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Q1 2017 trading update, Utrecht, the Netherlands, 31 May 2017, 07.00 am CET

Strong result in Q1 2017

Solid operational performance

- Operating result rose by 38.4% to € 191 million in Q1 2017 (Q1 2016: € 138 million), mainly due to favourable claims experience in the Non-life segment and to higher investment returns in the Life segment.
- Operating return on equity at 17.3% in Q1 2017, well above the target of 'up to 12%'.
- The combined ratio for the Non-life segment amounted to 92.1% in Q1, mainly due to the marked improvement of P&C and the continued strong performance of Disability. The low level of claims in P&C in Q1 2017 was driven by disciplined underwriting and also by the relatively mild winter and absence of large claims.
- Operating result in the Life segment rose by 23.1% to € 149 million in Q1 2017 compared with Q1 2016, primarily due to higher (direct) investment returns and higher release from the realized gains reserve, which were partially offset by a lower mortality result and lower cost coverage.

Solvency II ratio solid at 188% (standard formula) after expansion of market risks and purchase of own shares

- Solvency II ratio amounted to 188% at 31 March 2017 after absorbing the impact from additional market risk budget (circa 5%-pts) and the buyback of own shares (circa 2%-pts) in Q1 (year-end 2016: 189%).
- Strong capital generation driven by solid operational performance and favourable financial markets in Q1.

Gross written premiums rose after adjustment for the single premium transaction related to the acquisition of the NIVO portfolio in Q1 2016; operating expenses were up as a result of acquisitions

- Gross written premiums amounted to € 1,383 million. Adjusted for the one-time single premium transaction related to the acquisition of NIVO in 2016 and the change in methodology of the processing of premiums collected by authorized agents at Disability, there is an increase of 2.3% compared with Q1 2016.
- In the Non-life segment, gross written premiums were up 11.1% to € 934 million in comparison with Q1 2016, due to higher volumes in all business lines, increased premiums and the one-off effect at Disability.
- In the Life segment, gross written premiums fell to € 516 million, mainly because a large single premium (€ 323 million) was recorded for the acquisition of NIVO in Q1 last year. Without this single premium, the development of gross written premiums is virtually stable.
- Operating expenses were up 6.2% to € 137 million compared with Q1 2016 due to acquisitions and the higher costs for pensions due to lower contractually agreed interest rates.

Jos Baeten (CEO): 'Results in the first quarter show that we have managed to sustain last year's strong momentum. Although various factors such as the mild winter have favourably influenced earnings, the underlying operating performance of the various parts of our organization remained sound. The operating return on equity is over 17%.

The combined ratio is better than our target and reflects our underwriting skills and unwavering commitment to pursue profitable growth. The improved results of the Life segment are attributable to higher direct investment returns reflecting the adjustments to our asset mix and an increased release of gains realized in previous years. The increase in expenses has been mainly due to acquisitions, but the underlying cost trend is on track to achieve the medium-term objective.

Publication of the financial results on 31 May 2017 at 7 am CET. Conference call for financial market professionals (in English) at 2 pm CET. For more information, please visit www.asrnl.com.

Our Solvency II ratio, based on the standard formula, remains stable at 188% after absorbing the impact from the purchase of own shares and expansion of the market risk budget for higher-yielding asset classes such as equities, corporate bonds and real estate. Our Solvency II ratio is solid and ahead of the management target. The steady accretion of Solvency II capital reflects healthy insurance earnings, higher investment returns and favourable financial markets.

With our financial solidity, we offer our customers confidence. This is reflected, for example, in the interest shown in our 'schade-voordeelpakket' (P&C package of non-life insurances). In Q1 2017, we have sold fourteen thousand of these policies, an increase of 40% compared to last year. Total sales in this product recently topped the 100,000 mark. This encourages us to continuously improve our products and services.'

Comments on Q1 2017 results

Key figures (€ million)	Q1 2017	Q1 2016	Delta
Gross written premiums	1,383	1,626	-14.9%
Operating expenses	-137	-129	6.2%
Operating result	191	138	38.4%
Combined ratio, Non-life segment	92.1%	96.0%	-3.9%-p

In the first quarter of 2017, a.s.r. managed to sustain its strong performance from 2016. Gross written premiums (GWP) totalled € 1,383 million in the first quarter. GWP in the Non-life segment was up by 11.1% to € 934 million. In the Life segment, GWP remained stable at € 516 million, disregarding the one-off effect of the single premium in connection with the acquisition of the NIVO portfolio in Q1 2016 (€ 323 million).

Operating expenses from ordinary activities (which exclude incidental items and expenses related to non-core activities) rose by 6.2%, mainly as a result of the recently acquired businesses and the higher pension costs driven by lower contractually agreed interest rates. Another reason for the higher expenses was the setting-up of asset management within the Bank and Asset Management segment. Measures to bring about a lasting reduction in operating expenses and achieve the medium-term target for expenses are on track.

Operating result

a.s.r.'s strong performance is reflected in the operating result of € 191 million in the first quarter of 2017 (Q1 2016: € 138 million). All segments reported an increase in operating result. The effects of the claim-control measures in the Non-life segment continued in the first quarter this year. In addition, the result was supported by the absence of large claims and a mild winter. This resulted in improved claims ratios and a 69% increase in operating result to € 54 million. The Life segment's operating result rose by 23% to € 149 million. This was mainly due to higher investment returns, partly caused by an increase in higher yielding investments within the asset mix, partially offset by a lower mortality experience and lower cost coverage. In the Non-insurance segment, the operating result was up by 20% to € 10 million, partly as a result of the recent acquisitions in the Distribution and Services segment and an increase in the Bank and Asset Management segment. The operating loss of the Holding and Other segment remained more or less stable at € -22 million.

Non-life segment

GWP in the Non-life segment was € 934 million, which was more than 11% higher than in Q1 2016. This increase was mainly attributable to the P&C and Health business lines (up 6% and 27% respectively), where a higher volume was combined with a rise in the average premium. Disability's GWP increased on balance by 8%. This increase has been driven by a change in methodology of the processing of premiums collected by authorized agents. From 2017 onwards, premiums will be included earlier in the a.s.r. accounts, recognizing the peak of the annual renewal in Q1, while this renewal in 2016 was included in the a.s.r. accounts in Q2. In the first half of the year, the effect of this change will be neutral.

All lines of business managed to equal or even surpass their strong performance in 2016, partly helped by the absence of extraordinary events or major claim events. The combined ratio of 92.1% in the first quarter of 2017 was well within the target (<97%). The combined ratios per line of business in the first quarter of 2017 were 91.2% for Disability, 91.8% for P&C and 93.3% for Health. The operating result increased in Q1 2017 versus Q1 2016 with € 22 million to € 54 million.

Life segment

In the Life segment, GWP remained stable (€ 516 million) compared with the first quarter of 2016, taking into account the one-off effect of the single premium related to the acquisition of the NIVO portfolio in 2016 (€ 323 million).

In Pensions, GWP grew by 6.3% to € 305 million compared with the first quarter of 2016.

The operating result increased in Q1 2017 versus Q1 2016 with € 28 million to € 149 million, mainly due to higher investment returns, partly caused by an increase in the higher yielding investments within the asset mix.

Non-insurance activities

Within the non-insurance activities, the Distribution and Services segment achieved slight growth, partly as a result of the recent acquisitions of Corins and SuperGarant. With an operating result of € 9 million (Q1 2016: € 8 million), Distribution and Services made a solid contribution to a.s.r.'s results.

The Bank and Asset Management segment produced an operating result of € 1 million in the first quarter of this year (Q1 2016: nil), with improvements in both Bank and Asset Management. The higher costs incurred by the investments in development were more than offset by higher income, partly due to the increase in Assets under Management.

New asset management clients generated a fresh influx of Assets under Management of circa € 375 million.

Solvency and capital

Key ratios	31 March 2017	31 December 2016	Delta
Solvency II ratio (standard formula)	188%	189%	-1%-p
Eligible own funds	€ 6,539m	€ 6,299m	3.8%
	31 March 2017	31 March 2016	Delta
Operating return on equity	17.3%	13.3%	-4%-p

Solvency remained strong in the first quarter of 2017 and was favourably influenced by organic capital generation and movements in financial markets. The strong solvency allowed for the purchase of own shares and an increase in the level of market risk in the investment portfolio. The Solvency II ratio, based on the standard formula, decreased on balance by 1%-point to 188%.

The eligible own funds under Solvency II increased to € 6,539 million at 31 March 2017 (31 December 2016: € 6,299 million). The required capital rose to € 3,471 million at 31 March 2017 (31 December 2016: € 3,338 million). On 31 March 2017, Tier 1 own funds amounted to 159% of the total required capital (31 December 2016: 158%). There are no tiering restrictions: the Tier 2 and Tier 3 headroom increased further in Q1 2017.

Operating return on equity increased to 17.3% in the first quarter of 2017 (Q1 2016: 13.3%), mainly due to the growth in operating result.

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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ASR Nederland N.V. ('a.s.r.') has been in the insurance business since 1720. a.s.r. is one of the leading insurance companies in the Netherlands and 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.

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