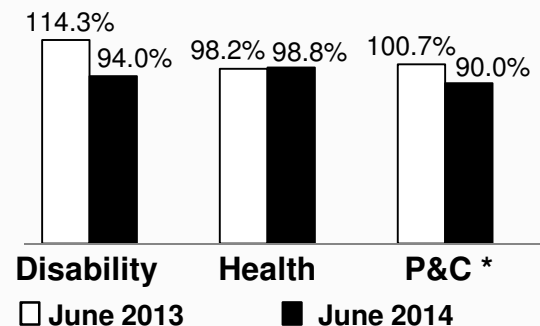
Gross written premiums (€m)



Combined ratio (%)



Combined ratio main businesses (%)

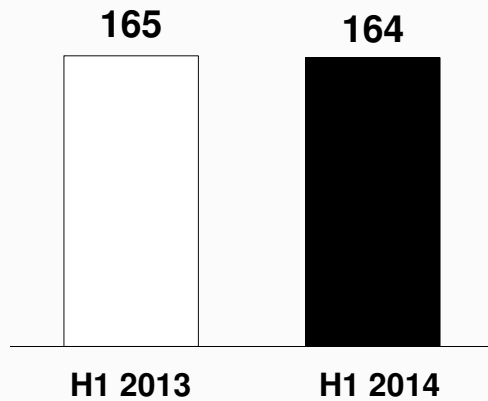


* Including Travel & Leisure insurance

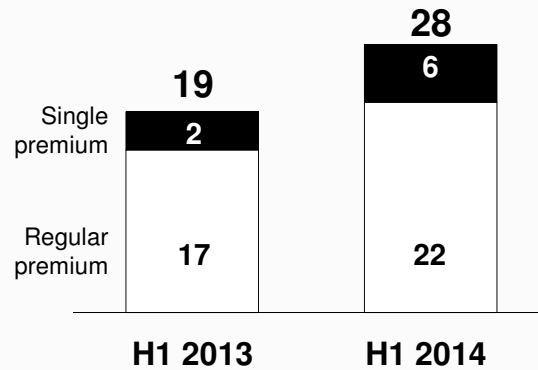
- Increase of net result thanks to claims prevention measures, lower costs and additional WGA-ER expense in 2013
- Increase in GWP in saturated market. Solidifying of market leadership in Disability. GWP Health up for third consecutive year, mainly thanks to Ditzo distribution channel. Lower volume in GWP P&C due to value-over-volume strategy
- Improvement in combined ratio from 104.0% to 93.7% (excluding additional WGA-ER expense: 99.3%)
- Combined ratio well below 100% across Non-life businesses:
 - Disability: improvement thanks to lower costs and no additional WGA-ER expense in 2014
 - Health: improvement thanks to lower costs
 - P&C: improvement thanks to claims prevention, lower costs and benign weather

Life net result stable

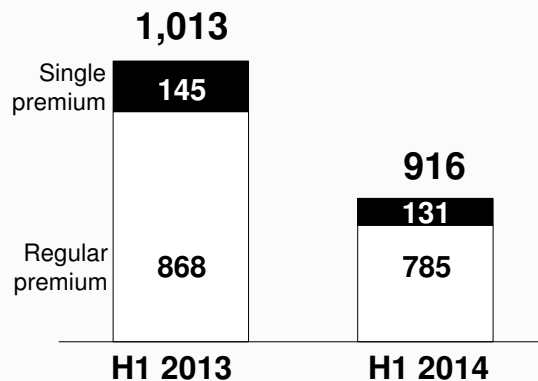
Net result (€m)



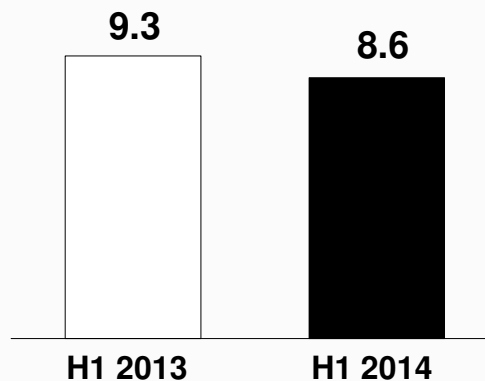
New production (€m APE)



Gross written premiums (€m)



Cost ratio (% APE)



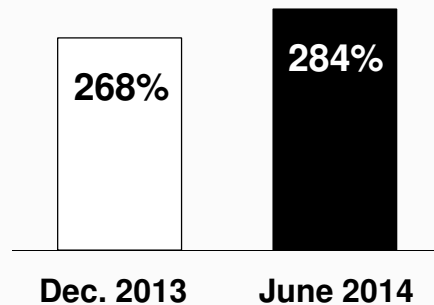
- Net result remained stable. Cost savings and higher investment income (e.g. positive impairment reversals) compensate for incidental insurance expenses
- Increase in new policies thanks to active retention policy
- GWP decreased in line with market developments and choice of value-over-volume. Both GWP single premiums and regular premiums down 10%
- 0.6%-point improvement in cost ratio due to continuing focus on efficiency and IT rationalization in spite of reduction of GWP

Other: a.s.r. Bank successful in retention of Life policies and property development further scaled down

- The Other segment comprised of all non-insurance business: a.s.r. Bank and a.s.r. Hypotheken (mortgages), SOS International (emergency desk), a.s.r. vastgoed ontwikkeling (property development) and holding companies
- Net result of Other at € -93 million (H1 2013: € -61 million)
- Net result affected by costs associated with preparation for a.s.r.'s privatization, higher provisions, investments in new initiatives and further scaling back the risks in the property development portfolio
- Operating expenses at a.s.r. Bank, a.s.r. Hypotheken and a.s.r. vastgoed ontwikkeling in line with the same period last year
- a.s.r. Bank successful at growing of deposits in 'Lijfrenteopbouwrekening', thanks in particular, to retention inflow from individual life policies, and sold new mortgages for € 553 million
- The de-risking policy in the Property Development business continued in 2014, leading to various property developments being further scaled down. Drop in total assets to € 173 million at 30 June 2014 (31 December 2013: € 201 million)

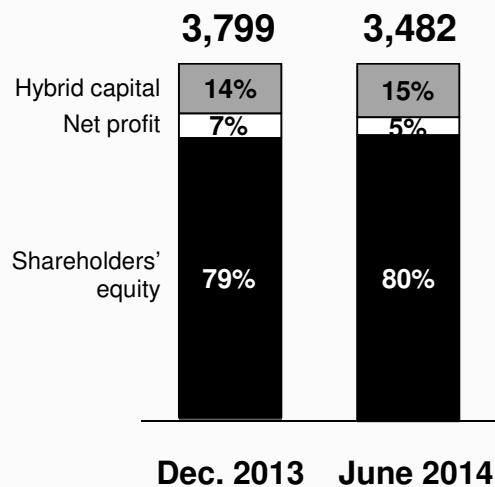
Solvency remains strong

DNB solvency ratio



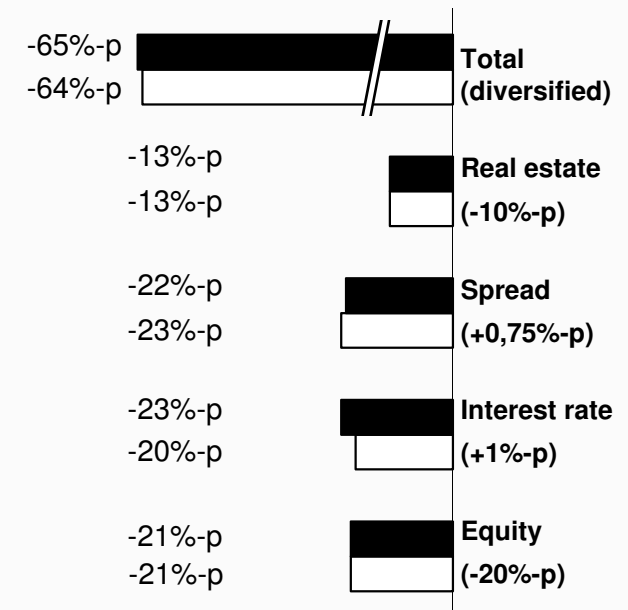
- Improvement in DNB solvency ratio to 284% thanks mainly to a fall in interest rates
- Sensitivities of DNB solvency remained stable
- a.s.r. robustly capitalized based on other solvency requirements (TSC, SII, Ecap)

Total equity



- Capitalization of high quality
- Continued robust total equity
- In 2014, total equity was affected by a lower discount rate for the valuation of the IAS 19 pension liability (€ -462 million)
- Hybrid Tier 1 capital stable at € 515 million
- Total equity includes € 782 million in unrealized gains and losses for real estate (2013: € 784 million)

Sensitivities



■ June 2014
□ Dec. 2013

Solid and robust investment portfolio

Optimizing risk profile within investment framework

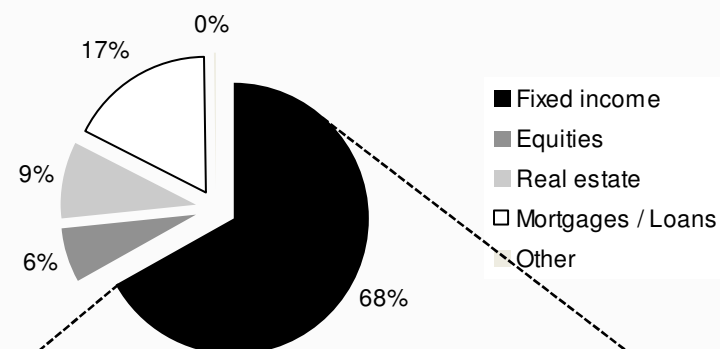
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Assets (€ billion, fair value) *	June 2014	Dec. 2013
Fixed income	20.9	18.8
Equities	2.0	2.1
Real estate	2.8	2.7
Mortgages / other loans	5.4	4.9
Other **	0.1	0.1
Total investments	31.2	28.6
Investments on behalf of policyholders	8.1	8.0
Other assets	7.2	6.8
Total assets a.s.r.	46.5	43.4
Adjustment fair value versus book value (real estate & loans)	-1.0	-1.0
Total balance sheet a.s.r.	45.5	42.4

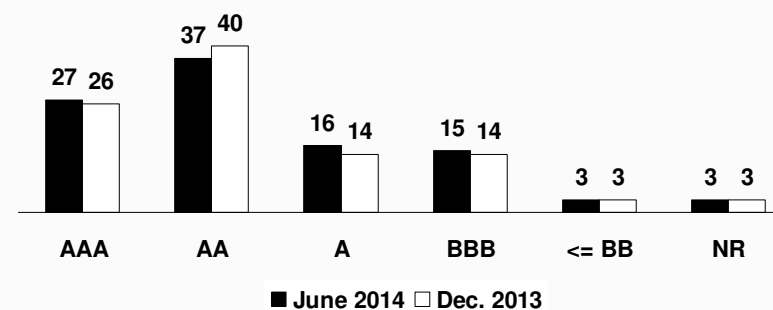
* Rounding differences appear

** 'Other' mainly represents equity associates

Composition investment portfolio June 2014



Rating diversification fixed income portfolio (excl. derivatives)



Higher value fixed income portfolio as a result of lower interest rate environment

Key highlights

- Government portfolio made up mainly of Dutch and German government bonds
- Financials portfolio is well diversified across countries, issuers and level of subordination
- Increase in value of fixed-income portfolio due to lower interest rates and a decrease in credit spread
- Switch in H1 2014 from Dutch government bonds and equities to French government bonds and selective reinvestments in peripheral countries
- Selective decrease of investments in (subordinated) financials are offset by higher revaluations
- Growth in derivatives portfolio, used for hedging interest rate risk, due to lower interest rates

Governments (€m)	June 2014	Dec. 2013	Delta
Netherlands	3,694	4,154	-11%
Germany	3,179	2,955	8%
Austria	601	554	9%
Belgium	711	657	8%
Supranationals	429	367	17%
France	569	224	154%
Periphery	563	36	n/a
Other	645	691	-7%
Total	10,391	9,638	8%

Fixed income (€m)	June 2014	Dec. 2013	Delta
Government	10,391	9,638	8%
Financials	4,675	4,608	1%
Structured	608	600	1%
Corporate	3,672	3,434	7%
Derivatives	1,566	511	n/a
Total	20,912	18,791	11%

Financials (€m)	June 2014	Dec. 2013	Delta
Senior	1,485	1,548	-4%
Tier 2	1,382	1,211	14%
Tier 1	710	911	-22%
Covered	937	810	16%
Other *	161	128	26%
Total	4,675	4,608	1%

* Includes preferred securities

Controlled growth of the mortgage portfolio and small reduction of equity exposure

Key highlights

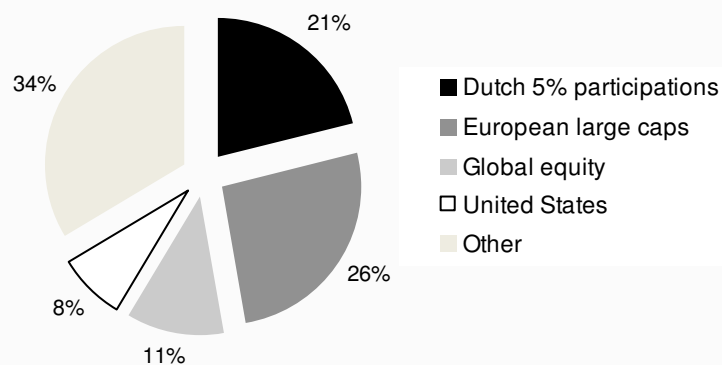
Mortgages

- Increase in mortgages in accordance with investment policy
- Sales of new mortgages mainly in government guaranteed (NHG) segment
- 89% of mortgage portfolio is either a NHG-guaranteed mortgages or has LtFV below 100%

Equities

- Decrease in equity exposure as a result of divestment, partly compensated by revaluation
- Downside risk protected through put option structure

Composition equity portfolio June 2014



Mortgages (€m, book value) *	June 2014	Dec. 2013	Delta
LtFV < 75 %	909	862	5%
LtFV < 100 %	562	601	-6%
LtFV < 125 %	490	463	6%
LtFV > 125 %	62	52	19%
NHG	3,195	2,798	14%
Total	5,218	4,776	9%

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

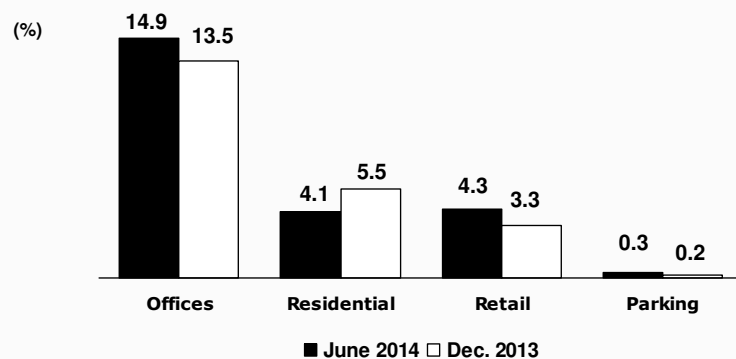
Equities (€m)	June 2014	Dec. 2013	Delta
Equities	1,740	1,700	2%
Private equities	88	103	-15%
Hedge funds	1	2	-50%
Other funds	160	245	-35%
Derivatives	3	9	-67%
Total	1,992	2,059	-3%

Diversified real estate portfolio remains of high quality

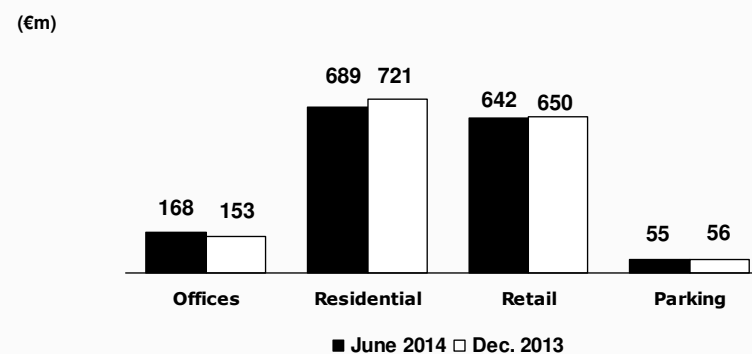
Key highlights

- Quality of real estate portfolio stable in difficult market circumstances
- Sales achieved mainly in the residential portfolio
- Increase in real estate primarily due to 'low cost renovation' of a.s.r.'s own headquarters ('Archimedeslaan 10')
- Moderate increase in vacancy rates in offices and retail. Decrease in vacancy rates of residential as a result of sales
- New high quality investor attracted in H1 2014 for Dutch Prime Retail Fund

Real estate vacancy rates



Real estate exposure



Real estate (€m)	June 2014	Dec. 2013	Delta
Offices	168	153	10%
Residential	689	721	-4%
Retail *	642	650	-1%
Parking	55	56	-2%
Projects	121	103	17%
Total real estate (excl. rural & own use)	1,675	1,683	0%
Rural	982	970	1%
Total real estate (excl. own use)	2,657	2,653	0%
Offices own use	119	94	27%
Total real estate	2,776	2,747	1%

* Including own interest in Dutch Prime Retail Fund

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