Half-year report ASR Nederland N.V.

First half of 2010

2010 HALF-YEAR REPORT
ASR NEDERLAND N.V.

This report is a translation of the Dutch Half-year Report ("Halfjaarverslag ASR Nederland N.V. 2010").
In case of conflict between the Dutch and the English report, the Dutch Half-year Report is leading.

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PART I: REPORT FROM THE EXECUTIVE BOARD

1.1 Financial results

Results for the first half of 2010

- Net result of €226m (first half of 2009: €77m)
- Cost-saving programme successfully completed with savings of more than €100m
- Equity (including unrealized revaluation of real estate) improved to €3,282m (year-end 2009: €2,975m)
- Gross premium income Non-life slightly increased (+2%) compared with the first half of 2009
- Gross premium income Life roughly the same (+0%) compared with the first half of 2009
- New production decreased: Life (Annualized Premium Equivalent (APE)) -11% and Non-life -20% compared with the first half of 2009
- Recovery of combined ratio to 97.8% from 99.1% in the first half of 2009
- Regulatory solvency (DNB) slightly decreased to 222% (year-end 2009: 232%)

Introduction

In the first half of 2010, ASR Nederland achieved a net result of €226m. Shareholders' equity saw an improvement, but the solvency ratio decreased to 222% due to a decline in interest rates. At the same time, major steps were taken towards achieving strategic priorities. As part of efforts to further strengthen our financial solidity, progress was made in the first six months of the year on reducing the exposure to investment risks (financial institutions and PIIGS countries, amongst others). The target of the cost-saving programme – savings of €100m – was also achieved.

SOLVENCY[1]	30 June 2010	31 December 2009
Solvency ratio (DNB-norm)	222%	232%
Buffer capital ratio (IFRS-basis)	274%	293%

With a view to further improving our financial solidity, the reduction of risks within the investment portfolio continued in 2010. Specific positions in shares, real estate and bonds have been sold as a result. The exposure in subordinated debt instruments of financial institutions, most of which were written down in previous years for impairment, were further reduced. Although specific risks within the share portfolio have been reduced, the portfolio has grown slightly on balance.

1 To calculate the solvency and buffer capital ratio, several additions were made to shareholders' equity, such as the revaluation of real estate and capital securities. In contrast to the calculation of the DNB norm for solvency, the surplus in technical provisions as set in accordance with the IFRS adequacy test is added to the buffer capital.

The regulatory solvency ratio (the available capital expressed as percentage of the minimum capital requirement) for ASR Nederland N.V. decreased slightly from 232% at year-end 2009 to 222% at 30 June 2010. This is primarily due to the interest rate development in the second quarter. Lower share prices had a limited negative impact on solvency. The buffer capital (the solvency ratio in accordance with IFRS) of ASR Nederland N.V. amounts to 274%.

Net result

The net result for the first half of 2010 is €226m, which is €149m higher than the result for the same period in the previous year (€ 77m). This strong improvement was achieved primarily due to the recovery of the financial markets, the cost reductions and the improved combined ratio in the Non-life business.

The recovery of the financial markets in the first half of 2009 led to a gain of €51m on the reversal of impairments. The impairment result on fixed-income investments amounts to €77m, which comprizes €29m in losses and €106m in gains following the sale of debt instruments of financial institutions in particular. These had been impaired in previous periods. The impairment result on the real estate portfolio amounts to €-12m (loss). Impairments on shares amounted in the first half of the year to €-14m (loss).

The net result of **Life** in the first half of 2010 increased to €160m compared with €106m in the first half of 2009. In the first half of 2010 investment income was higher than in the first half of 2009. Life was faced in both 2009 and 2010 with a slight increase in the provision created in 2008 for liabilities related to unit linked policies, part of which stemmed from the higher expected costs for administering the compensation scheme. The result of Life unrelated to investments and compensation shows a stable pattern, which is partly due to the cost-saving programme.

The net result of **Non-life** increased from €41m in the first half of 2009 to €88m in the first half of 2010. This is primarily due to higher investment income combined with significantly lower costs. On the other hand, the cost of claims increased by 2.5 percentage points. This increase was felt in particular by Disability and Motor due to an increase in the number of claims/sick leave cases reported and higher claim frequency. The development in the cost of claims for Fire was favourable due to a lower number of large claims in the first half of 2010.

The result of the other business activities (**Other and eliminations** segment) improved from a loss of €68m in the first half of 2009 to a loss of €22m in the first half of 2010. This is primarily due to higher investment income and lower interest charges. The lower interest expense is related to the restructuring of a subordinated debt instrument (TOPrS) in the middle of the previous year into new hybrid Tier 1 instruments. On the other hand, ASR recorded split-off costs for the new banking business.

Gross insurance premiums

GROSS INSURANCE PREMIUMS (amounts in € million)	1H 2010	1H 2009	%
Total gross insurance premiums	2,612	2,568	2%
Life	1,508	1,506	0%
Non-life[2]	1,166	1,142	2%
Other and eliminations	-62	-80	-23%

Gross insurance premiums in the first half of 2010 were 2% higher at €2,612m. The gross premiums for Life were under pressure and have remained virtually the same as in the previous year. Gross premiums for Non-life were 2% higher than a year ago due primarily to a rate adjustment.
Other and eliminations concerns the elimination of the pension premiums for staff of ASR Nederland in accordance with IFRS.

Commercial developments

COMMERCIAL DEVELOPMENTS (amounts in € million)	1H 2010	1H 2009	%
New production Life (APE)	105	118	-11%
New production Non-life	136	170	-20%
New production Mortgages	878	748	17%

Market conditions for the insurance sector were not particularly favourable in the first half of 2010 either. There is little confidence in the sector (particularly in the Life market). The economic prospects remain uncertain and there is uncertainty about the government's future policy. Against this backdrop, demand for insurance products was also under pressure in the first half of 2010, although the increase in market share in Individual Life and Mortgages is considerd a positive development.

2 Gross earned premiums

New production in Life, measured in APE, has decreased by 11% to €105m despite an increase in single premium production due to competitive prices in the first half of the year. Premium production was, in spite of a higher contribution from mortgage-linked life production, under pressure from the drop in pension production in particular. New production in Non-life was lower than in the previous year in virtually all lines of business due to the continued competition on price, terms and conditions. The production of mortgages amounted to €878m (+17%). Fortis Bank Nederland Hypotheek Groep and BNP Paribas Personal Finance provided the funding.

Cost-saving programme

Launched in 2009, the cost-saving programme was completed by 30 June 2010. The rollout has produced savings right across the organization. In addition to the €70m saved in 2009 compared with the budget, gross overheads have continued to fall in 2010. The structural fall in gross overheads in the period from 1 July 2009 to 30 June 2010 therefore exceeded the target of €100m.

Mainly due to the acquisition of ASR Bank and the impact of the split from Fortis, savings achieved on operational overheads are not fully visible in the operational expenses.

Staff information

STAFF INFORMATION (in FTE)	30 June 2010	31 December 2009	%
Internal staff	4,399	4,454	-1%

Due to the cost-saving programme, the number of internal staff at the end of the period fell by 55 to 4,399 compared with December 2009. Staff will continue to be made redundant in the second half of 2010 as part of the redundancy scheme.

Staff costs decreased by 1%. In addition, external staff costs fell by 15% compared with the first half of 2009.

Cost-premium ratio

COST-PREMIUM RATIO	1H 2010	1H 2009
Cost-premium ratio based on APE	11.4%	12.8%

Mainly as a result of the decrease in expenses combined with nearly the same premium income as in the previous year, the cost-premium ratio of the insurance business of ASR Nederland decreased from 12.8% to 11.4%.

Developments in Life insurance

- Continued recovery of the net result to €160m
- Gross premium income nearly the same at €1.5 billion
- New Life production (APE) declined by 11%

Result

The net result of the Life business improved from €106m in the first half of 2009 to €160m this year. This is mainly due to the results recorded on the sale of investments and unrecognized investment gains. Equity exposure was cut back to an acceptable level following measures initiated in 2009 to reduce balance sheet risks.

In the first half of 2010, €35m was added to the provision related to unit linked policies due to the higher expected costs for administering the compensation scheme in 2010 and 2011, this in addition to the regular addition to the provision. Additional external staff and extra investments will be required to streamline the underlying systems. Outside of the impact of the compensation for investment insurance policies and the impact of investments, the result remained stable.

Gross premium income

Gross premium income from the Life business of €1.5 billion in the first half of 2010 was nearly the same as in the same period of the previous year. The fall in regular premiums was compensated by an increase in immediate annuities/single premiums due to a more competitive rate in the first half of 2010.

Consumers are relying less on traditional life insurance as an instrument for building equity. New production in Life (APE) fell by 11%, especially in regular premium policies. The new Life products introduced in 2010, such as ASR VermogenGarant, are still in the start-up phase.

ASR Bank was acquired from Fortis Bank Nederland at year-end 2009. ASR Bank offers savings and investment accounts to the private market in particular. Mortgage production increased in 2010 by 17% to €878m. The WoonGerust mortgage was introduced in the market at the end of 2009 with funding from BNP Paribas Personal Finance. This mortgage type has been a contributing factor to growth in premium income in 2010.

The market for Pensions has yet to show the expected development, which also explains why premium income from single premiums is still under pressure. Nevertheless, we still managed to conclude a number of new pension contracts in this difficult market. Even without indexing and given the loss of some collective contracts, premium income has generally been stable.

In the funeral insurance market, Ardanta has built on its position and increased its market share to 17%[3] (2009: 12%). Competition has also increased in this market. The production of single premiums is much lower than in the previous year now that they are no longer beneficial for tax purposes.

Developments in Non-life insurance

- Further increase in net result to €88m
- Gross premium income increased by 2% to €1,166m
- New production fell by 20%
- Combined ratio improved to 97.8%

Result

The net result from Non-life business amounted to €88m. This is an increase compared with the result of €41m in the first half of 2009 and attributable to the contribution from investments and cost savings. The increase was partly negated by higher claims.

Gross premium income

Despite the poor economic circumstances, the gross premium income in Non-life amounted to €1,166m, which is 2% more than in the previous year. A shrinking market following the recession and more intense price competition has placed the position of market leader of Disability under pressure. Other Non-life (e.g. Fire and Motor) outperformed the market. New production was less than in the previous year because of the continuing competition on price, terms and conditions. New production is also under pressure due to the emergence of companies offering their services over the internet. Therefore late 2007 direct distribution via Ditzo was started up.

The combined ratio fell by 1.3 percentage points from 99.1% to 97.8%. The higher claims ratio was more than compensated for by the lower expense and commissions ratio.

COMBINED RATIO	1H 2010	1H 2009
Claims ratio	71.3%	68.8%
Expense ratio	11.5%	14.3%
Commissions ratio	15.0%	16.0%
Combined ratio	**97.8%**	**99.1%**

The claims ratio increased by 2.5 percentage points to 71.3%. This increase is mainly due to the higher cost of claims for Disability, Motor and at Europeesche Verzekeringen. Claim reducing measures in Health were productive and there were fewer major claims in Fire. Individual Disability recorded an increase in the number of claims reported. Various measures have since been taken such as more in-depth analyses of claims and occupational groups and better coordination of medical services. In Sick Leave (Disability), the number of people reporting ill also increased. Following the higher Motor claim frequency, we increased our rates for motor insurance and abolished the no-claim benefit. The rise in the number of claims reported in the travel and leisure industry (including the volcanic ash cloud from Iceland) were responsible for the higher claims ratio at Europeesche Verzekeringen.

While turnover remained virtually stable, the expense ratio declined sharply from 14.3% to 11.5%. The cost-saving programme combined with the current OpEx (operational excellence) projects for more efficient processes are paying off.

Developments in Other and eliminations[4]

The net result has improved due to a combination of higher investment income and lower interest expenses. The restructuring in mid-2009 of subordinated capital (TOPrS) into Tier-1 equity resulted in lower interest expenses. On the other hand, there was a cost increase due to the acquisition of ASR Bank and disentangelment expenses.

With the acquisition of ASR Bank in 2009, ASR Nederland is able to offer banking products via, among others, intermediaries, in order to enhance the product range and stimulate the sale of life insurance products. The market share of ASR Nederland in the mortgages market has been increasing since November 2009, thanks to the multi-funding strategy. The production of mortgages amounted to €878m in the first half of 2010.

3 Source: Centre of Insurance Statistics (CVS). Figures based on the outcome of April 2010.

4 Other and eliminations' includes the figures of the parent company, ASR Bank N.V., a fully consolidated group company as of 29 December 2009, other entities not attributable to the Life or Non-life segments as well as the eliminations applied in the reconciliation of the segment information with the consolidated balance sheet and the consolidated income statement.

1.2 Capital management & solvency

In the first half of 2010, the solvency ratio (DNB norm) decreased from 232% to 222%. The sharp fall in interest rates had a negative effect on solvency. Although the test margin (the margin on the technical provisions) narrowed significantly as a result, it was largely compensated by bonds and swaptions. Moreover, the wider credit spreads in the second quarter had a negative effect on the value of the bonds. The fall in stock market prices had a limited negative impact on solvency.

(amounts in € million)	30 June 2010	31 December 2009
Required capital according to DNB solvency	1.556	1.512
Available capital according to DNB solvency	3.451	3.515
Available capital according to DNB solvency/ required capital according to DNB solvency	222%	232%
Buffer capital	4.263	4.436
Buffer capital / required capital according to DNB solvency	274%	293%

The sensitivity of the DNB solvency ratio is similar to that at year-end 2009 for most market risks. Only the interest rate risk has seen a sharp increase as a result of the lower interest rates.

		30 June 2010	31 December 2009
	scenario		
Equity	-20%	-20%	-20%
Interest	-1.0%	-22%	-9%
Spread	0.75%	-17%	-18%
Real estate	-15%	-21%	-19%

1.3 Risk management

Introduction
In the first half of 2010, the focus was on integral risk management. This is conducted by various risk committees which use limits to assess whether risks are acceptable and, if so, under which conditions.

The main risks of ASR Nederland are set out below. This shows that ASR Nederland carefully monitors risks and takes immediate action with new developments. Risk management within ASR Nederland will continue in the same way in the second half of 2010.

Financial risk

Market and credit risk
ASR's primary market risks in relation to the portfolios for own account and risk, including its own pension plan and collective contracts with a separate portfolio for specific customers, are dealt with below.

ASR pursues an active risk management policy and therefore various risk-mitigating measures were taken. Because of the market circumstances, however, only part of the effect of these measures is visible on balance in certain cases.

Interest rate risk
There has been a sharp fall in interest rates. The yield curve is 0.8% lower than at year-end 2009.

Swaptions were purchased in the first half of 2010 to mitigate the interest rate risk. Yet the sharp fall in interest rates led to a higher interest rate risk instead; when interest rates are low, there is a higher risk from the interest rate guarantees given in long-term life insurance products.The total interest rate risk has therefore risen compared with year-end 2009.

Equity risk
The fair value of equities in similar investments was €1,878m as at 30 June 2010 (year-end 2009: €1,811m). More equities were acquired than sold and there was a slight decrease in the exposure to equities due to price developments. Put options with an underlying value of €200m were purchased as well. The equity risk is similar to that at year-end 2009.

Real estate risk [5]

The fair value of property and similar investments was €3,963m as at 30 June 2010 (year-end 2009: €3,936m). The total exposure has remained stable. The real estate portfolio is being reduced further. Agreement has been reached on the sale of the former head office of Fortis in Utrecht to the Province of Utrecht which will further reduce the size of the portfolio.

Credit risk of fixed-income portfolio

The credit risk in the fixed-income investment portfolio was reduced in the first half of 2010. The exposure in structured instruments has been reduced by selling CDOs and CLOs. In the Financial institutions category, subordinated debt instruments were sold. In the Government category, government bonds with lower ratings were sold and government bonds with an AAA rating purchased.

(amounts in € million)	30 June 2010		31 December 2009	
	Carrying amount	%	Carrying amount	%
Government	8,153	46%	7,169	42%
Financial institutions	6,647	38%	6,907	41%
Corporate	2,275	13%	2,058	12%
Structured instruments	635	4%	766	5%
Total	**17,710**	**100%**	**16,901**	**100%**

The relative weighting of bonds with an AAA rating has sharply increased. Besides bond acquisitions, this was also due to the higher prices of long-term government bonds following the lower interest rates.

(amounts in € million)	30 June 2010		31 December 2009	
	Carrying amount	%	Carrying amount	%
AAA	8,885	50%	7,178	42%
AA	1,803	10%	2,228	13%
A	4,524	26%	4,942	29%
BBB	1,745	10%	1,868	11%
	16,958	**96%**	**16,215**	**96%**
Lower then BBB	682	4%	616	4%
Without rating	70	0%	70	0%
Total	**17,710**	**100%**	**16,901**	**100%**

In the past half-year, a number of EMU member states faced downgrades. The exposure to government bonds with lower ratings is limited and was actively reduced in the first half of 2010. The table below shows the fair market value of the government bonds of the PIIGS countries[6].

(amounts in € million)	30 June 2010	31 December 2009
Portugal	13	15
Italy	135	242
Ireland	-	-
Greece	14	82
Spain	58	267
Total	**220**	**606**

Insurance risk

General

The insurance risk concerns all the risks as a result of which the expected future payment obligations cannot be raised by premium and/or investment income due to incorrect and/or incomplete technical assumptions and principles for the development and pricing of the product, leading to insufficient provisions.

ASR controls the insurance risk with a combination of acceptance policy, pricing, provisions and reinsurance contracts. Reinsurance and other risk-mitigating measures are used to reduce and limit the volatility of the results or to spread the negative impact on value as an alternative to required capital. The task of the departments charged with the risk management is to assess and control the risks. This is done on the basis of policy and guidelines agreed at group level as well as by monitoring current technical developments in the portfolio.

Adequacy of provisions

Every insurance business in ASR recognizes provisions for future claims arising from policies and designates assets for these provisions. In principle, the provisions for life and occupational disability risk are based on premium calculations taking into account, among other things, market-specific assumptions and assumptions based on social issues. The provisions for the remaining non-life risk are based on historical claims settlements of the ASR portfolio. No provisions are formed for equalisation or emergencies as these are not allowed under reporting under IFRS.

5 ASR Nederland is currently considering the future of its real estate development.

6 ASR Nederland also has limited exposure to PIIGS countries trough investments on behalf of policyholders with certain guarantees.

The adequacy of the technical insurance provisions is tested at least once a year and evaluated each quarter (and more frequently, if required). Any required increases in the provisions are recognized immediately and charged to the income statement. The ASR test policy concerning the provisions and processes comply with the requirements of IFRS, the Financial Supervision Act and further DNB guidelines.

The technical insurance provisions are deemed adequate as at 30 June 2010 on the basis of external tests. This is based on the results of the year-end 2009 test, the developments in the first two quarters of 2010 and arithmetic evaluation.

Statement of the Executive Board

The Executive Board declares that, to the best of its knowledge:

1. the half-year financial statements are a fair presentation of the assets, liabilities, the financial position and the result of ASR and all consolidated companies; and

2. the half-year report is a true reflection of the state of affairs as at the balance sheet date, developments during the first half of the year of ASR and its group companies whose information has been included in its half-year financial statements and the expected developments in which, provided that material interests do not stand in the way, special attention is paid to those circumstances which are key to the development of the company's turnover and profitability.

Utrecht, 25 August 2010

Executive Board
Jos Baeten
Hans van der Knaap
Roeland van Vledder
Roel Wijmenga

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ASR NEDERLAND N.V.

Unless stated otherwise, all amounts presented in these financial statements are in millions of euros.

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Consolidated balance sheet

(before profit appropriation)

	30 June 2010	31 December 2009
Intangible assets	348	371
Deferred acquisition costs	508	518
Property, plant and equipment	149	151
Investment property	2,135	2,157
Investments in associates and joint ventures	210	203
Derivatives	625	312
Investments	19,186	18,352
Investments on behalf of policyholders	8,771	8,808
Loans and receivables	5,879	6,098
Deferred tax assets	236	235
Reinsurance	555	545
Other assets	740	814
Cash and cash equivalents	984	685
Total assets	**40,326**	**39,249**
Share capital	100	100
Share premium account	962	962
Other reserves	456	72
Undistributed result	**226**	**255**
Total equity attributable to shareholders	**1,744**	**1,389**
Other equity instruments	516	515
Equity attributable to holders of equity instruments	**2,260**	**1,904**
Non-controlling interests	4	51
Total equity	**2,264**	**1,955**
Subordinated liabilities	20	20
Liabilities arising from insurance contracts	23,153	21,886
Liabilities arising from insurance contracts on behalf of policyholders	9,812	9,823
Provisions for employee benefits	1,978	1,946
Provisions	24	30
Financing	93	127
Derivatives	15	37
Deferred tax liabilities	209	83
Due to customers	1,620	1,392
Due to banks	381	889
Other liabilities	757	1,061
Total liabilities	**38,062**	**37,294**
Total liabilities and equity	**40,326**	**39,249**

Consolidated income statement

	1H 2010	1H 2009
Gross premiums	2,612	2,568
Reinsurance premiums	-111	-113
Net premiums	**2,501**	**2,455**
Investment income	693	703
Realized gains and losses	43	-61
Fair value gains and losses	73	-72
Gain (loss) on investments on behalf of policyholders	72	362
Fee and commission income	66	53
Other income	131	63
Result of associates and joint ventures	4	9
Total income	**1,082**	**1,057**
Insurance claims and benefits	-2,567	-2,689
Insurance claims and benefits recovered from reinsurers	60	89
Net insurance claims and benefits	**-2,507**	**-2,600**
Operational expenses	-317	-334
Acquisition costs	-323	-291
Impairments	37	-39
Interest expense	-90	-121
Other expenses	-83	-32
Total expenses	**-776**	**-817**
Result before taxation	**300**	**95**
Income tax expense	-74	-16
Net result for the period	**226**	**79**
Net result attributable to non-controlling interests	-	-2
Net result attributable to holders of equity instruments	**226**	**77**
Attributable as follows:		
- shareholders	210	77
- holders of other equity instruments	22	-
- Tax on result of other equity instruments	-6	-
Net result attributable to holders of equity instruments	**226**	**77**

Consolidated statement of comprehensive income

	1H 2010	1H 2009
Net result for the period	**226**	**79**
Unrealized change in value of available-for-sale financial assets	624	156
Shadow accounting	-400	-15
Share of other comprehensive income of associates and joint ventures	4	19
Exchange rate differences	-	-2
Unrealized change in value of cash flow hedges	-	-3
Income tax relating to components of other comprehensive income	-69	-16
Other comprehensive income for the year, after tax	**159**	**139**
Total comprehensive income	**385**	**218**
Attributable to:		
- Shareholders	369	216
- Non-controlling interests	-	2
- Holders of other equity instruments	22	-
- Tax on result of other equity instruments	-6	-
Total comprehensive income	**385**	**218**

Consolidated statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVET	UNDISTRIBUTED RESULT	UNREALIZED GAINS AND LOSSES	EXCHANGE RATE DIFFERENCES RESERVE	OTHER	OTHER RESERVES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS	OTHER EQUITY INSTRUMENTS	NON-CONTROLLING INTERESTS	EQUITY
Balance sheet at 1 January 2010	**100**	**962**	**255**	**61**	**-**	**11**	**72**	**1,389**	**515**	**51**	**1,955**
Net result current financial period	-	-	226	-	-	-	-	226	-	-	226
Total other comprehensive income	-	-		159	-	-	159	159	-	-	159
Total comprehensive income	**-**	**-**	**226**	**159**	**-**	**-**	**159**	**385**	**-**	**-**	**385**
Result carried over from previous financial year	-	-	-255	-	-	255	255	-	-	-	-
Dividend	-	-	-	-	-	-2	-2	-2	-	-1	-3
Acquisition of non-controlling shares	-	-	-	-	-	-28	-28	-28		-46	-74
Other equity instruments	-	-	-	-	-	-	-	-	1	-	1
Balance sheet at 30 June 2010	**100**	**962**	**226**	**220**	**-**	**236**	**456**	**1,744**	**516**	**4**	**2,264**

In the first half of 2010 ASR has acquired non-controlling shares with a fair value of €74m.

	SHARE CAPITAL	SHARE PREMIUM RESERVET	UNDISTRIBUTED RESULT	UNREALIZED GAINS AND LOSSES	EXCHANGE RATE DIFFERENCES RESERVE	OTHER	OTHER RESERVES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS	OTHER EQUITY INSTRUMENTS	NON-CONTROLLING INTERESTS	EQUITY
Balance sheet at 1 January 2009	**100**	**962**	**-640**	**-648**	**-10**	**668**	**10**	**432**	**-**	**97**	**529**
Net result current financial period	-	-	77	-	-	-	-	77	-	2	79
Total other comprehensive income	-	-	-	142	-3	-	139	139	-	-	139
Total comprehensive income	**-**	**-**	**77**	**142**	**-3**	**-**	**139**	**216**	**-**	**2**	**218**
Result carried over from previous financial year	-	-	640	-	-	-640	-640	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-2	-2
Increase (decrease) in capital	-	-	-	-	-	-3	-3	-3	-	3	0
Balance sheet at 30 June 2009	**100**	**962**	**77**	**-506**	**-13**	**25**	**-494**	**645**	**-**	**100**	**745**

Condensed consolidated cash flow statement

	1H 2010	1H 2009
Cash and cash equivalents as of 1 January	**685**	**654**
Cash flow from operating activities	417	676
Cash flow from investment activities	-7	-46
Cash flow from financing activities	-111	-283
Cash and cash equivalents as of 30 June	**984**	**1,001**

1 General information

ASR Nederland N.V, with its registered office in Utrecht, is a public limited company under Dutch law. Its registered office is located at number 10 Archimedeslaan, 3584 BA in Utrecht.

ASR Nederland N.V. and its group companies (hereinafter referred to as 'ASR') have 4,399 employees (FTEs) (2009: 4,454 FTEs).

ASR is one of the major insurance companies in the Netherlands and sells insurance products under the labels of ASR Verzekeringen, ASR Pensioenen, Falcon, De Amersfoortse, Ardanta, Europeesche Verzekeringen and Ditzo.

2 Financial accounting principles

2.1 General

The interim financial statements of ASR for the six months ended 30 June 2010 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted for use within the European Union (EU). They do not contain all the information required for complete financial statements and must therefore be read along with the 2009 consolidated financial statements of ASR.

ASR has prepared its half-year financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2009 consolidated financial statements. These are prepared in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted for use within the European Union (EU).

The half-year financial statements were approved by the Supervisory Board on 25 August.
The half-year financial statements have not been audited, nor has the auditor conducted a limited review on their accuracy.

2.2 Changes in the principles for financial reporting

The following changes in the EU approved IFRS standards and IFRIC interpretations were applied for the first time in the 2010 financial year and had no material effect on the result or equity of ASR:

- IFRS 2, Share-based Payment. The amendment to IFRS 2 explains how to account for cash-settled share-based payment transactions within groups.
- Improvements to IFRS (April 2009). These are 15 amendments to 12 different standards. Most of the amendments are explanations or corrections to existing IFRS or amendments arising from past changes to IFRS.
- IFRIC 18, Transfers of Assets from Customers, effective 1 January 2010. This interpretation provides explanations and guidelines on how to account for property, plant and equipment and cash received from customers for the acquisition or construction of such items of property, plant and equipment.
- IFRIC 17, Distributions of Non-cash Assets to Owners, effective 1 January 2010. This interpretation provides explanations and guidelines on how to account for non-reciprocal distributions of assets by an entity to its owners.
- IFRS 1, First-time Adoption of International Financial Reporting Standards. The revised standard supersedes the old standard and is easier to use and to amend in the future. The requirements of the old standard remain unchanged.
- IAS 39, Financial Instruments: Qualifying Hedged Items. The amendments explain the procedure for handling the inflation portion of financial instruments and option contracts used as a hedging instrument in hedge accounting.

2.3 Changes in presentation and estimates

ASR has decided to introduce some presentation changes in the 2010 half-year financial statements in line with the character of ASR. Some figures have been reclassified in accordance with the new way of presentation. The comparative figures have been adjusted. The changes in presentation have no effect on the net result, the total result or the shareholders' equity of ASR.

No changes in estimates were made in the first six months of 2010.

3 Segmentation

3.1 General

ASR segments its operations into Life and Non-life. The Life and Non-life segments have different levels of profitability and growth opportunities and also different future prospects and risks. Besides Life and Non-life, operations are also segmented into Other and eliminations.

The Life segment includes financial products in the field of life insurance, collective and individual pension plans, funeral insurance and mortgages. ASR's real estate activities are also allocated to the Life segment. The Non-life segment includes financial products in the field of non-life and income insurance, health insurance and travel and recreation insurance.

'Other and eliminations' includes the figures of the parent company, ASR Bank N.V., a fully consolidated group company as of 29 December 2009, other entities not attributable to the Life or Non-life segments as well as the eliminations applied in the reconciliation of the segment information with the consolidated balance sheet and the consolidated income statement.

The ASR segment report shows the complete economic contribution of the various segments. The purpose of these reports is the full allocation of all items in the balance sheet and income statement to the segments that hold complete management responsibility for them.

The segment information is prepared in accordance with the accounting principles used for the preparation of the consolidated financial statements of ASR.

Transactions between the various segments take place under normal market conditions (at arm's length).

The operating results of the segments are assessed on the basis of the segments' income statements.

In accordance with the ASR business model, the service-providing activities of the insurance companies are not reported separately.

Balance sheet items are allocated to segments according to the products sold to external customers.

For balance sheet items that cannot be related to products sold to customers, a modified allocation is used that applies to all reported segments.

3.2 Segmented balance sheet

SEGMENTED BALANCE SHEET AS AT 30 JUNE 2010	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Intangible assets	330	6	12	348
Deferred acquisition costs	397	111	-	508
Property, plant and equipment	129	20	-	149
Investment property	1,913	222	-	2,135
Investments in associates and joint ventures	178	32	-	210
Derivatives	614	11	-	625
Investments	15,388	3,348	450	19,186
Investments on behalf of policyholders	8,771	-	-	8,771
Loans and receivables	5,545	375	-41	5,879
Deferred tax assets	194	36	6	236
Reinsurance	4	551	-	555
Other assets	638	86	16	740
Cash and cash equivalents	1,127	295	-438	984
Total assets	**35,228**	**5,093**	**5**	**40,326**
Equity attributable to holders of equity instruments	1,996	1,127	-863	2,260
Non-controlling interests	-	2	2	4
Total equity	**1,996**	**1,129**	**-861**	**2,264**
Subordinated liabilities	-	13	7	20
Liabilities arising from insurance contracts	21,012	3,799	-1,658	23,153
Liabilities arising from insurance contracts on behalf of policyholders	9,812	-	-	9,812
Provisions for employee benefits	-	-	1,978	1,978
Provisions	-28	3	49	24
Financing	380	61	-348	93
Derivatives	14	1	-	15
Deferred tax liabilities	241	2	-34	209
Due to customers	841	70	709	1,620
Due to banks	376	5	-	381
Other liabilities	584	10	163	757
Total liabilities	**33,232**	**3,964**	**866**	**38,062**
Total liabilities and equity	**35,228**	**5,093**	**5**	**40,326**

SEGMENTED BALANCE SHEET AS AT 31 DECEMBER 2009	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Intangible assets	349	10	12	371
Deferred acquisition costs	433	85	-	518
Property, plant and equipment	131	20	-	151
Investment property	1,916	241	-	2,157
Investments in associates and joint ventures	170	33	-	203
Derivatives	302	10	-	312
Investments	14,729	3,210	413	18,352
Investments on behalf of policyholders	8,808	-	-	8,808
Loans and receivables	6,461	516	-879	6,098
Deferred tax assets	142	92	1	235
Reinsurance	5	540	-	545
Other assets	703	98	13	814
Cash and cash equivalents	801	91	-207	685
Total assets	**34,950**	**4,946**	**-647**	**39,249**
Equity attributable to holders of equity instruments	2,403	380	-879	1,904
Non-controlling interests	44	3	4	51
Total equity	**2,447**	**383**	**-875**	**1,955**
Subordinated liabilities	0	609	-589	20
Liabilities arising from insurance contracts	19,920	3,535	-1,569	21,886
Liabilities arising from insurance contracts on behalf of policyholders	9,823	-	-	9,823
Provisions for employee benefits	-	-	1,946	1,946
Provisions	-28	8	50	30
Financing	445	74	-392	127
Derivatives	36	1	-	37
Deferred tax liabilities	132	-	-49	83
Due to customers	652	55	685	1,392
Due to banks	881	8	-	889
Other liabilities	642	273	146	1,061
Total liabilities	**32,503**	**4,563**	**228**	**37,294**
Total liabilities and equity	**34,950**	**4,946**	**-647**	**39,249**

3.3 Segmented income statement

SEGMENTED INCOME STATEMENT 1H 2010	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Gross insurance premiums	1,508	1,166	-62	2,612
Reinsurance premiums	-6	-105	-	-111
Net Insurance premiums	**1,502**	**1,061**	**-62**	**2,501**
Investment income	584	87	22	693
Realized gains and losses	39	7	-3	43
Fair value gains and losses	65	5	3	73
Gain (loss) on behalf of policyholders	72	-	-	72
Fee and commission income	1	57	8	66
Other income	120	11	-	131
Result of associates and joint ventures	5	-1	-	4
Total income	**886**	**166**	**30**	**1,082**
Insurance claims and benefits	-1,857	-813	103	-2,567
Insurance claims and benefits recovered from reinsurers	3	57	-	60
Net insurance claims and benefits	**-1,854**	**-756**	**103**	**-2,507**
Operational expenses	-152	-125	-40	-317
Acquisition costs	-108	-215	-	-323
Impairments	18	20	-1	37
Interest expense	-23	-3	-64	-90
Other expenses	-67	-21	5	-83
Total expenses	**-332**	**-344**	**-100**	**-776**
Result before taxation	**202**	**127**	**-29**	**300**
Income tax expense	-42	-39	7	-74
Net result for the period	**160**	**88**	**-22**	**226**
Net result attributable to non-controlling interests	-	-	-	-
Net result attributable to holders of equity instruments	**160**	**88**	**-22**	**226**

SEGMENTED INCOME STATEMENT 1H 2009	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Gross insurance premiums	1,506	1,142	-80	2,568
Reinsurance premiums	-5	-108	-	-113
Net Insurance premiums	**1,501**	**1,034**	**-80**	**2,455**
Investment income	608	91	4	703
Realized gains and losses	-46	-8	-7	-61
Fair value gains and losses	-85	13	-	-72
Gain (loss) on behalf of policyholders	362	-	-	362
Fee and commission income	2	51	-	53
Other income	57	5	1	63
Result of associates and joint ventures	8	-	1	9
Total income	**906**	**152**	**-1**	**1,057**
Insurance claims and benefits	-1,960	-800	71	-2,689
Insurance claims and benefits recovered from reinsurers	1	88	-	89
Net insurance claims and benefits	**-1,959**	**-712**	**71**	**-2,600**
Operational expenses	-160	-150	-24	-334
Acquisition costs	-78	-213	-	-291
Impairments	-37	-20	18	-39
Interest expense	-19	-23	-79	-121
Other expenses	-19	-16	3	-32
Total expenses	**-313**	**-422**	**-82**	**-817**
Result before taxation	**135**	**52**	**-92**	**95**
Income tax expense	-29	-11	24	-16
Net result for the period	**106**	**41**	**-68**	**79**
Net result attributable to non-controlling interests	-2	-	-	-2
Net result attributable to holders of equity instruments	**104**	**41**	**-68**	**77**