

FITCH DOWNGRADES ASR NEDERLAND TO 'A'; OUTLOOK NEGATIVE

Fitch Ratings-Paris/London-05 June 2009: Fitch Ratings has today downgraded ASR Levensverzekering N.V.'s and ASR Schadeverzekering N.V.'s Insurer Financial Strength (IFS) ratings to 'A' from 'A+' and Long-term Issuer Default Ratings (IDR) to 'A-' from 'A'. The ratings have been removed from Rating Watch Evolving. A Negative Outlook has been assigned to all the IFS ratings and IDRs.

Fitch has also downgraded Fortis Trust Capital Securities hybrid capital debt to 'BBB+' from 'A-' and removed it from Rating Watch Evolving. In addition, Fitch has assigned ASR Nederland N.V., the holding company of the group, a Long-term IDR of 'BBB+' with Negative Outlook.

The rating actions reflect the group's rapidly deteriorating profitability and sharply reduced, albeit sufficient, capital adequacy. The financial market crisis and the weak domestic and international economies severely affected ASR Nederland group's (ASR Nederland) performance in 2008, leading to a consolidated net loss of EUR640m compared with a net profit of EUR890m in 2007. In addition, ASR Nederland's consolidated shareholder's funds decreased to EUR432m in 2008 (EUR1.66bn including unrealised capital gains on real estate) from EUR2.2bn in 2007 (EUR3.65bn), mainly due to investment revaluation on shares. Fitch notes that the group's capital adequacy remains vulnerable to further reductions of unrealised capital gains. At end-2008, the group's regulatory solvency ratio amounted to 170%.

The ratings continue to reflect ASR Nederland's strong business position in the Dutch insurance market, solid non-life technical results and prudent investment policy. These strengths are somewhat offset by the group's lack of geographic diversification.

The Dutch State acquired 100% of ASR Nederland in October 2008 from the Fortis group. Although Fitch views the Dutch government ownership as a positive factor, it has not taken this into account into ASR Nederland's ratings. Fitch will monitor closely the implementation of a new financial and business strategy at ASR Nederland which includes a complete separation from the Fortis group. It also notes that an ambitious cost efficiency programme has been initiated.

The Outlooks could revert to Stable if ASR Nederland demonstrates its ability to rebuild capital strength. Conversely, if ASR Nederland is unable to achieve this objective or in case of further deterioration of the financial environment leading to additional unrealised capital losses, the ratings would be downgraded further.

ASR Nederland is an established Dutch insurance group with life, property and casualty as well as accident and health insurance activities. The group is one of the top four largest insurers in the Netherlands, with around 12% market share and EUR5.8bn gross written premiums in 2008.

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