Press release

Utrecht, 2 April 2009

Lessons from past and 2008 loss prompt revised strategy

Today ASR Nederland presents its annual results for 2008. Customer confidence and cost reduction are at the heart of the new strategy of ASR Nederland.

2008

- Negative impact of financial market developments and creation of provision for compensation of investment insurances main causes of net loss of EUR 640 million
- Buffer capital at year-end 2008 stood at 233% (EUR 3,5 billion)
- Gross premium income up by 10% to EUR 5,8 billion

2009

- 'Lessons from the past' starting point for revision of strategy
- Start of cost reduction programme of EUR 100 million
- Completion of disentanglement of ASR Nederland from Fortis
- New remuneration policy for board and senior management

Annual results 2008 will be published on Thursday 2 April 2009.
Press conference (Dutch) at 10:00 hrs
Conference call for financial markets (English) at 15:00 hrs.
More information at: www.asrnederland.nl

Report by the Board of Directors

New reality

For the first time we are presenting our annual results as an independent company. This fact alone shows the scale of change that we experienced in 2008. We ceased being part of Fortis on 3 October 2008 and adapted our name accordingly. The State of the Netherlands has become our new sole shareholder. To date we have not obtained any financial aid from the Dutch State either through a capital injection or a guarantee arrangement. Naturally, we are monitoring our capital position in constructive consultation with our shareholder.

Our results depict the developments at our company, as well as the business environment in which we operate. In 2008 this business environment was exceptionally turbulent. The credit crisis, the increasingly noticeable recession, the collapse of Fortis and the effects of new legislation and of media pressure severely hit our sector and our company. Today we find ourselves in a new economic reality.

Financial results 2008

The circumstances outlined above are reflected by our results. The past year had two faces. In the first half of the year the changing business environment gradually became apparent. The turnabout occurred in the third quarter and particularly the fourth quarter. Despite the difficult market conditions, our gross premiums increased by 10% to reach EUR 5,758 million. This premium growth was achieved mainly in the first half of the year. Operating costs went up by 5% to EUR 591 million. This increase was due mainly to the disentanglement of ASR Nederland from Fortis initiated in the fourth quarter. The net loss over the full year of 2008 amounted to EUR 640 million. Whereas we posted a net profit of EUR 291 million in the first half of the year, the second half brought a downturn resulting in a net loss of EUR 931 million. This downturn was caused primarily by lower investment results, higher provisions, mainly for guarantees, and the settlement concluded for unit-linked policies. At year-end 2008 the buffer capital of ASR Nederland stood at EUR 3,452 million or 233%.

Lessons learned

Looking back, 2008 taught the financial sector hard lessons. This also applies to us as the Board of Directors of ASR Nederland. We cannot change the past. But we can change our future. It starts by learning lessons from the past. After disentanglement from Fortis, these lessons will be at the heart of the strategy that ASR Nederland will execute.

With the knowledge that we have today we would certainly have approached a number of matters differently. When we look back, we must conclude that the pressure for returns and shareholder value required a greater counterweight. Risk analyses will need to receive greater attention and must rely less one-sidedly on models and extrapolations of the past. When it comes to the combination of AAA-ratings and high returns, we will be more critical than in the past.

The unit-linked policies affair strengthened our awareness that transparency and comprehensibility are essential to retain the trust of customers. Compliance with prevailing laws, rules and standards in society has demonstrated to be insufficient.

The crux of the matter is that a new balance must be found in the value that our company offers to various stakeholders who each have their own particular interests: customers, shareholders, employees and society. We must accelerate a vigorous focus on the changing needs of the modern customer. We must be able and willing to justify publicly and in the politico-social context everything that we do. This requires a change of mindset.

Revised strategy

Later this year we will present our revised strategy. The basic principles underlying everything we do will be the changing needs of the modern customer and the changing market environment where growth can no longer be taken for granted and margins are under pressure. This applies not only to our products, but also to our communication about them. Customers must be able to understand what they may expect and for our part we must not create more expectations than we are able to fulfil. Examples of this are the measures concerning unit-linked policies and notice periods for private non-life insurances.

Cost savings of 100 million

Conditions in the market have changed. Any strategy will require a further decrease of our costs/turnover ratio in order to remain competitive. As growth of turnover can no longer be taken for granted, the importance of a lower cost level will increase still further. Therefore, we will achieve a cost saving of EUR 100 million on our total gross cost base of EUR 730 million up to mid-2010. By so doing we intend to reduce our cost ratio significantly.

To this end we will take measures that include:

- Merging the back-offices of ASR Verzekeringen and De Amersfoortse;
- Merging support departments;
- Accelerating our current programme (OPEX) for making our processes efficient and customer-driven;
- Downsizing the workforce. To this end we will take measures to limit the hiring of external staff and some vacancies will not be filled. We do not rule out compulsory redundancies. Under our existing social plan, our primary consideration will be to assist in job-to-job moves.

Remuneration policy

Variable remunerations evoke considerable public disquiet. ASR Nederland has traditionally had such schemes, some of which are embedded in the collective labour agreement for our employees. We will develop new policy that addresses the public debate. Measures have been taken with regard to variable remuneration for 2008. The Board of Directors had previously decided to surrender entirely every form of variable remuneration. Similarly, we have decided not to pay out any variable remuneration to senior or middle management. The profit-sharing bonus agreed for employees in the collective labour agreement will also be 0%.

Government

We recognise that having the State of the Netherlands as our shareholder requires extra diligence. Rightly or wrongly, our actions can give rise to criticism of the Minister of Finance for which he will be accountable in the public domain. For that reason, we have signed a statement which includes an undertaking not to take advantage of our relationship with the government to improve our competitive position. For its part, the government is aware that it is in the company's interests to exercise its influence on our organisation and policy as a shareholder in a straightforward manner. ASR Nederland must remain competitive.

Final word

The insurance market in the Netherlands is going through a hard time without precedent. As a former part of Fortis we have experienced this all the more. Our employees have therefore come through an exceptionally difficult period. For their commitment and loyalty to our company they deserve respect and thanks. The unity that we experienced gives us considerable confidence for the future.

Jos Baeten
Chairman of the Board of ASR Nederland.

NOTES TO THE RESULTS

ASR Nederland (EUR million)	31-dec-08	31-dec-07	%
Gross written premiums Life	3.491	3.108	12%
Gross written premiums Non-Life	2.268	2.111	7%
Gross written premiums *	**5.758**	**5.217**	**10%**
Result Life before taxation	**-856**	**741**	**-216%**
Result Non-Life before taxation	**10**	**275**	**-96%**
Result before taxation	**-846**	**1.016**	**-183%**
Taxation	212	-111	--
Group profit	**-633**	**906**	-170%
Minority	-7	-16	-56%
Net profit	**-640**	**890**	**-172%**
Operating costs	**591**	**561**	**5%**
Costs-premium ratio (net)	14,7%	15,1%	
Technical provisions Life	26.124	27.555	-5%
Technical provisions Non-Life	3.289	3.123	5%
Total technical provisions	**29.413**	**30.678**	**-4%**
Group equity (revaluation real estate included) **	**1.757**	**3.487**	**-50%**
Total balance sheet	**36.714**	**38.926**	**-6%**
Buffer capital ***	**233%**	**283%**	
Number of employees (FTE)	**4.540**	**4.626**	**-2%**

* After eliminations

** The presented total equity is a combination of shareholders' equity stated on the year-end 2008 balance sheet of EUR 529 million and the real-estate revaluation (difference between market value and cost price minus write-downs) of EUR 1,228 million. Shareholders' equity at year-end 2007 was EUR 2,359 million.

***Calculation of buffer capital is based, in addition to the real-estate revaluation, on several additions such as capital securities and overvalue in the technical provisions according to the IFRS adequacy test. The 2007 calculation was made using the Fortis Capital Model.

Gross premiums

Despite difficult market conditions our gross premiums increased by 10% to EUR 5,758 million in 2008. Sales in the Life branch totalled EUR 3,491 million, 12% higher than in 2007. The increase was driven mainly by the addition of a few large pension contracts. In the Non-Life branch our premiums grew by 7% to EUR 2,268 million. Almost all product lines showed an increase in gross written premiums.
The increase in sales was achieved mainly in the first half of 2008. The financial markets and, particularly in the final quarter, the negative sentiment surrounding Fortis, exerted pressure on the further development of sales at ASR Nederland in the second half of the year.

Net result

The net result of ASR Nederland fell to a loss of EUR 640 million in 2008. The result was negatively affected by more than EUR 1 billion by the following factors: turbulence in the financial markets (EUR 615 million), provisions created for the guarantee obligations (EUR 186 million) due to declining financial market valuations and the reinforcement of the provision for compensation of unit-linked policies (EUR 248 million) under agreements with consumer organisations.

The net result in 2007, which was an exceptionally good year, was EUR 890 million. The investment result in 2007 was high due to reduction of and hedges on our equity portfolio as well as a good result on individual shares.

Operating costs
Operating costs increased by 5% to EUR 591 million. This was mainly due to the separation of ASR Nederland from Fortis. The remainder of the increase was driven by investments in the new direct distribution channel and by essential investments in IT modifications necessitated in part by new legislation. Nevertheless, our cost ratio in the Life branch decreased to 13.4% (2007:14.0%) and in the Non-Life branch to 15.8% (2007:15.9%).

Our separation from Fortis marked the start of a disentanglement process that got underway in the fourth quarter. The disentanglement concerns mainly support departments and IT-systems. The interweaving was very limited operationally. Consequently, the disentanglement has a small impact on our operational business. Disentanglement is progressing favourably and will be completed in 2009.

To remain competitive, it is essential to further reduce our costs/turnover ratio. The growth of turnover can no longer be taken for granted so the importance of a lower level of costs will increase still further. Therefore we will achieve a cost saving of EUR 100 million on our total gross cost base of EUR 730 million up to mid-2010. By so doing we intend to reduce our cost ratio significantly.

Equity and buffer capital
Total equity in 2008 - i.e. shareholders' equity including the unrealised revaluation of our real estate portfolio - decreased from EUR 3,487 million to EUR 1,757 million. The main cause of the decrease was the negative investments revaluation of EUR 1,148 million, along with the net loss of EUR 640 million.

The buffer capital expressed as a percentage of the required minimum capital stood at 233% at year-end 2008.

ASR announced on 26 March 2009 that it would not act on the option of early repayment of two tranches of outstanding hybrid securities with a face value of EUR 600 million. The reasons behind this decision include our present work on disentanglement from Fortis Group. In the coming months ASR expects to make a proposal for exchanging the existing securities.

LIFE

(EUR million)	31-dec-08	31-dec-07	%
Gross written premiums	**3.491**	**3.108**	**12%**
Allocated financial income to technical result	-2.622	884	--
Re-insurance premiums and other profits	-69	-45	53%
Total profits	**800**	**3.947**	**-80%**
Gross payments	-2.538	-2.438	4%
Change in provisions	1.186	-1.064	--
Other technical costs	6	-71	--
Total technical costs	**-1.346**	**-3.573**	**-62%**
Operating costs	-263	-259	2%
Commissions, acquisition expenses	-188	-200	-6%
Total business costs	**-451**	**-459**	**-2%**
Technical result Life before taxation	**-998**	**-86**	--
Allocated capital gains	54	316	-83%
Non-allocated results	88	511	-83%
Result before taxation	**-856**	**741**	**--**
Taxation	216	-67	-422%
Group profit	**-640**	**674**	--
Minorities	-7	-16	-56%
Net profit	**-647**	**658**	--
Costs/premium ratio (net)	**13,4%**	**14,0%**	
APE	**305**	**313**	**-3%**

There was pressure on the life insurance market in the year under review. This was a direct consequence of the crisis in the financial markets, which meant that customers were less inclined to purchase life insurance products. Additionally, there was a fall in demand for new mortgages, with a direct impact on the sale of accompanying life insurance products.

Nevertheless, gross premiums in the Life branch rose by 12% to EUR 3,491 million in 2008. This growth was achieved mainly through a few large pension contracts in the first half of 2008. The increase was supported by the individual Life business, where cancellations were lower than in previous years.

In the second half of 2008 ASR Nederland's sales of notably pension contracts were affected by the negative sentiment surrounding Fortis.

Operating costs remained virtually unchanged, despite costs incurred for the separation from Fortis and investments in IT systems necessitated in part by new pension laws. The roughly unchanged operating costs are thanks partly to the introduction of the OPEX customer and efficiency programme, which after implementation at the business lines is now also being implemented at support departments. The costs/premium ratio decreased to 13.4% as a result of the higher premiums turnover.

The technical result for Life deteriorated from a loss of EUR 86 million to a loss of EUR 998 million.

The net result in 2008 was a loss of EUR 647 million compared with a profit of EUR 658 million in 2007 owing to negative results in the financial markets and additions to the guarantee provision and the provision for compensation for unit-linked policies.

The new Life production (measured in Annualised Premium Equivalent, or APE) fell by 3% compared with the previous year to EUR 305 million. Growth of the collective Life business was annulled by lower production in the individual Life business. APE is measured as 10% of single-premium production and 100% of the recurring premium production.

NON LIFE

(EUR million)	31-dec-08	31-dec-07	%
Gross written premiums	**2.268**	**2.111**	7%
Allocated financial income to technical result	-47	72	--
Re-insurance premiums and other profits	-205	-258	-20%
Totaal opbrengsten	**2.016**	**1.925**	**5%**
Gross payments	-1.203	-1.092	10%
Change in provisions	-185	-171	8%
Other technical costs (excl. claimhandling)	107	169	-37%
Total technical costs	**-1.281**	**-1.094**	**17%**
Operating costs	-328	-303	8%
Commissions, acquisition expenses	-334	-330	1%
Total business costs	**-662**	**-633**	**5%**
Technical result Non-Life before taxation	**74**	**200**	**-63%**
Allocated capital gains	-25	44	--
Non-allocated results	-39	31	--
Result before taxation	**10**	**275**	**-96%**
Taxation	-4	-44	-91%
Group profit	**6**	**232**	**-97%**
Minorities	0	0	--
Net profit	**6**	**232**	**-97%**
Claims ratio	62,1%	59,3%	
Cost ratio	15,8%	15,9%	
Commission ratio	16,2%	17,3%	
Combined ratio	**94,1%**	**92,5%**	

The Dutch market was characterised by fierce price competition in 2008. Premiums were under pressure in several branches (including Disability and Motor).

Virtually all product lines contributed to the growth of the gross written premiums by 7% to EUR 2,268 million. The largest increase can be found at Accident & Health, thanks to a successful campaign at the start of the year.

Operating costs increased by 8% to EUR 328 million as a result of investments in innovations and IT systems. The other business costs, commissions and acquisition expenses remained virtually unchanged in 2008.

The net result fell to EUR 6 million. The decrease was caused mainly by lower investment returns (EUR 119 million gross), due to impairments on fixed income securities, higher Non-Life claims and the exceptionally high added values in 2007.

The combined ratio increased in 2008 by 1.6% to 94.1% (2007: 92.5%). The increase was caused by a 2.8% higher claims ratio from 59.3% to 62.1% in 2008. This increase was driven primarily by the claims frequency at Medical Expenses and at Other non-life. The cost ratio decreased slightly, because the cost increase moved in step with the increase in premiums.