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

THIS PRESS RELEASE CONTAINS INSIDE INFORMATION AS MEANT IN CLAUSE 7 OF THE MARKET ABUSE REGULATION.

9M Trading Update. Utrecht, the Netherlands, 18 November 2016, 07.00 CET

Solid results driven by disciplined execution

Strong operating performance in first nine months of 2016

- Operating result strong at € 442 million (9M 2016); € 150 million in the third quarter of 2016.
- Combined ratio in 9M 2016 at 95.7% and in Q3 2016 at 94.4%, ahead of targeted 97.0%.
- Operating return on equity at 14.6%, well above the medium-term target of up to 12%.

Solvency II ratio solid at circa 188% (standard formula)

- Solvency II ratio at circa 188%[1] at 30 September 2016 compared to 180% at the beginning of 2016 (day-one) and 191% at 30 June 2016. This is above the target of 160%.
- Increase due mainly to organic capital generation, lower interest rates and a positive impact from a reinsurance transaction. The increase was offset in Q3 2016 by such factors as adjustments in the level of the Volatility Adjuster and the VA reference portfolio.

Acquisitions drive increase in gross written premiums and higher cost base

- Gross written premiums up 8.2% to € 3,518 million in 9M 2016 (9M 2015: € 3,251 million).
- Non-life gross written premiums up 3.8% to € 1,940 million in the first nine months of 2016, mainly reflecting an increase in premiums at P&C, due to an improvement in pricing and a gain in volumes.
- Life gross written premiums up 14.3% to € 1,682 million in the first nine months of this year, driven by acquired businesses and large new contracts in the first half of 2016.
- Operating expenses associated with ordinary activities up 5.8% to € 401 million (9M 2015: € 379 million), reflecting the additional cost base of the acquired companies. Underlying cost developments are well on track to meet the medium-term target.

Execution of strategy on track

- a.s.r.'s performance in line with or better than financial targets.
- Integration of funeral insurer AXENT (2.4 million policies) successfully completed, well ahead of schedule.
- Legal merger of non-life entities (P&C, Disability and Leisure & Travel) finalized in October 2016. In the Life segment, De Eendragt (1 July) and AXENT (1 October) were merged into ASR Levensverzekering N.V. These mergers will improve efficiency and further optimize the group's risk profile.
- General pension fund, Het nederlandse pensioenfonds, initiated by a.s.r., obtained its authorization to operate and signed an initiating customer.
- Acquisitions, announced in July, of SuperGarant and Corins (both in the distribution business) have been closed.

Publication of the financial results on 18 November 2016 at 7.00 CET. Conference call for financial market participants (in English) at 09.30 CET. For more information, please visit www.asrnl.com.

[1] The 188% includes the mass lapse reinsurance, which impact still needs to be finalized.

Jos Baeten (CEO): 'In addition to our annual and condensed interim financial statements, we want to provide our stakeholders with a concise update on the progress we are making during the first and third quarters of the financial year. Therefore, a.s.r. will from now on publish a 'Trading Update' disclosing key non-IFRS-based financial and operational metrics as well as strategic highlights for every first and third quarter.

I am pleased to report that a.s.r.'s businesses continued their strong performance in the third quarter of this year. The combined ratio of our Non-life segment was better than the target level and demonstrates our underwriting excellence and our unwavering discipline to pursue profitable growth. In the Life segment our acquisitions of AXENT and De Eendragt are enhancing written premiums as well as the segment's operating result.

Underlying developments in costs are well on track to meet the medium-term target. The organic capital generation was in the first nine months on target for the year. a.s.r.'s Solvency II ratio, based on the standard formula, remained robust and well within our target of above 160%.

The successful integration of the AXENT business, comprising 2.4 million policies, into our low-cost platform for funeral insurance was completed, ahead of the original schedule. This perfectly show-cases the technical and management skills and capabilities we can draw on within a.s.r. The appreciation from our customers continued to develop positively, which was reflected in a slightly higher Net Promoter Score. In its recently published yearly report on financial institutions and their focus on customer interests, AFM awarded a.s.r. a score of 4.2 on a 5-point scale; the average score was 3.8.

To conclude, our business is delivering attractive returns with our operating return on equity at 14.6% and our overall performance being in line with or better than the medium-term targets.'

Business performance

Key figures (€ million)	9M 2016	9M 2015	Delta	Q3 2016	Q3 2015	Delta
Gross written premiums	3,518	3,251	8.2%	851	775	9.8%
Operating expenses associated with ordinary activities	401	379	5.8%	132	126	4.8%
Operating result	442	443	-0.2%	150	163	-8.0%
Combined ratio, Non-life	95.7%	93.9%	1.8%-p	94.4%	96.7%	-2.3%-p

Developments in the key figures confirm a.s.r.'s strong operating performance in the first three quarters of 2016, in line with the first half of 2016 and with a.s.r.'s targets. Gross written premiums (GWP) in the first nine months increased by 8.2% to € 3,518 million. GWP in the Non-life segment increased slightly with 3,8%. In the Life segment, GWP were up 14.3% due to the acquisitions made in 2015. Operating expenses associated with ordinary activities, which are exclusive of incidental items and expenses related to non-core activities, were up 5.8% reflecting the additional cost base of recent acquired businesses. Cost initiatives are on track to meet the medium-term expense target.

Operating result

The operating result of the group in the first 9 months of 2016 amounted to € 442 million (2015: € 443 million). The result in the third quarter 2016 was € 150 million. When comparing to the results over 2015 over the same period, management notes that the result in H2 2015 displayed a different seasonal pattern due to timing differences that were specific for the year 2015 and that the average quarterly result in H2 2015 provides a better baseline for comparison.

The performance of the Non-life segment remained strong, although the operating result as per 30 September 2016, decreased to € 99 million (9M 2015: € 144 million). This decrease was mostly due to the impact of hail and water damage claims in the first half of 2016.

The decrease in the Non-life segment of € 45 million was offset by the increase in the Life segment to € 400 million, which was related to the positive effect of acquisitions, lower amortization costs of swaptions and a higher release from the realized capital gains reserve on swaptions.
In the Non-insurance business, the contribution by the acquisition in Q4 2015 of Dutch ID in the Distribution and Services segment compensated for additional investments in the Banking and Asset Management segment. Lower current net service costs incurred for a.s.r.'s own pension scheme, amongst others, resulted in an increase in operating result by € 10 million for the first nine months of this year.

Non-life

GWP in the Non-life segment were up 3.8% to € 1.940 million. This increase mainly related to the P&C business, where a rise in volume and premiums was achieved. The combined ratio for the first nine months of the year was 95.7%. This is better than our target of below 97%. Disregarding the impact of claims from the hail and water damage in June, the combined ratio for the Non-life segment amounted to 94.4% in the first nine months of 2016. The combined ratios per line of business were 89.8% for Disability, 97.2% for Health and 98.7% for P&C in the first nine months of 2016. Disregarding hail and water damage claims, the P&C combined ratio for the first nine months of the year would have been at 95.8%. The business performance remained strong in Q3 2016 with no substantial impact from extraordinary events. GWP increased in the third quarter of 2016 to € 544 million compared to € 494 million in Q3 2015.

Life

In line with our value over volume strategy, a.s.r. is very selective with regard to new business and acquisitions in the Life segment in the current interest environment. GWP in the Life segment stood at € 1,682 million at 30 September 2016, € 62 million of which came from regular premiums of acquired businesses (NIVO funeral insurance portfolio: € 16 million; AXENT: € 33 million; De Eendragt: € 13 million). Compared to the same period last year, GWP were up more than € 200 million. The increase was driven by single premiums in the first half of 2016[2], as well as by the integration of acquired businesses AXENT and De Eendragt. GWP increased in the third quarter of 2016 to € 344 million compared to € 301 million in Q3 2015. Both AXENT and De Eendragt were merged into ASR Levensverzekering N.V., the legal entity operating the Life segment. The integration of AXENT within a.s.r.'s funeral business at 1 October 2016 was well ahead of schedule and is a particular good illustration of a.s.r.'s ability to successfully integrate businesses and achieve synergies.

Non-insurance

Within the Non-insurance segment, Distribution and Services made an increasing contribution to the operating result. The operating result of Distribution and Services amounted to € 12 million for the first nine months of 2016 (9M 2015: € 5 million). Following the acquisitions of Van Kampen Groep, Dutch ID and, more recently, SuperGarant, Distribution and Services is on track to become a more substantial contributor to a.s.r.'s bottom line.
a.s.r. recently announced the acquisition of Corins (distribution and brokerage of commercial P&C). The acquisitions tie in with a.s.r.'s strategic objectives to create value through controlled profitable growth in the Non-life portfolio by using the enhanced distribution channel and simultaneously increasing fee income.
The operating result of the Banking and Asset Management segment amounted to € 2 million for the first nine months of this year (9M 2015: € 10 million). Higher net interest margin and fee income were more than offset by higher operating expenses.

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[2] In the first half of 2016, GWP was mainly driven by single premiums following the acquisition of the NIVO funeral insurance portfolio (€ 326 million) and a large new pension contract with the Dutch branch of AstraZeneca (€ 195 million). Last year, GWP benefited from the single premium related to a buy-out of a pension fund (€ 370 million).

Assets under Management in the Non-insurance business increased, mostly thanks to the acquisition of BNG Vermogensbeheer (whose name was recently changed into a.s.r. Vermogensbeheer) in the first quarter of 2016. Het nederlandse pensioenfonds, the general pension fund initiated by a.s.r., obtained an authorization to operate in the third quarter of this year and immediately signed an initiating customer.

Solvency & Capital

Key ratio's	30 Sept. 2016	1 Jan. 2016	Delta	30 June 2016	Delta
Solvency II ratio (standard model)	c. 188%	180%	8%-p	191%	-3%-p

	30 Sept. 2016	31 Dec. 2015	Delta	30 June 2016	Delta
Operating return on equity	14.6%	13.9%	0.7%-p	14.5%	0.1%-p

The Solvency II ratio, based on the standard formula, increased to circa 188%[3] at 30 September 2016 (beginning of year 2016, i.e. day-one: 180%). The increase was mainly due to organic capital generation, lower interest rates and a mass lapse reinsurance. The Solvency II ratio decreased by 3%-point compared with 30 June 2016, mainly because of a decrease in the Volatility Adjuster by 8 bps of which 2 bps was caused by a change in the VA-reference portfolio. In July 2016, a.s.r. entered into a reinsurance contract with a pool of reputable reinsurers covering the risk of a mass lapse in the Life segment which had a positive impact on the Solvency II ratio.

Eligible own funds increased to € 6,278 million at 30 September 2016 (day-one 2016: € 6,076 million). The required capital amounted to € 3,347 million at 30 September 2016, (day-one 2016: € 3,374 million). At 30 September 2016, Tier 1 capital alone represented 157% of the SCR (day-one 2016: 150%).

Operating return on equity remained strong at 14.6% in the first nine months of 2016, thanks to solid operating results and was well above the medium-term target of up to 12%.

The figures contained in this press release have not been audited, nor have they been subjected to a limited review by an auditor.

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a.s.r. has been in the insurance business since 1720. With over 1.5 million customers and an annual premium income of € 4.1 billion (2015), a.s.r. is one of the leading insurance companies in the Netherlands. a.s.r. offers insurance, pension, banking and asset management solutions under the labels a.s.r., De Amersfoortse, Ditzo, Ardanta and Europeesche Verzekeringen. a.s.r. is listed on the Amsterdam Euronext stock exchange. For more information, please visit www.asrnl.com.

[3] The 188% includes the mass lapse reinsurance, which impact still needs to be finalized.

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