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a.s.r. achieves a good operating result and higher customer satisfaction over first six months of 2020

Strong financial performance, diversification of activities limits impact of COVID-19 in HY 2020

- Operating result is € 446 million, slightly down compared to the exceptionally strong performance last year (HY 2019: € 464 million¹), reflecting an increase in Holding cost, which includes higher interest expense.
- Impact of COVID-19 is neutral on aggregate; a favourable effect on P&C was mostly offset by a negative effect on Disability and to a lesser extent on Life.
- Operating return on equity is 14.8%, above the '12-14%' target.
- Operating costs rose by 10.7% to € 337 million (HY 2019: € 304 million), mainly due to additional costs of acquired activities.
- Combined ratio is 92.9%², better than the '94-96%' target.
- Operating result of the Non-life segment remains stable at € 124 million (HY 2019: € 123 million). Contribution of Loyalis and lower claims in P&C, offset mainly by higher claims and higher provisions in Disability.
- Operating result of the Life segment fell slightly by € 9 million to € 361 million, despite € 25 million impact from COVID-19 via financial markets.
- Net IFRS result decreased to € 233 million (HY 2019: € 540 million) due to lower indirect investment income (€ -168 million) and an impairment of goodwill in the Life segment (€ -90 million), which are primarily COVID-19 related, as well as lower 'other incidental' result reflecting the purchase gain on Loyalis in 2019 (€ 88 million).
- Regular interim dividend of € 0.76 per share, equal to 40% of the originally proposed dividend for 2019.

Robust solvency and strong balance sheet with ample financial flexibility

- Solvency II ratio (standard formula) as at 30 June 2020 stands at 199%³, this is after 8%-point deduction for the special dividend (€ 166 million), the regular interim dividend (€ 105 million) and the buyback of own shares (€ 75 million). The Solvency II ratio as at 31 December 2019 stood at 194%.
- Organic capital creation is € 298 million (HY 2019: € 299 million). Despite higher depreciation of the ultimate forward rate (UFR drag) due to lower interest rates, OCC remained fairly stable driven by the solid performance of the business segments.
- Unrestricted Tier 1 capital is up by € 347 million to € 6.1 billion, equal to 75% of the own funds. The total headroom for additional hybrid capital is € 1.5 billion.
- The financial leverage ratio is 28.4%, well below the limit of a maximum of 35%.
- Liquidity position of the holding is € 608 million, in line with policy.

Solid commercial results

- Customer satisfaction (NPS) rose, despite all employees working from home, by 3 points to 47, better than the target of >44.
- Gross written premiums in the Non-life segment rose by 18.8%, to € 2,128 million. The organic growth of Disability and P&C combined was 6.9% and is well above the target of 3-5% growth of premiums.
- Gross written premiums in the Life segment are up by 18.8%, to € 1,009 million (HY 2019: € 849 million). The increase reflects the 42% growth in Pension DC ('Werknemers Pensioen') and the contribution of Loyalis which more than compensate the drop in Pension DB. Individual life and Funeral remained reasonably stable.
- Assets under management for third parties rose to € 21.2 billion (31 December 2019: € 20.7 billion), driven by the growth in the ASR Hypotheekfondsen, partly offset by outflows in other funds.
- Mortgage origination of € 2.3 billion in the first half of this year, up 84% compared to € 1.3 billion last year.

¹ Comparative figures have been restated for an adjustment in the definition of the operating result.

² P&C and Disability.

³ Excluding financial institutions.

Disciplined execution of the strategy

- Today, a.s.r. announces the acquisition of 50% stake in Brand New Day Premiepensioeninstelling N.V. (IORP) and the sale of a.s.r.'s 10% stake in Brand New Day Houdstermaatschappij N.V. for a net consideration of € 51 million. a.s.r. already owned 50% of IORP and now becomes the sole owner. Both transactions are subject to the relevant regulatory approvals.
- On 4 August, a.s.r. announced the resumption of the dividend distribution and the share buyback programme, which were temporarily postponed.

Chairman of the Executive Board and CEO Jos Baeten: 'I am satisfied with a.s.r.'s results for the first six months of 2020. Our operating result is only € 18 million lower than the record operating result of the first half of 2019, our solvency increased to 199% and our organic capital creation remained strong at € 298 million. The impact of COVID-19 on this has been limited so far. In the Non-life segment we have seen that a favourable effect on claims in P&C has more than offset the negative impact on Disability. In the Life segment, there is only limited impact from lower direct investment income from dividends and rental income, while COVID-19 had hardly any impact on our mortality result, whereby, compared the prior years, we observed excess mortality at the beginning of the outbreak, which was offset by lower mortality towards the end of the second quarter. In addition, we see that the net IFRS result is significantly lower than last year, amongst others due to the uncertainty and volatility in the financial markets as a result of the COVID-19 crisis which leads to more negative revaluations and impairments in the investment portfolio, as well as an impairment of goodwill.

Our services to customers and intermediaries remained at high level. This has helped to increase customer satisfaction in recent months. The Net Promoter Score rose, despite the fact that all employees have been working from home, by 3 points to 47, which is well above our medium term target of >44. This is shown by the commercial results over the past six months. We are of course grateful for our customers' loyalty. In the Non-life segment our gross written premiums rose considerably and the organic growth of 6.9% was well above our target of 3-5%. The Life business also saw an increase in turnover, mainly due to the growth of the 'Werknemers Pensioen', but also due to contributions from, for example, Loyalis. In addition, fee income increased at Asset Management, mainly due to the mortgage fund. Turnover also rose in the Distribution and Services segment.

In the first six months, we also achieved good results in other areas that we are developing on the basis of our strategy. At the end of last year, for example, we launched our a.s.r. Vitality health programme, where we now have 16,000 paying participants who have remained active during the COVID-19 crisis.

Part of our strategy remains to grow both organically and through targeted acquisitions. Today we announce that we will expand our 50% stake in Brand New Day Premiepensioeninstelling N.V. (IORP) to 100%. After we started this IORP together with Brand New Day 9 years ago, this is a terrific step in further strengthening our position in the Dutch DC pension market, where we will obtain a 15% market share, adding approximately 5,800 employers as customer.

Based on the various market scenarios of the Netherlands Bureau for Economic Policy Analysis (CPB), published in the first quarter, we too have calculated scenarios on the impact of COVID-19 on our results and capital position. Looking at our results for the first six months, the actual effects on the operating result have so far been limited. However, this is no reason to be unconditionally optimistic. What the ultimate effect of COVID-19 on our results will be, is impossible to predict exactly right now. This depends, among other things, on how long and to what extent the COVID-19 crisis will continue and on a number of uncertain external factors, such as developments on the financial markets. Our expectation remains that we will not meet the record performance of 2019 and that our full year operating result may land around the midpoint of the levels of 2018 and 2019.

The good results in the first six months are also due to the flexibility of our employees, who, despite the abrupt switch to working completely from home, have been able to further strengthen the relationship with our customers and our intermediaries. We are also proud when we look at the performance of our IT&C department, which ensured that some 4,000 colleagues were able to switch seamlessly from one day to the next to all the applications necessary for service provision in the online environment.

In addition, we conclude that the motivation and vitality of our employees have so far not suffered from the COVID-19 crisis. Every week, we use a so-called Mood Monitor to measure the mood of our a.s.r. colleagues. An average score between 7 and 8 proves that 'the new normal' has been accepted among everyone. And although we still work predominantly from home, a rising number of colleagues are returning to the office.

COVID-19 has disrupted the world and exposed the vulnerabilities of our current economy and society. With the Green Recovery Statement, which we co-signed, we are looking to the future, to recovery. As a business community, we take responsibility and make choices to build a sustainable and inclusive Netherlands, a country with a sustainable economy and a society in which every individual counts and feels free to participate.

Finally, I would like to express my gratitude to our shareholders. Confidence in a.s.r. has remained, having previously responded to the call from the Dutch Central Bank not to pay dividend or buyback shares until further notice. Now that that advice has been withdrawn, and after careful consideration, we have decided to proceed with our dividend distribution and share buyback programme and, together with all our stakeholders, face the future with confidence'.

Key figures

(in € millions, unless per share or expressed as a percentage)	HY 2020	HY 2019	Delta (%)
Operating result ¹	446	464	-3.9%
Operating return on equity ²	14.8%	17.0%	-2.2%-p
Profit/(loss) for the period attributable to holders of equity instruments	233	540	-56.9%
Return on equity	8.0%	22.2%	-14.2%-p
Gross written premiums	2,978	2,576	15.6%
Operating expenses	-337	-304	10.7%
Combined ratio (P&C and Disability)	92.9%	93.5%	-0.7%-p
New business (Life segment (APE))	66	40	65.0%
	HY 2020	FY 2019	Delta (%)
Total equity	6,309	6,093	3.5%
Total equity attributable to shareholders	5,303	5,089	4.2%
Solvency II (standard formula) after dividend ³	199%	194%	5%-p
Financial leverage	28.4%	29.2%	-0.8%-p
Liquidity position at holding level	608	458	33.0%
Number of FTEs (internal)	3,934	3,906	0.7%
	HY 2020	HY 2019	Delta (%)
Operating result per share ⁴	2.25	2.30	-2.2%
Dividend (interim) per share	0.76	0.70	8.6%
Number of shares issued and outstanding at end of period (m)	138.7	141.0	-1.6%
Weighted average number of issued and outstanding shares (m)	139.6	141.0	-1.0%

1 Operating result is calculated by adjusting profit before tax for continuing operations reported in accordance with IFRS, as adjusted for the changes in accounting policies and for the following: i) investment related: investment income of an incidental nature (including capital gains and losses, impairments and fair value changes) on financial instruments for own account, net of applicable shadow accounting and net of additional provisions recognised for realised gains and losses on financial assets backing the insurance liabilities ('compensation of realised capital gains') impact; ii) incidental items: 1. model- and methodological changes with a substantial impact; 2. results of non-core operations; and 3. other non-recurring or one-off items, which are not directly related to the core business and/or ongoing business of the Group, restructuring costs, regulatory costs not related to business activities, changes in the own pension arrangements and expenses related to M&A activities and start-ups.

2 The operating return on equity is calculated by dividing the operating result before tax after deduction of interest on hybrid assets and taxes (tax rate: 25%) by the annual average equity attributable to shareholders after deduction of the reserve for unrealised profits and losses and the equity for real estate development (operating activities in 'run-off') and a.s.r. bank.

3 Exclusive of financial institutions.

4 The operating result per share is calculated by dividing the operating result before tax after deduction of interest on hybrid assets and taxes (tax rate: 25%) by the weighted average number of outstanding shares.

Financial calendar

Interim dividend and Special dividend

26 August 2020	Announcement interim dividend
31 August 2020	Ex-interim dividend (€ 0,76) + Ex-special dividend (€ 1,20)
01 September 2020	Dividend record date
04 September 2020	Dividend payment interim HY 2020 + Special

The figures in this press release have not been audited nor reviewed by an external independent auditor.

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Publication of the financial figures on 26 August 2020 at 7.00am. Conference call for financial market parties (in English) at 10.30am. For more information, go to www.asrnl.com.

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About a.s.r.

ASR Nederland N.V. (a.s.r.) ranks among the top 3 insurers in the Netherlands. a.s.r. offers products and services in the fields of insurance, pensions and mortgages for consumers, self-employed persons and companies. In addition, a.s.r. is active as an asset manager for third parties. a.s.r. is listed on Euronext Amsterdam and is included in the AEX Index. For more information, please visit www.asrnl.com.

This press release contains price-sensitive information and therefore insider knowledge within the meaning of Article 7 of the Market Abuse Regulation.

Financial group and business performance HY 2020

ASR Nederland N.V.

a.s.r. key figures

(in € millions, unless stated otherwise)

	HY 2020	HY 2019	Delta (%)
Operating result¹	446	464	-3.9%
- Non-life	124	123	0.7%
- Life	361	370	-2.5%
- Asset Management	15	11	27.3%
- Distribution and Services	13	12	15.0%
- Holding and Other / Eliminations	-67	-53	27.7%
Incidental items (not included in operating result)	-149	217	-168.8%
- Investment related	2	170	-98.7%
- Incidentals	-151	47	-422.3%
Profit/(loss) before tax	296	680	-56.4%
- Non-life	112	173	-35.3%
- Life	236	465	-49.3%
- Asset Management	14	11	27.3%
- Distribution and Services	12	11	11.2%
- Holding and Other / Eliminations	-77	21	-469.1%
Income tax expense	-62	-126	-51.1%
Profit/(loss) for the period from continuing operations, after tax	235	554	-57.6%
Profit/(loss) for the period from discontinued operations, after tax	-1	-15	-91.8%
Non-controlling interest	1	-	-397.3%
Profit/(loss) for the period attributable to holders of equity instruments	233	540	-56.9%
Organic capital creation²	298	299	-0.3%
Operating return on equity	14.8%	17.0%	-2.2%-p
Return on equity	8.0%	22.2%	-14.2%-p
Earnings per share			
Operating result per share (€)	2.25	2.30	-2.2%
Dividend per share (€)	0.76	0.70	8.6%
Basic earnings per share on IFRS basis (€)	1.59	3.79	-58.2%
Gross written premiums	2,978	2,576	15.6%
- Non-life	2,128	1,791	18.8%
- Life	1,009	849	18.8%
- Eliminations	-159	-64	148.5%

1 The comparative figures have been restated for an adjustment in the definition of the operating result. The depreciation of the VOBA and intangible fixed assets of business combinations are from now on incidental. Due to the definition change the operating result in HY 2019 was restated from € 459 million to € 464 million (segment Non-life € +1 million, Life € +2 million and Distribution and Services € +1 million).

2 As from 2020, the OCC definition is more aligned with market practice and based on the new definition, OCC for HY 2019 was restated from € 189 million to € 299 million. The main adjustment relates to the long term investment margins. The excess returns for fixed income have been changed to market observable spreads, while the post-tax total return assumptions for equities have been set at 5% and for real estate to 4.1%. Furthermore, refinements have been made to the new business strain in Non-life, the run-off of market risk from the Life book and the addition of the time value of options and guarantees (TVOG).

(in € millions, unless stated otherwise)	HY 2020	HY 2019	Delta (%)
Operating expenses	-337	-304	10.7%
- Non-life	-124	-112	10.7%
- Life	-89	-92	-3.4%
- Asset Management	-47	-41	13.6%
- Distribution and Services	-33	-27	19.9%
- Holding and Other / Eliminations	-45	-32	39.8%
Operating expenses associated with ordinary activities	-309	-282	9.6%
Provision for restructuring expenses	-4	-7	-38.3%
	30 June 2020	31 Dec. 2019	Delta (%)
Number of internal FTEs	3,934	3,906	0.7%
Capital management			
Solvency II ratio (standard formula, post proposed (interim) dividend) ¹	199%	194%	5%-p
Financial leverage	28.4%	29.2%	-0.8%-p
Double leverage	98.9%	102.0%	-3.1%-p
Total equity attributable to holders of equity instruments (IFRS-based)	6,309	6,093	3.5%

Operating result

The operating result decreased by € 18 million to € 446 million (HY 2019: € 464 million) with on aggregate limited impact of COVID-19 (approx. € -3 million). The decrease reflects an increase in Holding cost, which includes higher interest expense.

The operating result benefitted from continued growth of the businesses, as reflected in higher gross written premiums and assets under management, offset primarily by higher costs in the Holding, negative non-recurring items in the Life segment and higher provisioning in the Non-life segment.

The underlying drivers for the operating result in the major segments continued to perform well in the first six months of this year. The combined ratio (P&C and Disability) improved to 92.9% from 93.5% last year, reflecting better claims, cost and commission ratios this year. In the Life segment, the investment margin rose by € 6 million to € 318 million despite challenging financial markets.

Loyalis, which was acquired in May 2019, contributed € 32 million to the operating result in the first half of 2020, compared to € 8 million in the same reporting period last year.

The total impact of COVID-19 on the operating result in the first half this year was limited and reflected offsetting impacts within and across the various business segments. With approx. € 23 million, the impact on the Non-life segment was positive, while the Life segment showed a negative impact of € 25 million. The other segments remained relatively unaffected. Within the Non-life segment, a considerably favourable impact from lower claims frequency in P&C was partially offset by higher claims and provisioning in Disability.

Gross written premiums

Gross written premiums increased by 15.6% or € 402 million to € 2,978 million (HY 2019: € 2,576 million). This increase was driven by an increase of € 337 million in the Non-life segment and € 65 million in the Life segment (including eliminations). Loyalis contributed € 215 million to gross written premiums in the first half in 2020, compared to € 32 million in the same reporting period last year.

¹ After proposed dividend, exclusive of financial institutions.

Gross written premiums in the Non-life segment increased by 18.8% to € 2.128 million (HY 2019: € 1,791 million), including an organic growth of P&C and Disability combined of 6.9%. Growth in Health was mainly due to the introduction of the benefit in kind policy.

Gross written premiums in the Life segment amounted to € 1,009 million (HY 2019: € 849 million). The increase was driven by growth of the 'Werknemers Pensioen' (WnP) and the addition of Loyalis, partly offset by a decline in the existing DB portfolio. The gross written premiums of Individual life decreased slightly and remained reasonably stable in Funeral.

Operating expenses

Operating expenses increased by € 32 million to € 337 million (HY 2019: € 304 million). Excluding the costs related to acquired businesses (€ 19 million), operating expenses showed an increase of € 13 million. This increase was due to an increase of € 13 million in Holding and Other, reflecting an increase in current net service costs, higher incidental costs related to the implementation of IFRS17 and the introduction of a.s.r. Vitality. Higher costs related to business growth, such as the mortgage portfolio in the Asset Management segment, were offset by lower IT-related costs due to the reduction of applications and system rationalisation at Individual life.

The impact of acquisitions (€ 19 million) mainly relates to Loyalis (€ 16 million). VvAA Life, Veherex and various smaller acquisitions in the Distribution and Services segment (Melching Group and ArGon Group) led to an additional increase of € 4 million.

Profit before tax

Profit before tax decreased to € 296 million (HY 2019: € 680 million). This decline was the result of lower indirect investment income (€ 168 million) and lower incidental income (€ 198 million). In addition, the contribution from the operating result also decreased (€ 18 million).

The lower Incidental income reflects the purchase gain from the acquisition of Loyalis in the previous year (€ 88 million) and an impairment of goodwill in the Life segment (€ 90 million) in the first half this year driven by the COVID-19 developments.

The decrease in indirect investment income was mainly due to the COVID-19 related impact on the financial markets including real estate. Impairments rose by € 32 million, mainly related to equities. Compared to the first half last year, realised capital gains decreased by € 82 million. Fair value gains and losses decreased by € 54 million, mainly due to the revaluation of retail and office investment property (directly owned and in the real estate equity funds).

The net IFRS result declined to € 233 million (HY 2019: € 540 million).

Operating return on equity

The operating return on equity decreased by 2.2%-point to 14.8% (HY 2019: 17.0%) and was well above the medium-term target range of 12-14%. IFRS return on equity decreased to 8.0% (HY 2019: 22.2%). The decline primarily reflects the increase in shareholders' equity, including the proposed but postponed final dividend for 2019 amounting to € 166 million.

Solvency II ratio and Organic capital creation

The Solvency II-ratio as at 30 June 2020 amounted to 199% using the standard formula. This is after 8% points deduction for the special dividend (€ 166 million), the regular interim dividend (€ 105 million) and the buyback of shares (€ 75 million). The Solvency II ratio as at 31 December 2019 stood at 194%.

The organic capital creation (OCC) amounted to € 298 million and remained fairly stable compared to last year (HY 2019: € 299 million). Solid operational performance and higher contribution from the investment portfolio offset the negative impact from the increased UFR drag due to lower interest rates.

Dividend and capital distribution

In April 2020, a.s.r. temporarily postponed its share buyback programme (SBB) and dividend payment following the recommendations issued by the European Insurance and Occupational Pensions Authority (EIOPA) and the Dutch regulator (DNB) to do so in light of the COVID-19 crisis. In August 2020 a.s.r. announced, after careful consideration, its intention to resume the postponed dividend payment and SBB following the announcement of DNB to resume the review of dividend proposals under its normal supervision. a.s.r. announced to pay a dividend¹ of € 1.20 per share, which equals the postponed final dividend of 2019. This dividend will be made payable on 4 September 2020. a.s.r. will also restart the SBB for the remaining € 24.3 million of the original € 75 million in September 2020.

a.s.r. will pay a regular interim dividend of € 0.76 per share, equal to 40% of the original proposed dividend for 2019.

¹ Whilst the dividend payment was described as 'extraordinary' in the press release, the dividend is in fact an interim dividend and is consistent with the company's dividend policy.

Medium-term targets

The table below shows the targets and the performance of a.s.r.

Medium-term targets (2019-2021) ¹		
Group	HY 2020	Medium-term target
Solvency II-ratio (standard formula)	199%	> 160%
Operating return on equity	14.8%	12% - 14%
Organic capital creation (2021)*	€ 298 million	> € 500 million
Financial leverage	28.4%	< 35%
S&P rating (insurance entities)	Single A	Single A
Business	HY 2020	Medium-term target
Non-life combined ratio (P&C and Disability)	92.9%	94% - 96%
Non-life gross written premium (P&C and Disability), annual growth	6.9%	3% - 5%
Life operating result	€ 361 million	>€ 633 million
Life operating expenses (of basic Life provision)	47 bps	45 – 55 bps
Combined operating result fee based business (Asset Management, Distribution and Services)*	€ 28 million	€ 40 million
Non-financial targets	HY 2020	Medium-term target
Net Promoter Score*	47	> 44
Carbon footprint measured of the total investment portfolio*	91%	95%
Impact sustainable investments (for own account)*	€ 1.2 billion	€ 1.2 billion
Employee contribution to local society (hours), annual growth	-63%	5%

Group and Business targets

a.s.r. is ahead or well on track to achieve the medium-term targets. S&P confirmed the Single A rating in June 2020.

Non-financial targets

The Net Promoter Score (NPS), which measures customer satisfaction, increased by 3 points to 47 (2019: 44). Despite the COVID-19 lockdown, a.s.r. employees have been able to further strengthen their relationship with customers and the intermediaries.

The measurement of the carbon footprint of the investments for a.s.r.'s own account, including real estate and mortgages, increased further to 91% of the total investment portfolio. This represents almost € 50 billion in assets.

Impact investments increased to almost € 1.2 billion (2019: € 0.9 billion) and consists mainly of government and corporate 'impact bonds'.

The lockdown measures and social distancing rules resulted in the cancellation of events and social initiatives, which led to a significant decrease of the hours spent by employees to contribute to local society. In the meantime, a number of projects are being cautiously restarted or new initiatives are emerging, however, it is expected that the target for 2020 will not be achieved.

¹ Targets marked by * are 2021 targets, others are annual targets applicable during the medium term period.

Non-life segment

Key figures, Non-life segment			
(in € millions, unless stated otherwise)	HY 2020	HY 2019	Delta
Gross written premiums	2,128	1,791	18.8%
Operating expenses	-124	-112	10.7%
Provision for restructuring expenses	-	-3	-107.8%
Operating result	124	123	0.7%
Incidental items (not included in operating result)	-12	50	-123.6%
- Investment related	-6	67	-108.4%
- Incidentals	-6	-17	-63.0%
Profit/(loss) before tax	112	173	-35.3%
Profit/(loss) for the period attributable to holders of equity instruments	94	139	-31.8%
	HY 2020	HY 2019	Delta
Combined ratio P&C and Disability	92.9%	93.5%	-0.7%-p
- Commission ratio	19.0%	19.1%	-0.1%-p
- Cost ratio	7.9%	8.2%	-0.3%-p
- Claims ratio	66.0%	66.2%	-0.2%-p
Combined ratio			
- P&C	87.8%	97.4%	-9.7%-p
- Disability	99.4%	87.4%	12.0%-p
- Health	98.3%	98.0%	0.3%-p

Operating result

The operating result of the Non-life segment increased by € 1 million to € 124 million. COVID-19 had a considerable and partly offsetting impact on the various product lines, favourably for P&C and negatively impacting Disability. Health showed a small positive impact. Overall, COVID-19 had a positive impact of € 23 million on the operating result in the first six months of this year.

In Disability, COVID-19 resulted in higher claims for individual disability and sickness leave, and in reserve strengthening. The lockdown and social distancing measures impede effective claims management due to limitations on physical checks and visits by our physicians and vocational experts. This causes delays in recovery and reintegration into work-processes. The COVID-19 outbreak in February this year resulted in a sharp rise in claims relating to sickness leave which have gradually reverted back to more normal levels.

In P&C, the lockdown measures resulted in significantly lower claims, particularly in motor and fire, more than offsetting the negative impacts from storm Ciara (€ 11 million) and reserve strengthening (€ 8 million) related to the sector-wide lowering of the actuarial interest rate for personal injury following a court-ruling earlier this year.

The operating result for Health decreased slightly compared to the first half of the previous year. COVID-19 had a small positive impact on Health due to decline in demand for elective care. The introduction of the benefit in kind insurance led to a positive impact, offset by some reserve strengthening on account of prior years' experience.

Combined ratio

The combined ratio of P&C and Disability improved by 0.7% point to 92.9%. The decline in the combined ratio reflects an improvement in claims (0.2%), costs (0.3%) and commissions (0.1%). COVID-19 had approx. a 2% points positive

impact on the combined ratio. Even excluding this impact, the combined ratio would still be well within the target range of 94-96%.

The combined ratio of Disability rose by 12.0% points to 99.4% (HY 2019: 87.4%). In P&C, the combined ratio improved by 9.7% points to 87.8% (HY 2019: 97.4%). The combined ratio of Health increased by 0.3% point to 98.3% (HY 2019: 98.0%). This slight deterioration mainly concerned a.s.r. health basic, whereas the ratio at a.s.r. health supplementary improved.

Gross written premiums

Gross written premiums amounted to € 2,128 million, € 337 million higher than HY 2019 due to the acquisition of Loyalis in May 2019 (€ 153 million), Veherex (€ 10 million) and growth in all product lines. The organic growth of Disability and P&C combined was 6.9%. The organic growth of Disability (€ 78 million) was driven by more sales as well as a pricing adjustment in the sickness leave portfolio. In P&C, growth (€ 19 million) was supported by all distribution channels and showed limited impact from COVID-19. The growth in Health (€ 88 million) mainly relates to the basic health insurance and was up by 94,000 policies due to the introduction of the benefit in kind policy in addition to the restitution policy.

Operating expenses

The operating expenses increased by € 12 million to € 124 million, of which € 11 million relating to the acquisition of Loyalis. The organic growth has been absorbed on the existing platform without an increase in expenses. Cost synergies were realised as IT systems from Generali Nederland were switched off after completion of the migration. As a result, the cost ratio of P&C and Disability improved to 7.9% (HY 2019: 8.2%).

Profit before tax

The profit before tax decreased by € 61 million to € 112 million (HY 2019: € 173 million). This decrease was mainly due to a lower indirect investment income, driven by lower realised capital gains (€ 55 million) compared to HY 2019, which contained a one-off benefit from the sale of equities, and higher impairments (€ 17 million). The gain (€ 4 million) relating to the acquisition of Veherex is directly recognised in the income statement.

Life segment

Key figures, Life segment			
(in € millions, unless stated otherwise)	HY 2020	HY 2019	Delta
Recurring premiums	780	747	4.4%
Single premiums	229	103	123.3%
Gross written premiums	1,009	849	18.8%
Operating expenses	-89	-92	-3.4%
Provision for restructuring expenses	-4	-3	11.9%
Operating result	361	370	-2.5%
Incidental items (not included in operating result)	-125	95	-231.9%
- Investment related	-2	101	-102.4%
- Incidentals	-123	-6	1817.7%
Profit/(loss) before tax	236	465	-49.3%
Profit/(loss) for the period attributable to holders of equity instruments	182	349	-47.8%
Cost-premium ratio (APE)	8.3%	9.4%	-1.1%-p
Life operating expenses on basic life provision (bps)	47	52	-5
New business (APE)	66	40	65.0%

Operating result

The operating result in the Life segment decreased by € 9 million to € 361 million (HY 2019: € 370 million). The negative impact of COVID-19 was € 25 million, which is mainly driven by a lower investment income from dividends on equities and from rental income. Despite the impact of COVID-19 on direct investment income, the investment margin improved by € 6 million due to the positive effect from the derivatives portfolio, the additional contribution of acquisitions (Loyalis and VvAA) and a lower amount of required interest. The improvement of the investment margin as well as the improvement on the result on costs are offset by a modest increase in the unit linked provision due to the market effects from COVID-19 (€ 5 million), various other smaller non-recurring incidentals and a relatively strong mortality result in HY 2019. The COVID-19 impact on the underwriting result was limited, due to diversification effects.

Gross written premiums

Gross written premiums amounted to € 1,009 million (HY 2019: € 849 million), an increase of 18.8%, driven by both recurring premiums (up € 33 million to € 780 million) and single premiums (up € 127 million to € 229 million). The 'Werknemers Pensioen' product (WnP) continued its success in the first six months of this year as contributions increased by € 67 million (+42%) to € 225 million and the AuM increased to € 1.5 billion (FY 2019: € 1.3 billion). The number of active participants is now 100,000 (FY 2019: 80,000).

The growth in WnP and the addition of Loyalis and VvAA compensated for the decrease in the existing DB/DC Pension portfolio (€ 29 million lower) and the decline in Individual life (€ 5 million lower). The persistently low interest rates led to more redemptions in savings mortgages and the level of surrenders of nominal policies increased to 1.01% (FY 2019: 0.79%). Funeral remained reasonably stable (€ +1 million).

The increase in premiums was partly due to additional contribution from Loyalis (€ 31 million) and from VvAA (€ 7 million). The increase in single premiums includes the indexation single premiums of the own pension scheme for an amount of € 93 million (last year this premium was paid in the fourth quarter). Single premiums of WnP and the variable pension product, which was introduced Q4 2019, also increased.

Operating expenses

The operating expenses decreased by € 3 million to € 89 million (HY 2019: € 92 million). Excluding the additional cost base from acquisitions (Loyalis and VvAA), the decrease was € 5 million.

The integration of the Generali Nederland portfolio into the a.s.r. platform (Software as a Service) was completed in the first six months of 2020. In addition, as a result of the COVID-19 outbreak, commercial campaigns were postponed, resulting in lower marketing costs.

Operating expenses in relation to the premiums (measured in APE) improved, which was reflected in a 1.1% point improved cost-premium ratio (APE) of 8.3% (HY 2019: 9.4%). Life operating expenses, expressed in basis points of the basic life provision, also further improved to 47 bps (HY 2019: 52 bps), fully in line with the target of 45-55 bps for 2019-2021.

Profit before tax

The profit before tax decreased by € 229 million to € 236 million (HY 2019: € 465 million). In the first half of 2020, the contribution of investment related incidental items decreased by € 104 million. This reflects lower realised capital gains and fair value through P&L (€ 81 million lower) compared to HY 2019, which contained a one-off benefit from sale of equities, and increased impairments on equities (€ 23 million lower).

The remainder mainly relates to lower income from incidental items including an impairment of goodwill in the Life segment (€ 90 million), driven by the low interest rate environment, as well as an impact from a refinement of the calculation methodology of disability insurance in the Pension portfolio (€ 33 million), other incidental items (€ +6 million) and the decrease in operating result (€ 9 million).

Asset Management segment

Key figures, Asset Management segment¹

(in € millions, unless stated otherwise)	HY 2020	HY 2019	Delta
Assets under Management for third parties (€ bn) (2019 as at 31 December)	21.2	20.7	2.4%
Operating expenses	-47	-41	13.6%
Provision for restructuring expenses	-1	-1	25.2%
Operating result	15	11	27.3%
Incidental items (not included in operating result)	-1	-1	27.8%
- Investment related	-	-	-
- Incidentals	-1	-1	25.2%
Profit/(loss) before tax	14	11	27.3%
Tax	-3	-3	17.4%
Profit/(loss) for the period from continuing operations, after tax	10	8	31.0%
Profit/(loss) for the period from discontinued operations, after tax	-1	-15	-91.8%
Profit/(loss) for the period attributable to holders of equity instruments	9	-7	-234.6%

Operating result

The operating result of the Asset Management segment increased by € 3 million to € 15 million (HY 2019: € 11 million), mainly driven by the inflow of external assets under management which increased to € 21.2 billion (FY 2019: € 20.7 billion). The impact of COVID-19 amounts to € 1 million in the first half of this year. The segment comprises the activities of two entities: a.s.r. asset management and a.s.r. real estate.

a.s.r. asset management

The operating result of a.s.r. asset management increased by almost € 4 million to € 9 million. Despite the COVID-19 impact on financial markets, overall fee income increased. This was mainly due to increased fee income from the mortgage fund and the launch of the ASR Separate Account Mortgage Fund (SAM). Mortgage origination amounted to € 2,349 million in the first half of 2020 of which € 1,109 million was placed in the ASR Hypotheekfonds.

The total external AuM increased compared to HY 2019 by € 1.7 billion to € 19.2 billion. The inflow into the recently established SAM Fund was € 0.5 billion. Due to the declining equity values, the net asset value, and consequently the fee income, of the various mix funds was under pressure.

a.s.r. real estate

The operating result of a.s.r. real estate remained stable at € 6 million (HY 2019: € 6 million). The external AuM rose by € 0.2 billion compared to HY 2019 and remained more or less unchanged at € 1.9 billion compared to FY 2019. The commercial pipeline for the residential fund Dutch Core Retail Fund (DCRF) is well filled, but the growth of the retail and office fund was affected by COVID-19.

The COVID-19 outbreak did not have a negative impact on mortgage production nor did it have an impact on payment arrears. Payment arrears of more than 90 days on the mortgage portfolio amounted to 0.03% (FY 2019: 0.05%) and have been decreasing for years reaching the lowest level recorded so far. Given the 90 days arrears period there is a

¹ The Asset Management segment involves all activities related to asset management including investment property management, and the discontinued banking activities. These activities include amongst others ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V., ASR Hypotheken B.V. and a.s.r. bank. As of October 2018, all activities of a.s.r. bank are classified as discontinued, most of these activities were sold during 2019, and the remaining activities will be finalised this year.

delay in reporting. Credit losses on mortgages reduced substantially and amounted to 0.009 bps (FY 2019: 0.28 bps). Despite the unfavourable economic conditions, payment arrears and credit losses remain well below our limits.

Operating expenses

The operating expenses increased by € 6 million to € 47 million (HY 2019: € 41 million), driven by the growth and expansion of the various (third party) funds. The management cost ratio for a.s.r. mortgages per HY 2020 improved to 10.3 bps (FY 2019: 11.2 bps).

Assets under management

The AuM for third parties of a.s.r. asset management and a.s.r. real estate increased by € 0.5 billion to € 21.2 billion (FY 2019: € 20.7 billion). The € 0.4 billion increase of a.s.r. asset management to € 19.2 billion (FY 2019: € 18.8 billion) was primarily driven by € 0.7 billion net inflow and negative € 0.2 billion from market effects, with equity and mixed funds in particular being affected by falling equity values. The inflow into the mortgage fund (including SAM fund) of € 1.4 billion was partly offset by an outflow of some participants in various other funds, amongst which in mandates of local government (€ -0.2 billion) as a result of specific regulation 'schatkistbankieren' (to bank with the treasury). The external AuM at a.s.r. real estate remained stable at € 1.9 billion (FY 2019: € 1.9 billion).

After the last savings transfers in June 2020, the bank no longer has any banking activities. The procedure for returning the banking licence has now been initiated and, subject to the approval of the Dutch regulator (DNB) and ECB, the banking licence will be returned.

Distribution and Services segment

Key figures, Distribution and Services segment¹

(in € millions)	HY 2020	HY 2019	Delta
Total income	48	41	15.0%
Operating expenses	-33	-27	19.9%
Provision for restructuring expenses	-	-	-
Operating result	13	12	15.0%
Incidental items (not included in operating result)	-1	-1	58.3%
- Investment related	-	-	-
- Incidentals	-1	-1	58.0%
Profit/(loss) before tax	12	11	11.2%
Tax	-3	-2	74.6%
Profit/(loss) for the period attributable to holders of equity instruments	9	9	-0.9%

Operating result

The operating result of the Distribution and Services segment increased by € 2 million to € 13 million (HY 2019: € 12 million) reflecting the growth in various portfolios. The segment was unaffected by COVID-19. In the first half of 2020 a.s.r. further strengthened its presence in the distribution landscape by adding several (smaller) service providers in addition to the acquisitions performed in the past years.

Operating expenses

The operating expenses increased by € 5 million to € 33 million (HY 2019: € 27 million) and are mainly related to the additional cost base of acquisitions (Melching Group and ArGon Group) and organic business growth.

¹ The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of Poliservice, Van Kampen Groep (VKG), Dutch ID, Supergarant Verzekeringen, Corins and ANAC.

Holding and Other segment (including eliminations)

Key figures, Holding and Other segment / Eliminations¹

(in € millions)	HY 2020	HY 2019	Delta
Operating expenses	-45	-32	39.8%
Provision for restructuring expenses	-	-	-
Operating result	-67	-53	27.7%
Incidental items (not included in operating result)	-10	73	-113.4%
- Investment related	10	2	516.3%
- Incidentals	-20	72	-127.8%
Profit/(loss) before tax	-77	21	-469.1%
Tax	16	28	-43.2%
Non-controlling interest	1	-1	-207.4%
Profit/(loss) for the period attributable to holders of equity instruments	-62	50	-224.2%

Operating result

The operating result decreased by € 15 million to € -67 million (HY 2019: € -53 million). The decrease was mainly the result of an increase in the interest expenses (€ 6 million) on the newly issued € 500 million Tier 2 subordinated loan in May 2019, and higher current net service costs (CNSC) (€ 9 million) related to the a.s.r. pension scheme due to a lower discount rate.

Operating expenses

The operating expenses increased by € 13 million to € 45 million (HY 2019: € 32 million), primarily as a result of the higher CNSC costs (€ 9 million) and incidental costs (€ 3 million).

The incidental cost items amounted to € 24 million (HY 2019: € 21 million). This increase was due to higher regulatory costs related to the IFRS17/9 implementation and the a.s.r. Vitality programme. This increase was partly offset by lower advisory costs related to M&A activities. Integration costs remained stable as the integration of Loyalis started after the completion of the integration of Generali Nederland in 2019.

Profit before tax

The total contribution of incidental items to the IFRS result amounted to € -10 million (HY 2019: € 73 million). This decrease was mainly due to the purchase gain of € 88 million as a result of the Loyalis acquisition in the first half of 2019.

The lower contribution from incidental items was also reflected in profit before tax, which decreased to € -77 million (HY 2019: € 21 million).

¹ The segment 'Holding and Other' consists primarily of the holding activities of ASR Nederland N.V. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.) and the activities of ASR Deelnemingen N.V.

Capital management

- The Solvency II ratio (standard formula) continues to be robust at 199% (FY 2019: 194%) after an 8% points deduction for the special dividend (€ 166 million), the regular interim dividend (€ 105 million) and the buyback of shares (€ 75 million), and meets our target of above 160%.
- Organic capital creation (OCC) amounted to € 298 million (HY 2019: € 299 million), which is 7.3% of the required capital.
- Equity attributable to holders of equity instruments (IFRS-based Equity) increased by € 216 million to € 6,309 million.
- Financial leverage was 28.4% (FY 2019: 29.2%), which is well below our maximum threshold of 35%.
- Double leverage was 98.9% (FY 2019: 102.0%).

Solvency II

Solvency II			
(in € millions)	HY 2020	FY 2019	Delta
Eligible Own Funds	8,193	7,828	4.7%
Required capital	4,118	4,035	2.1%
Solvency II ratio (post dividend)	199%	194%	5%-p

The Solvency II ratio was 199% (FY 2019: 194%). The Solvency II ratio improved 5% points and benefited from OCC (+7% points), which was partly offset by market and operational developments (-2% points). The increase in OCC was mainly driven by the excess return on investments over the risk-free return (6% points), taking into account current spreads and VA, in addition to the positive contribution of the P&C and Funeral product lines. The market and operational developments were driven by, inter alia, the UFR decrease (-4% points), the SBB and interim dividend (-4% points) and the impact of the acquisition of Veherex and VvAA (-1% point) which neutralised the positive impact of market developments (+11% points).

Eligible Own Funds

The eligible own funds increased to € 8,193 million (31 December 2019: € 7,828 million). The drivers of this increase were an increase in the VA and lower interest rates. This was partly offset by lower equity markets, a widening of credit spreads and a negative real estate performance.

Required Capital

The required capital stood at € 4,118 million (31 December 2019: € 4,035 million). This increase was mainly due to the acquisitions of VvAA and Veherex and lower interest rates increasing the required capital for Life and Health SLT risk.

P&C risks have increased due to portfolio developments. This was partly offset by a decrease in equity risk due to lower equity markets, an increase of the VA and a decrease in spread risk.

Equity

Breakdown of total equity

in € millions	HY 2020	FY 2019	Delta
Share capital	23	23	-
Share premium reserve	976	976	-
Unrealised gains and losses	894	937	-4.6%
Actuarial gains and losses (IAS19)	-925	-1,016	-8.9%
Retained earnings	4,394	4,179	5.1%
Treasury shares	-57	-9	544.1%
Equity attributable to shareholders	5,303	5,089	4.2%
Other equity instruments	1,004	1,004	-
Equity attributable to holders of equity instruments	6,307	6,093	3.5%
Non-controlling interest	2	-	
Total equity	6,309	6,093	3.5%

Statement of changes in total equity

in € millions	HY 2020	FY 2019
Beginning of reporting period - total equity	6,093	5,479
Profit / loss for the period	233	972
Unrealised gains and losses	-43	351
Actuarial gains and losses (IAS19)	91	-381
Dividend	-	-252
Hybrid capital costs	-12	-60
Other equity instruments (Tier 2 capital)	-	3
Non-controlling interest	2	-
Treasury shares	-49	-9
Other changes	-6	-9
End of reporting period - total equity	6,309	6,093

Total equity attributable to holders of equity instruments (IFRS-based) increased by € 216 million to € 6,309 million (FY 2019: € 6,093 million). This increase was mainly the result of the addition of the HY 2020 net result (€ 233 million) and a change in the actuarial gains and losses (IAS 19) on the a.s.r. own pension scheme (€ 91 million) due to an increase in the discount rate (from 1.04% at the end of 2019 to 1.16%) and indexation. Several other factors partly offset this increase including the decrease of unrealised revaluations (€ 43 million including shadow accounting) mainly due to price decreases in the equity portfolio, a decline in treasury shares as a result of the share buyback programme (€ 51 million) and sale of own shares to employees (€ 2 million) and the net cost of hybrid capital (€ -12 million). The other changes (€ -6 million) include the buy-out of a minority interest.

a.s.r. took notice of the recommendations issued by the European Insurance and Occupational Pensions Authority (EIOPA) and the Dutch regulator (DNB) to the (European) insurance sector on 2 April 2020, to temporarily postpone any dividend payments and SBB programmes until the financial and economic impact over the COVID-19 outbreak becomes clear. In the first half year 2020, a.s.r., in compliance with this recommendation, postponed its final dividend for 2019 and has also postponed its current SBB programme. Therefore the payment of the final dividend for 2019 did not have an effect on the changes in equity as would normally have been the case.

Financial leverage

Financial leverage			
(in € millions)	HY 2020	FY 2019	Delta
Basis for financial leverage (Equity attributable to shareholders)	5,303	5,089	4.2%
Financial liabilities	2,099	2,099	-
of which hybrids	1,004	1,004	-
of which subordinated liabilities	990	990	-
of which senior debt	105	105	-
Financial leverage (%)	28.4%	29.2%	-0.8%-p
Interest coverage ratio (IFRS)	7.0x	12.9x	-5.9x

The financial leverage of a.s.r. improved by 0.88% point to 28.4% in HY 2020 (FY 2019: 29.2%), which is well below the maximum level of 35%. This is the result of an increase in shareholders' equity (€ 214 million) during the first half of the year, while the debt position remained unchanged.

The interest coverage ratio (ICR), based on the IFRS result before tax, decreased to 7.0x (HY 2019: 12.9x). The ICR decreased due to a relatively strong decrease in the IFRS result, mainly due to COVID-19, compared to the limited decrease in interest expense. This was due to the issue of a new Tier 2 loan in May and the repayment of two grandfathered Tier 1 loans in September and October. On balance, this resulted in a decrease in interest coverage compared to the situation as at FY 2019, but this is still at the upper end of the target range (4-8).

Double leverage

Double leverage			
(in € millions)	HY 2020	FY 2019	Delta
Total value of associates	7,218	7,222	-0.1%
Equity attributable to shareholders	5,303	5,089	4.2%
Hybrids and subordinated liabilities	1,994	1,994	-
Equity attributable to holders of equity instruments	7,297	7,083	3.0%
Double leverage (%)	98.9%	102.0%	-3.1%-p

The double leverage decreased by 3.1% points to 98.9% (FY 2019: 102.0%). The decrease was due to the fact that shareholders' equity of the holding company increased by € 214 million, while shareholders' equity of the participating interests (associates) remained virtually unchanged (€ -4 million).

The difference of € 218 million decrease in local leverage was mainly attributable to the increase in shareholders' equity of the holding company, including the result of the holding company (€ 217 million), a.s.r. pension scheme (IAS19) changes in actuarial provisions and revaluation of investments (€ 85 million). This was partly offset by the buyback of shares (€ 49 million), the acquisition of VvAA life insurance (€ 22 million), the acquisition of Veherex (€ 30 million) and coupon interest paid on equity instruments (€ 12 million).

Payment of the final dividend 2019 has been postponed and therefore did not have a dampening effect on the increased equity of the holding company in HY 2020 as would normally have been the case.

Appendices

1 Financial statements

1.1 Consolidated Interim Balance sheet

1.2 Consolidated interim income statements

1.3 Consolidated interim statement of changes in equity

1.4 Segmented balance sheet

1.5 Segmented income statement and reconciliation to operating result

Disclaimer

1 Financial statements

1.1 Consolidated Interim Balance sheet

Consolidated interim statements			
(In € millions and before profit appropriation)	Note	30 June 2020	31 December 2019 (restated) ¹
Intangible assets		379	466
Property and equipment	6.2	189	189
Investment property	6.2	1,966	1,940
Associates and joint ventures at equity method		99	99
Investments	6.3	36,382	34,707
Investments on behalf of policyholders	6.3	9,305	9,571
Loans and receivables	6.3	14,371	12,332
Derivatives	6.3	8,918	5,959
Deferred tax assets		109	197
Reinsurance contracts		530	571
Other assets		667	722
Cash and cash equivalents	6.3	2,824	2,905
Assets held for sale		31	61
Total assets		75,769	69,721
Share capital		23	23
Share premium reserve		976	976
Unrealised gains and losses		894	937
Actuarial gains and losses		-925	-1,016
Retained earnings		4,394	4,179
Treasury shares		-57	-9
Equity attributable to shareholders		5,303	5,089
Other equity instruments		1,004	1,004
Equity attributable to holders of equity instruments		6,307	6,093
Non-controlling interests		2	-
Total equity		6,309	6,093
Subordinated liabilities		990	990
Liabilities arising from insurance contracts	6.4	41,638	38,555
Liabilities arising from insurance contracts on behalf of policyholders		12,323	12,477
Employee benefits	6.5	3,746	3,860
Provisions		39	54
Borrowings	6.3	50	47
Derivatives	6.3	1,362	676
Due to customers	6.3	500	686
Due to banks	6.3	8,037	5,520
Other liabilities		774	729
Liabilities relating to assets held for sale		-	33
Total liabilities		69,459	63,628
Total equity and liabilities		75,769	69,721

1 Comparative figures for 2019 have been restated. This restatement mainly concerns investment property reclassified to investments classified at fair value through profit or loss.

1.2 Consolidated interim income statements

Consolidated interim income statements			
(in € millions)	Note	HY 2020	HY 2019
Continuing operations			
Gross written premiums		2,978	2,576
Change in provision for unearned premiums		-310	-220
Gross insurance premiums		2,668	2,356
Reinsurance premiums		-55	-56
Net insurance premiums		2,613	2,300
Investment income		755	724
Realised gains and losses		138	189
Fair value gains and losses		-18	184
Result on investments on behalf of policyholders		-372	971
Fee and commission income		67	66
Other income		49	125
Share of result of associates and joint ventures		1	-
Total income		3,234	4,560
Insurance claims and benefits		-2,050	-3,160
Insurance claims and benefits recovered from reinsurers		28	30
Net insurance claims and benefits		-2,022	-3,130
Operating expenses		-337	-304
Restructuring provision expenses		-4	-7
Commission expenses		-250	-229
Impairments	6.1	-141	-11
Interest expense		-166	-170
Other expenses		-18	-28
Total expenses		-915	-749
Result before tax		296	680
Income tax (expense) / gain		-62	-126
Result after tax from continuing operations		235	554
Discontinued operations			
Result after tax from discontinued operations		-1	-15
Net result		234	539
Attributable to:			
Non-controlling interests		1	-
- Shareholders of the parent		221	535
- Holders of other equity instruments		12	5
Result attributable to holders of equity instruments		233	540

1.3 Consolidated interim statement of changes in equity

Consolidated interim statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealised gains and losses	Unrealised actuarial gains and losses (Pension obligations)	Retained earnings	Treasury shares	Equity attributable to shareholders	Other equity instruments	Non-controlling interest	Total equity
At 1 January 2019	23	976	586	-635	3,528	-	4,478	1,001	-	5,479
Net result	-	-	-	-	540	-	540	-	-	539
Total other comprehensive income	-	-	287	-335	-	-	-48	-	-	-48
Total comprehensive income	-	-	287	-335	540	-	492	-	-	491
Discretionary interest on other equity instruments	-	-	-	-	-5	-	-5	-	-	-5
Dividend paid	-	-	-	-	-154	-	-154	-	-	-154
Other movements	-	-	-	-	-2	-	-2	-	-	-2
At 30 June 2019	23	976	873	-970	3,907	-	4,809	1,001	-	5,810
At 1 January 2020	23	976	937	-1,016	4,179	-9	5,089	1,004	-	6,093
Net result	-	-	-	-	233	-	233	-	1	234
Total other comprehensive income	-	-	-43	91	-	-	48	-	-	48
Total comprehensive income	-	-	-43	91	233	-	280	-	1	281
Discretionary interest on other equity instruments	-	-	-	-	-12	-	-12	-	-	-12
Dividend paid	-	-	-	-	-	-	-	-	-	-
Treasury shares acquired (-)/sold	-	-	-	-	-	-49	-49	-	-	-49
Other movements	-	-	-	-	-6	-	-6	-	1	-5
At 30 June 2020	23	976	894	-925	4,394	-57	5,303	1,004	2	6,309

1.4 Segmented balance sheet

Segmented balance sheet							
As at 30 June 2020	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	125	69	8	178	-	-	379
Property and equipment	-	147	-	13	230	-201	189
Investment property	256	1,710	-	-	-	-	1,966
Associates and joint ventures at equity method	-	23	-	1	75	-	99
Investments	7,187	28,894	-	-	3,558	-3,257	36,382
Investments on behalf of policyholders	-	9,305	-	-	-	-	9,305
Loans and receivables	910	13,676	27	35	82	-358	14,371
Derivatives	204	8,714	-	-	-	-	8,918
Deferred tax assets	-7	-	-	-2	118	-	109
Reinsurance contracts	367	163	-	-	-	-	530
Other assets	161	449	-	2	58	-4	667
Cash and cash equivalents	337	1,940	90	70	386	-	2,824
Assets held for sale	-	-	29	-	-	2	31
Total assets	9,539	65,088	154	296	4,509	-3,817	75,769
Equity attributable to holders of equity instruments	1,999	5,190	123	201	-1,079	-127	6,307
Non-controlling interests	-	-	-	-	2	-	2
Total equity	1,999	5,190	123	201	-1,077	-127	6,309
Subordinated liabilities	19	-	-	-	990	-19	990
Liabilities arising from insurance contracts	7,010	37,505	-	-	-	-2,877	41,638
Liabilities arising from insurance contracts on behalf of policyholders	-	12,323	-	-	-	-	12,323
Employee benefits	-	-	-	-	3,746	-	3,746
Provisions	1	4	-	1	34	-	39
Borrowings	-	30	6	10	507	-503	50
Derivatives	65	1,297	-	-	-	-	1,362
Deferred tax liabilities	85	-141	4	3	88	-39	-
Due to customers	62	620	-	44	-	-226	500
Due to banks	167	7,766	-	-	105	-	8,037
Other liabilities	132	495	22	36	116	-27	774
Liabilities relating to assets held for sale	-	-	-	-	-	-	-
Total liabilities	7,540	59,898	31	95	5,585	-3,690	69,459
Total equity and liabilities	9,539	65,088	154	296	4,509	-3,817	75,769

Segmented balance sheet

As at 31 December 2019	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	125	155	8	179	-	-	466
Property and equipment	-	149	-	12	232	-205	189
Investment property	257	1,683	-	-	-	-	1,940
Associates and joint ventures at equity method	-	24	-	1	74	-	99
Investments	6,814	27,825	-	-	3,245	-3,176	34,707
Investments on behalf of policyholders	-	9,571	-	-	-	-	9,571
Loans and receivables	644	11,871	29	42	82	-337	12,332
Derivatives	120	5,839	-	-	-	-	5,959
Deferred tax assets	-8	-	-	-2	206	-	197
Reinsurance contracts	405	166	-	-	-	-	571
Other assets	154	591	4	1	-26	-2	722
Cash and cash equivalents	232	2,056	85	46	485	-	2,905
Assets held for sale	-	-	63	-	-	-2	61
Total assets	8,744	59,931	189	280	4,299	-3,721	69,721
Equity attributable to holders of equity instruments	1,912	5,298	117	192	-1,357	-69	6,093
Non-controlling interests	-	1	-	-	-	-1	-
Total equity	1,912	5,299	117	192	-1,357	-70	6,093
Subordinated liabilities	19	-	-	-	990	-19	990
Liabilities arising from insurance contracts	6,337	34,954	-	-	-	-2,735	38,555
Liabilities arising from insurance contracts on behalf of policyholders	-	12,477	-	-	-	-	12,477
Employee benefits	-	-	-	-	3,860	-	3,860
Provisions	-	4	-	1	50	-	54
Borrowings	-	27	6	11	492	-489	47
Derivatives	40	636	-	-	-	-	676
Deferred tax liabilities	85	-204	3	3	132	-19	-
Due to customers	86	932	-	23	-	-356	686
Due to banks	87	5,328	-	-	105	-	5,520
Other liabilities	178	478	30	49	27	-33	729
Liabilities relating to assets held for sale	-	-	33	-	-	-	33
Total liabilities	6,833	54,632	72	87	5,656	-3,651	63,628
Total equity and liabilities	8,744	59,931	189	280	4,299	-3,721	69,721

1.5 Segmented income statement and reconciliation to operating result

Segmented income statement							
HY 2020	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Continuing operations							
Gross written premiums	2,128	1,009	-	-	-	-159	2,978
Change in provision for unearned premiums	-310	-	-	-	-	-	-310
Gross insurance premiums	1,818	1,009	-	-	-	-159	2,668
Reinsurance premiums	-55	-1	-	-	-	-	-55
Gross premiums - Direct insurance - Transfer	-	-	-	-	-	-	-
Net insurance premiums	1,764	1,008	-	-	-	-159	2,613
Investment income	76	680	-1	-	4	-4	755
Realised gains and losses	11	127	-	-	-	-	138
Fair value gains and losses	14	-27	-	-	-	-5	-18
Result on investments on behalf of policyholders	-	-372	-	-	-	-	-372
Fee and commission income	12	3	72	35	-	-55	67
Other income	6	18	1	12	13	-	49
Share of result of associates and joint ventures	-	-1	-	-	2	-	1
Total income	1,882	1,436	71	48	19	-223	3,234
Insurance claims and benefits	-1,373	-853	-	-	-	176	-2,050
Insurance claims and benefits recovered from reinsurers	26	2	-	-	-	-	28
Net insurance claims and benefits	-1,347	-850	-	-	-	176	-2,022
Operating expenses	-124	-89	-47	-33	-74	29	-337
Restructuring provision expenses	-	-4	-1	-	-	-	-4
Commission expenses	-268	-6	-	-	-	24	-250
Impairments	-22	-128	-	-	9	-	-141
Interest expense	-6	-115	-	-	55	-99	-166
Other expenses	-3	-9	-10	-3	-2	9	-18
Total expenses	-423	-350	-58	-36	-13	-36	-915
Result before tax	112	236	14	12	6	-83	296
Income tax (expense) / gain	-17	-54	-3	-3	-5	21	-62
Result after tax from continuing operations	94	182	10	9	1	-62	235
Discontinued operations							
Result after tax from discontinued operations	-	-	-1	-	-	-	-1
Net result	94	182	9	9	1	-62	234

HY 2020	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Attributable to:							
Non-controlling interests	-	-	-	-	1	-	1
- Shareholders of the parent	94	182	9	9	-11	-62	221
- Holders of other equity instruments	-	-	-	-	12	-	12
Result attributable to holders of equity instruments	94	182	9	9	-	-62	233

Segmented income statement

HY 2019	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Continuing operations							
Gross written premiums	1,791	849	-	-	-	-64	2,576
Change in provision for unearned premiums	-220	-	-	-	-	-	-220
Gross insurance premiums	1,571	849	-	-	-	-64	2,356
Reinsurance premiums	-52	-3	-	-	-	-	-56
Gross premiums - Direct insurance - Transfer	-	-	-	-	-	-	-
Net insurance premiums	1,518	846	-	-	-	-64	2,300
Investment income	65	651	4	-	5	1	724
Realised gains and losses	59	130	-	-	1	-	189
Fair value gains and losses	15	157	-	-	-	13	184
Result on investments on behalf of policyholders	-	971	-	-	-	-	971
Fee and commission income	18	2	62	34	-	-49	66
Other income	-	31	-	8	96	-10	125
Share of result of associates and joint ventures	-	-1	-	-	1	-	-
Total income	1,675	2,786	65	41	102	-110	4,560
Insurance claims and benefits	-1,157	-2,087	-	-	-	84	-3,160
Insurance claims and benefits recovered from reinsurers	24	5	-	-	-	-	30
Net insurance claims and benefits	-1,133	-2,082	-	-	-	84	-3,130
Operating expenses	-112	-92	-41	-27	-58	26	-304
Restructuring provision expenses	-3	-3	-1	-	-	-	-7
Commission expenses	-243	-7	-	-	-	21	-229
Impairments	-4	-7	-	-	-	-	-11
Interest expense	-4	-120	-	-	-24	-21	-170
Other expenses	-3	-9	-13	-3	-9	9	-28
Total expenses	-369	-239	-55	-31	-91	35	-749
Result before tax	173	465	11	11	11	10	680
Income tax (expense) / gain	-34	-115	-3	-2	31	-3	-126
Result after tax from continuing operations	139	350	8	9	42	7	554
Discontinued operations							
Result after tax from discontinued operations	-	-	-15	-	-	-	-15
Net result	139	350	-7	9	42	7	539

HY 2019	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Attributable to:							
Non-controlling interests	-	-	-	-	-	-	-
- Shareholders of the parent	139	349	-7	9	37	8	535
- Holders of other equity instruments	-	-	-	-	5	-	5
Result attributable to holders of equity instruments	139	349	-7	9	42	8	540

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