Value-over-volume strategy delivers solid results

Jos Baeten (CEO)
Chris Figee (CFO)

2016 interim results
24 August 2016

Value-over-volume strategy delivers solid results

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Capital position strengthened by solid organic capital generation and favorable impact from financial markets

- Organic capital generation strong
- Solid solvency ratio at operating units above thresholds, cash remittance to holding on track to meet targeted cash position

Financial results driven by strong operating performance

- Operating result reflecting continuous strong underwriting performance and the contribution from the acquired businesses in 2015
- Operating ROE well above medium-term target

Underwriting skills and discipline drive market leading combined ratios

- Excluding the hail and water damage claims, the combined ratio was 94.2%

Solvency II (SF)	Organic Cap.Gen.
191%	**€ 159m**
+ 11%-pts Day-one 180%	**4.7%** on SCR (Day-one)

Operating result	Net result
€ 292m	**€ 382m**
+ 4.3% (H1 2015:€ 280m)	**- 3.8%** (H1 2015:€ 397m)

Operating ROE	Combined ratio
14.5%	**96.4%**
Target up to 12%	Target < 97%

Selective acquisitions and divestitures to focus on core insurance and asset management activities

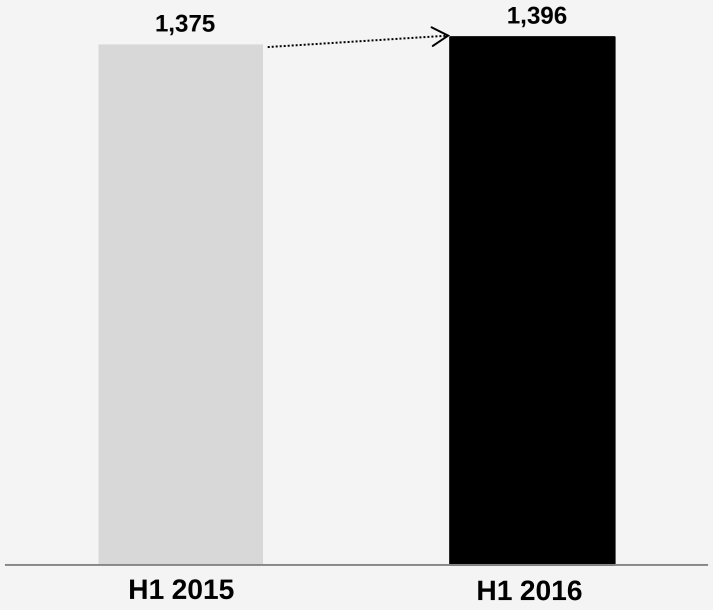
Portfolio matrix

Long term growth prospects	Current profit contribution: High	Current profit contribution: Low
High	**A** Stable cash flows and value generating businesses, with relatively strong growth potential	**C** Business enhancement opportunities
Low	**B** Robust and predictable back books	**D** Divestments

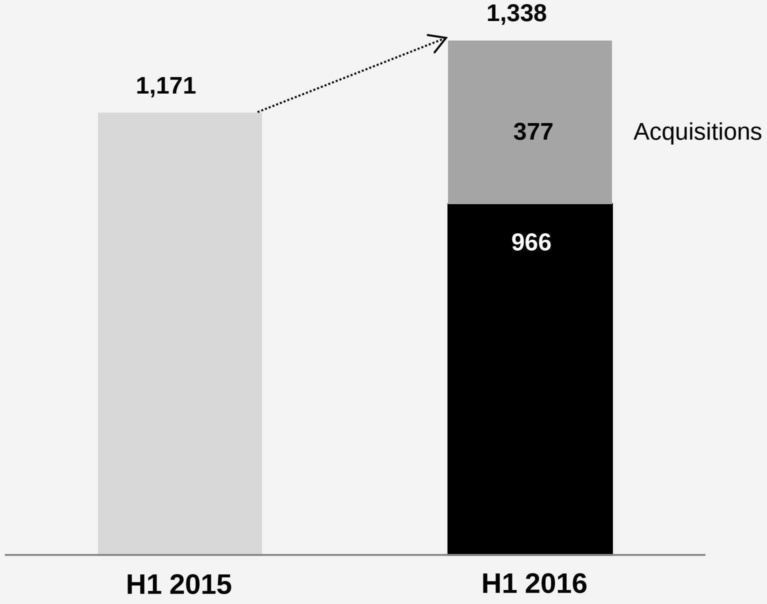
- BNG Vermogensbeheer; adding third party asset management capabilities and € 5bn AuM
- Acquisitions of SuperGarant and Corins strengthen non-life distribution and underwriting expertise
- SOS International and majority of real estate development projects sold

Acquisitions drive increase in premium income and higher cost base in first half year

Gross written premiums Non-life



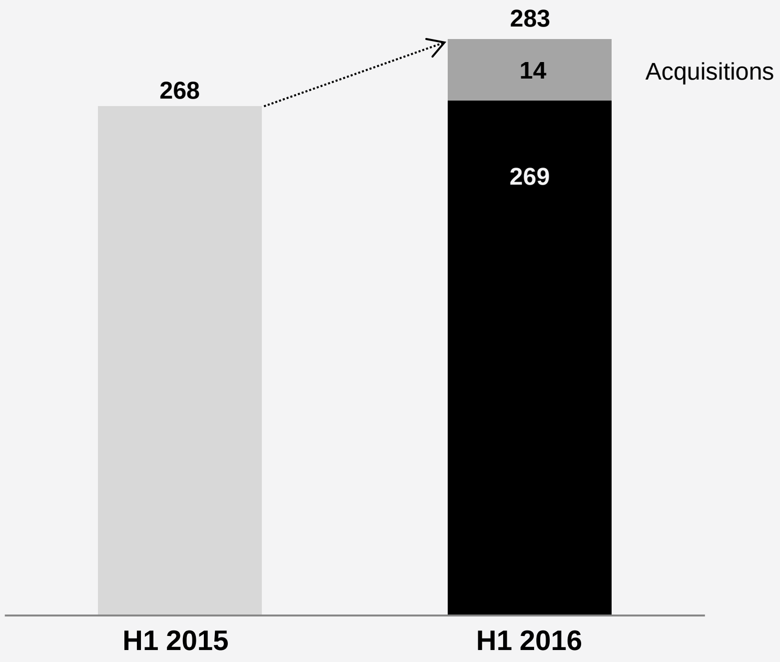
Gross written premiums Life



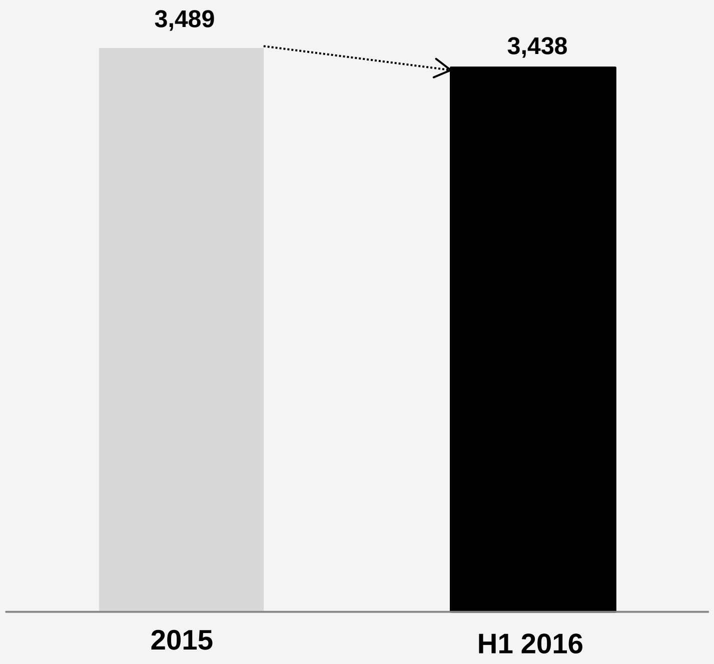
- Non-life premium income increased slightly to € 1.4bn due to increasing volumes in P&C and Disability
- Life premium income up 14.3% to € 1.3bn driven by acquired businesses and large new contracts

Continued containment of underlying cost base

Operating expenses (€m)*
(excluding the provision for restructuring expenses)



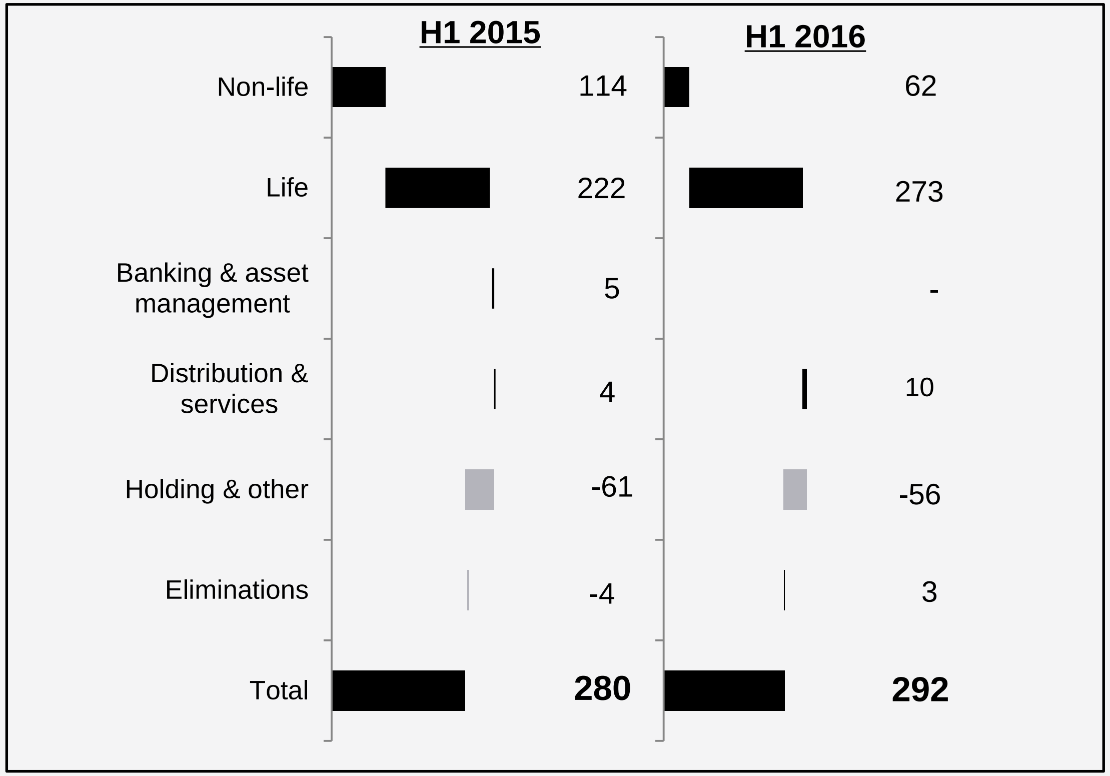
Number of internal employees (FTEs)*



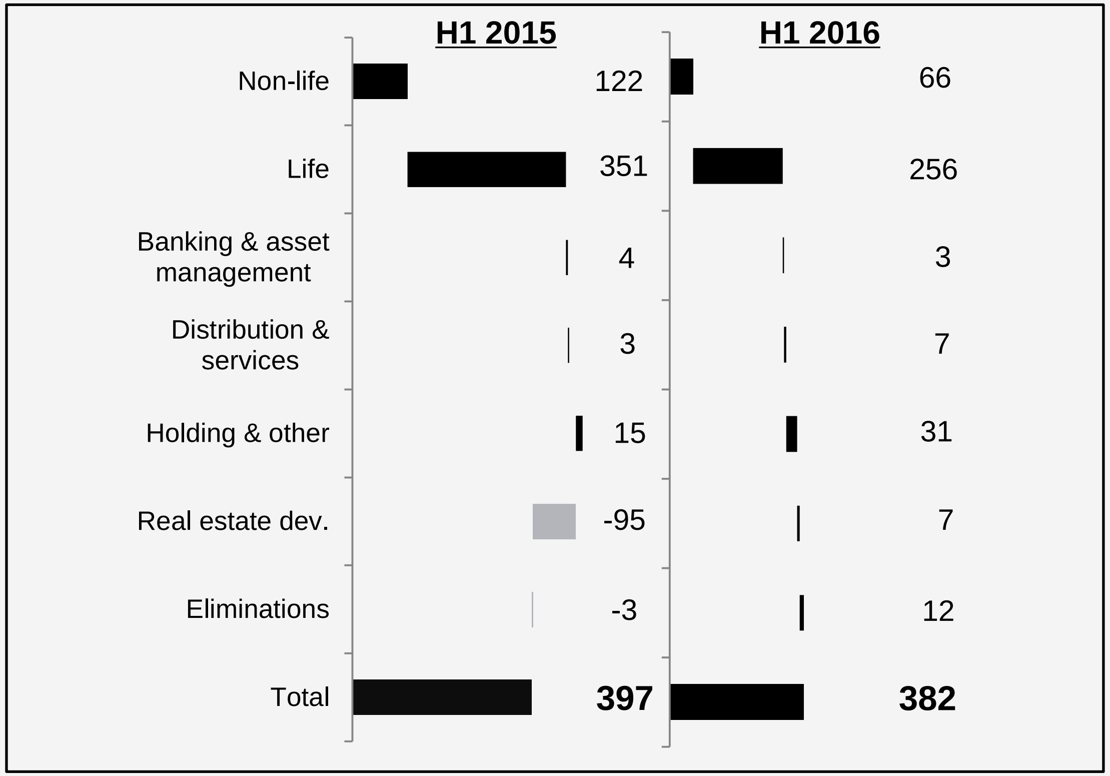
* *Excluding SOS International and Real Estate Development (discontinued part), both sold in 2016.*

Solid operating result

Operating result (before tax) (€m)



Net result (€m)



Performance to medium-term targets

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Business achievements all in line with or better than targets

SCR (Solvency II)	Operating return on equity	Combined ratio Non-life	Financial leverage	S&P rating (insurance business)
191%	**14.5%**	**96.4%**	**26.6%**	**Single A**
> 160% medium-term target	**Up to 12%** medium-term target	**< 97%** medium-term target	**< 30%** medium-term target	**Single A** medium-term target

Financial update

Chris Figee (CFO)

Increase in operating result

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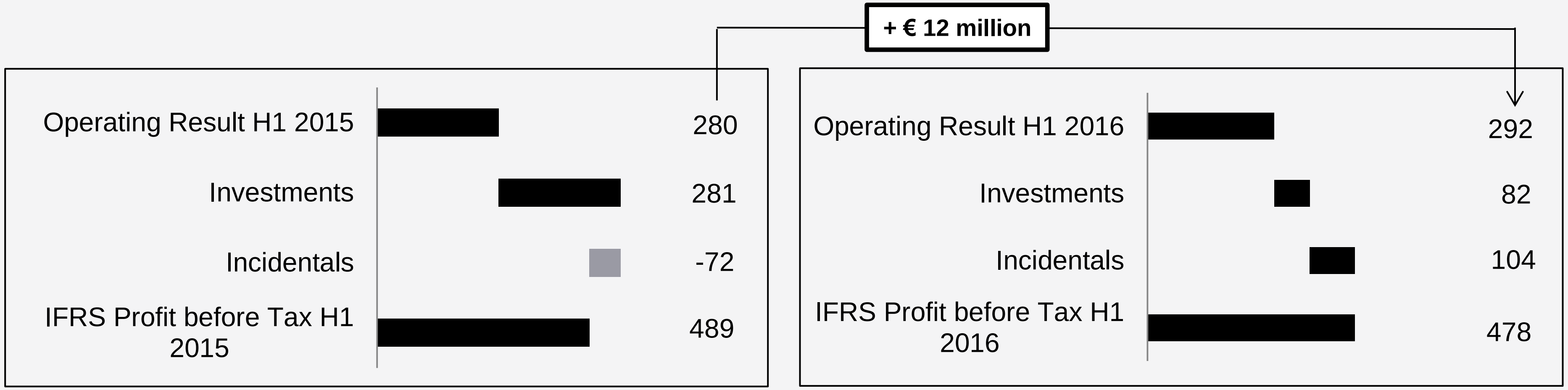
Operating result increases by € 12 million to € 292 million: Increase in Life segment (€ 51 million) and Non-insurance segments (€ 13 million including eliminations of € 7 million). Non-Life segment decreases € 52 million



Main drivers of operating result increase

- Life segment: operating result improves thanks to last year's acquisitions and stable underlying operational performance
- Non-insurance segments: acquisitions contribute to increased operating result, particularly in distribution
- Non-Life segment: despite decrease in operating result the combined ratio (96.4%) remains within the target

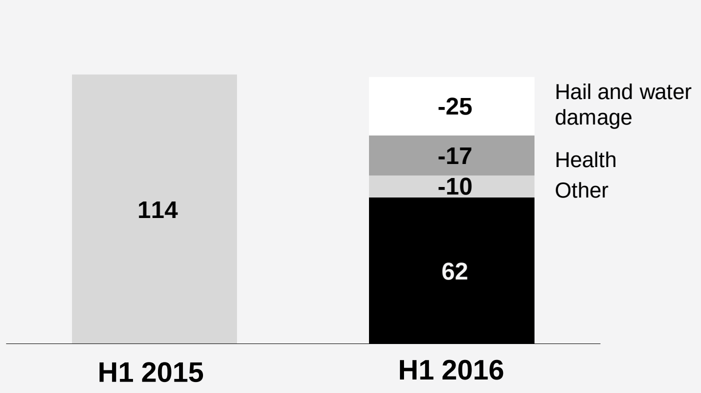
Adjustments to bridge IFRS result to operating result

- Decrease of investments (included in incidental items) is due to exceptionally high incidental capital gains on equities in H1 2015
- Release of IAS 19 provision in H1 2016 related to a.s.r.'s own pension scheme
- Additional significant loss provisions related to the real estate development business in H1 2015, which is now in run-off

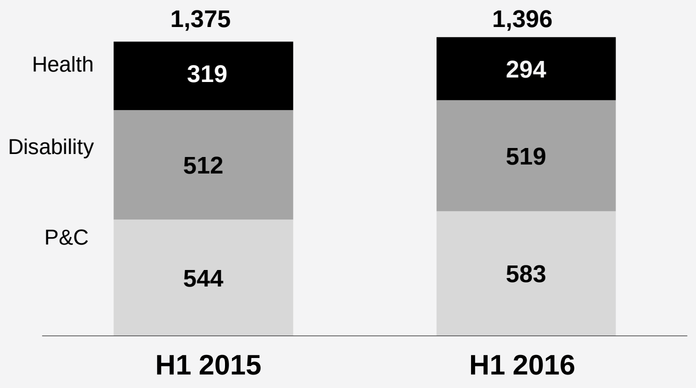
Non-life segment: increased operating result due to improved claims handling process and lower operating expenses

Combined ratio below 100% for all Non-life product lines

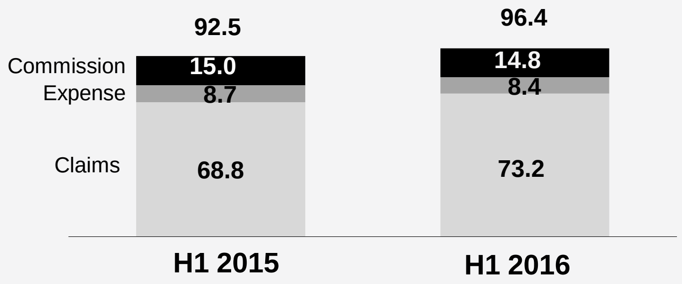
Operating result (€m)



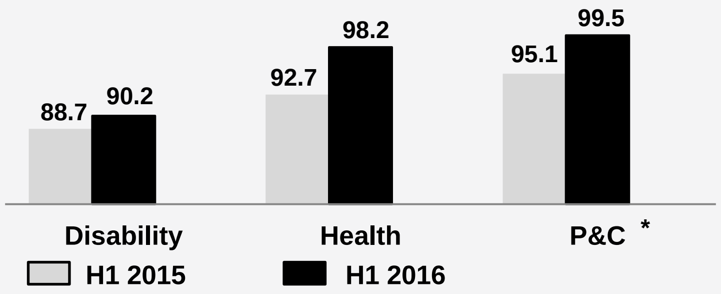
Gross written premiums (€m)



Combined ratio (%)



Combined ratio segment Non-life (%)



* Including travel and leisure insurance

- Operating result decreased by € 52 million mainly due to the hail and water damage claims of June and higher results in H1 2015 due to settlement of prior years within Health
- Net result down € 56 million to € 66 million (H1 2015: € 122 million)
- Despite the impact of the hail and water damage the combined ratio for the Non-life segment remains robust at 96.4% (H1 2015: 92.5%)
- Segment Combined Ratio excluding hail and water damage is 94.2%. P&C Combined Ratio excluding hail and water damage is 94.6%
- Gross written premiums increased by € 21 million, mainly as a result of increased gross written premiums within both P&C and disability

Life segment: Improved operating result and positive contribution of acquisitions

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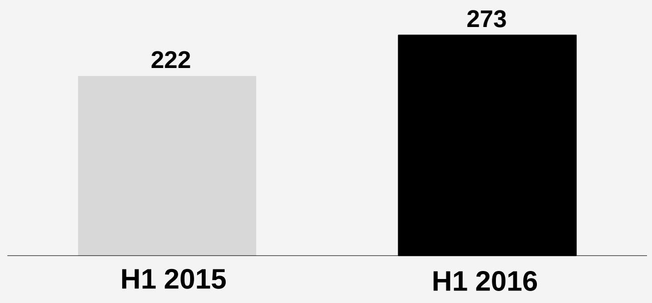
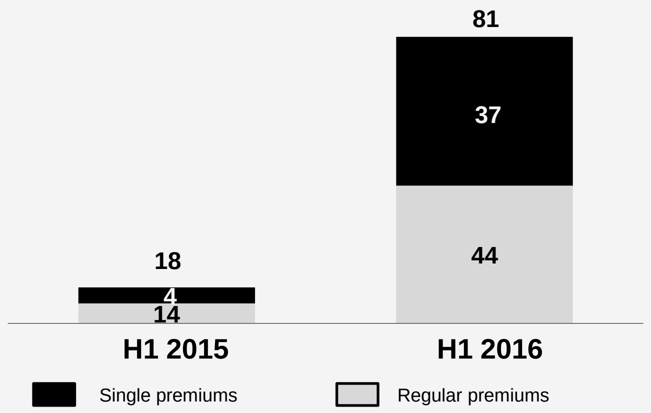
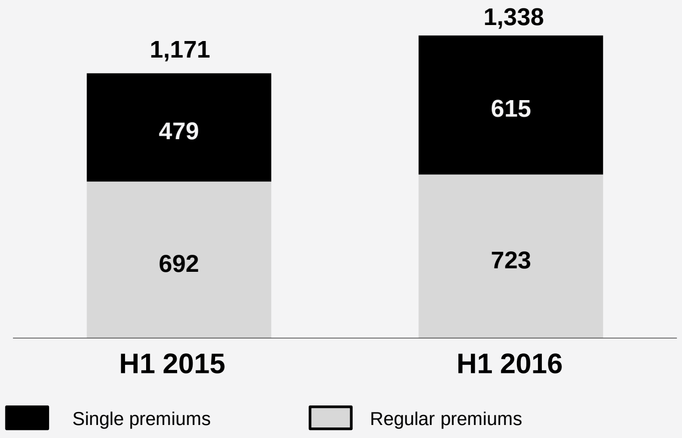
Operating result (€m)



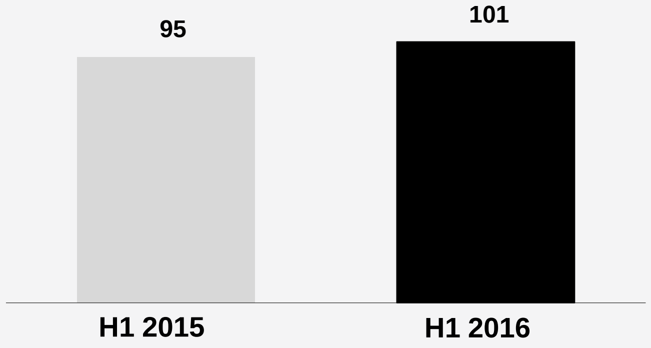
New production (€m APE)



Gross written premiums (€m)



Operating costs (€m)



- Increase operating result driven by acquisitions and higher contribution from realized gains reserve
- Net result down due to lower level of capital gains on investment (equity) and incidental results
- Growth new production (APE) mainly attributable to acquisition of funeral portfolio
- Increased GWP as a result of acquisitions within funeral and pensions and a large pension contract. Increase is offset by buy-out pension fund in 2015
- Higher operating costs due to acquisitions. Excluding acquisitions the operating costs decreased with 4%

Total impact of acquisitions

- Operating result: + € 22 million
- New production: + € 54 million
- Gross written premiums: + € 377 million
- Operating costs: - € 10 million

Non-Insurance results

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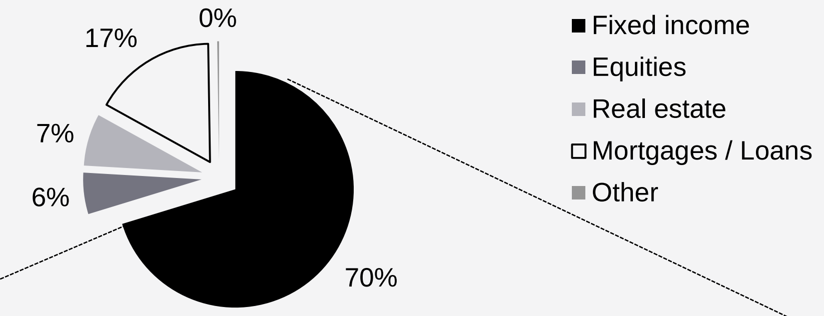
	Bank & asset management (€m)	Distribution and Services (€m)	Holding and Other (€m)	Real Estate Development (€m)
Operating result **Continued operations**	H1 2015: 5 H1 2016: 0	H1 2015: 4 H1 2016: 10	H1 2015: -61 H1 2016: -56	
Net result (IFRS) **Run-off**				H1 2015: -88 H1 2016: -5
Net result (IFRS) **Discontinued operations**				H1 2015: -7 H1 2016: 12

Investment portfolio

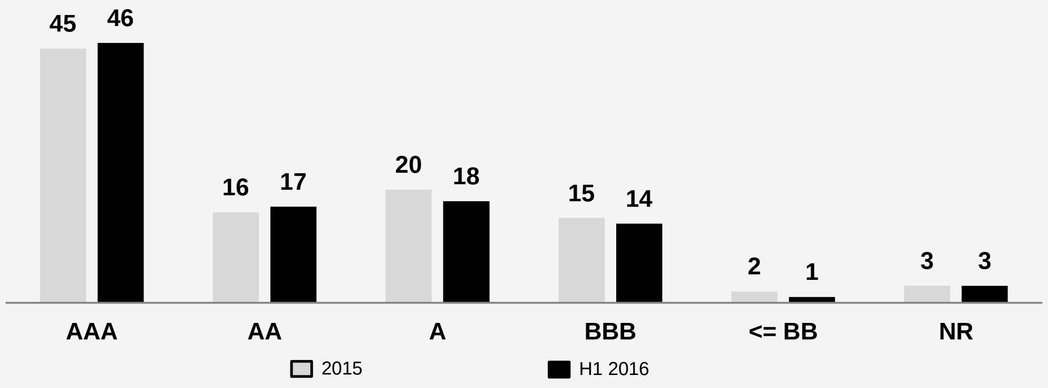
Well-diversified and solid investment portfolio

Assets (€ billion, fair value) *	2015	H1 2016
Fixed income	24.5	28.6
Equities	2.7	2.2
Real estate	2.8	2.9
Mortgages / other loans	6.5	6.8
Other **	0.1	0.1
Total investments	**36.7**	**40.7**
Investments on behalf of policyholders	7.9	7.5
Other assets	8.8	11.5
Total balance sheet a.s.r.	**53.3**	**59.7**

Composition investment portfolio H1 2016



Rating diversification fixed income portfolio (excl. derivatives)



This presentation is on an investment portfolio basis and distinguishes different investment categories from an asset management perspective. Therefore this presentation differs from the financial statement presentation based on IFRS

* Rounding differences appear

** 'Other' mainly represents equity associates

High-quality fixed-income portfolio increased in value in low interest rate environment

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Key highlights

- The core of our portfolio consist of AAA government bonds, with selective peripheral sovereign exposure
- The increase in value of the investment portfolio is mainly the result of an increase in value of the fixed income portfolio and interest rate derivatives, due to the sharp decline in interest rates
- The fall in interest rates resulted in further pressure, which leads to lower market risk budget. Measures taken to mitigate the impact:
  - reduction of equity exposure
  - reduction of credits exposure largely in favor of government bonds
  - expansion of the interest rate hedge though long swap and bonds
- Exposure structured instruments decreased mainly due to decreased exposure in MBS.
- High quality mortgage portfolio with credit losses < 1 bp

Fixed income (€m)	**2015**	**H1 2016**	***Delta***
Government	12,390	14,746	*19%*
Financials	4,897	4,860	*-1%*
Structured	402	229	*-43%*
Corporate	5,014	5,361	*7%*
Derivatives	1,788	3,427	*92%*
Total	**24,491**	**28,623**	***17%***

Mortgages (€m, book value) *	**2015**	**H1 2016**	***Delta***
LtFV < 75%	1,160	1,250	*8%*
LtFV < 100%	574	702	*22%*
LtFV < 125%	675	821	*22%*
LtFV > 125%	72	89	*24%*
NHG	4,041	3,980	*-1%*
Total	**6,522**	**6,842**	***5%***

* Loan to Foreclosure Value at originated value, no index applied

Governments (€m)	**2015**	**H1 2016**	***Delta***
Germany	5,205	6,242	*20%*
Netherlands	3,584	4,258	*19%*
France	830	944	*14%*
Belgium	653	896	*37%*
Perifery	636	838	*32%*
Austria	606	721	*19%*
Supranationals	333	356	*7%*
Other	372	331	*-11%*
Scandinavia	171	160	*-6%*
Total	**12,390**	**14,746**	***19%***

Decrease in equities portfolio and diversified real estate portfolio remains of high quality

Key highlights

Equities

- De-risking in the first half of 2016 by amongst others a reduction of the equity exposure
- Continuation of the active hedging policy for the illiquid part of the portfolio

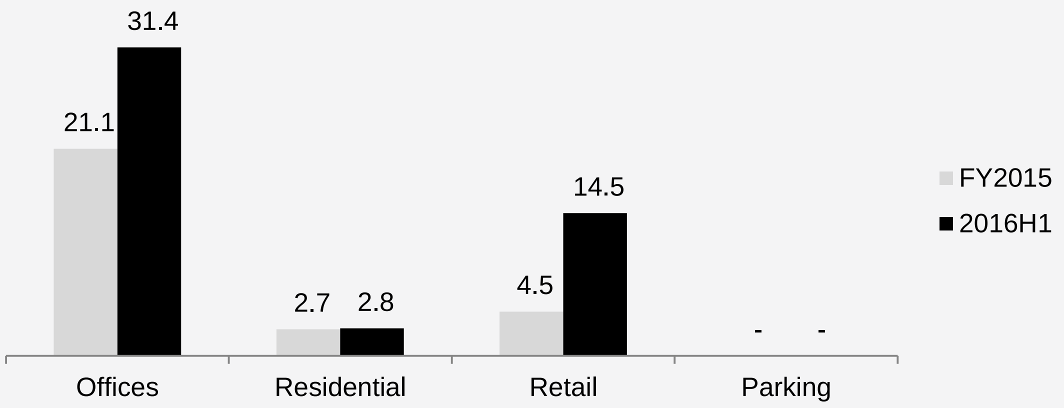
Real estate

- The vacancy rate of Retail increases due to redevelopments and the termination of contracts with V&D in May following its bankruptcy
- Increase in the vacancy rate of Offices is mainly due to the relocation of Amersfoortse division to the a.s.r. headquarter in Utrecht and the shift from offices own use to the investment portfolio as a consequence
- The net yield after vacancy per half year 2016 is 4,2%

Equities (€m)	2015	H1 2016	Delta
Equities	2,278	1,830	*-20%*
Private equities	76	74	*-2%*
Hedge funds	1	0	*-34%*
Other funds	321	299	*-7%*
Derivatives	31	46	*47%*
Total	**2,706**	**2,250**	***-17%***

Real estate (€m)	2015	H1 2016	Delta
Offices	173	185	*7%*
Residential	681	723	*6%*
Retail *	603	561	*-7%*
Parking	41	41	*0%*
Projects	12	7	*-42%*
Total real estate (excl. rural & own use)	**1,510**	**1,517**	***0%***
Rural	1,154	1,198	*4%*
Total real estate (excl. own use)	**2,664**	**2,715**	***2%***
Offices own use	153	135	*-12%*
Total real estate	**2,817**	**2,850**	***1%***

Real estate vacancy rates



** New contract with Hudson reduces Retail vacancy to 4.4*

Solvency and capital

Key developments Solvency II ‘stock’ and ‘flow’

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Solvency level – ‘Stock’

- Group solvency ratio remains strong at 191% using standard model
- All solvency ratios of the operating companies exceed the risk appetite statement of a.s.r.

Sensitivities

- Interest rate -100bps: impact on group solvency ratio +5%-pts
- Interest rate +100bps: impact on group solvency ratio -2%-pts
- Decrease of UFR to 3.2%: impact on group solvency ratio -25%-pts

Solvency developments – ‘Flow’:

- The group solvency ratio increased due to:
  - Continued organic creation of capital € 159 million
    - Operational capital creation: expected return on the existing portfolio plus new business minus non allocated holding costs
    - Net release of capital as a result of the reduction of the life portfolio
    - Technical movements: UFR drag and run off transitional equity charge
  - Market developments due to lower interest rate
  - De-risking: equity position is optimized and money duration is increased to increase the interest hedge

Capital development

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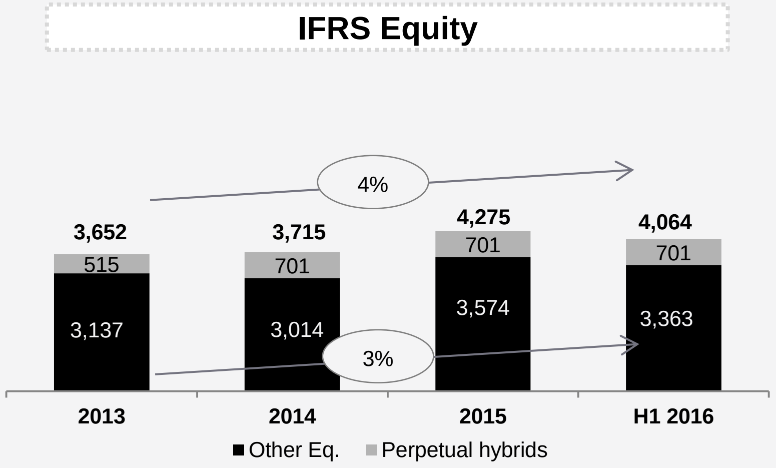
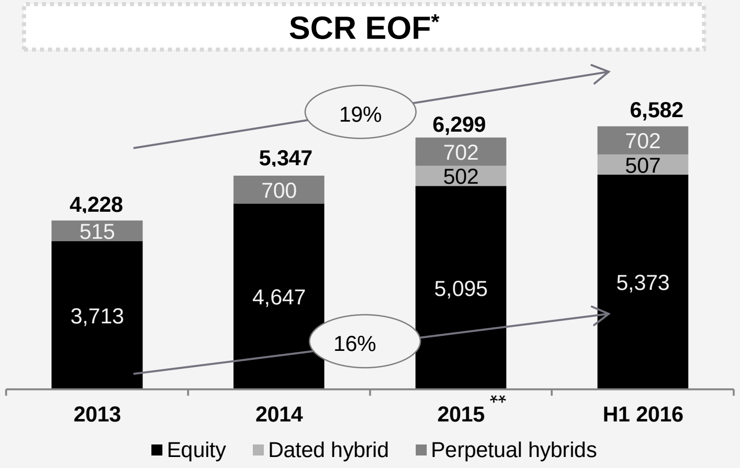
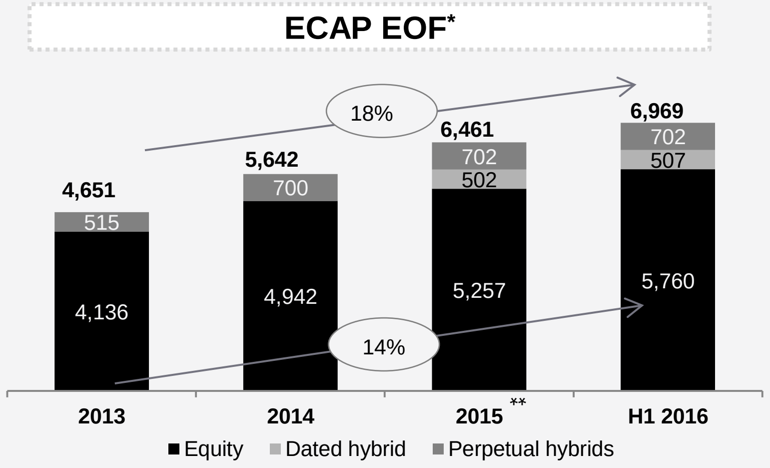






IFRS Equity variances due to:

(+) Net profit
(-) IAS 19 actuarial gains and losses
(-) Paid dividends

Excluding IAS19 and dividend, equity would have increased

SCR Eligible Own Funds increased:

(+) Organic capital creation
(+) Market developments

ECAP Eligible Own Funds increased:

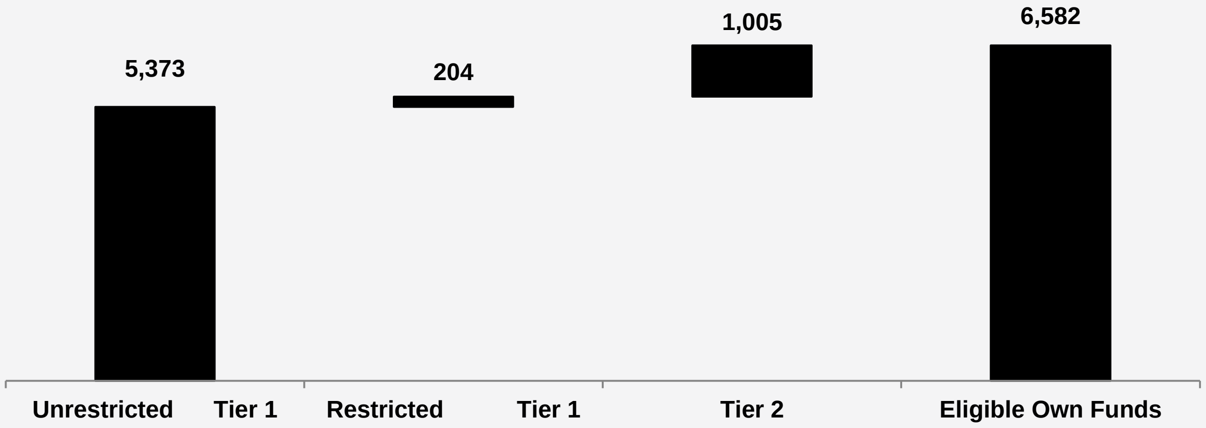
(+) Organic capital creation
(+) Market developments

* before deduction of dividend payments

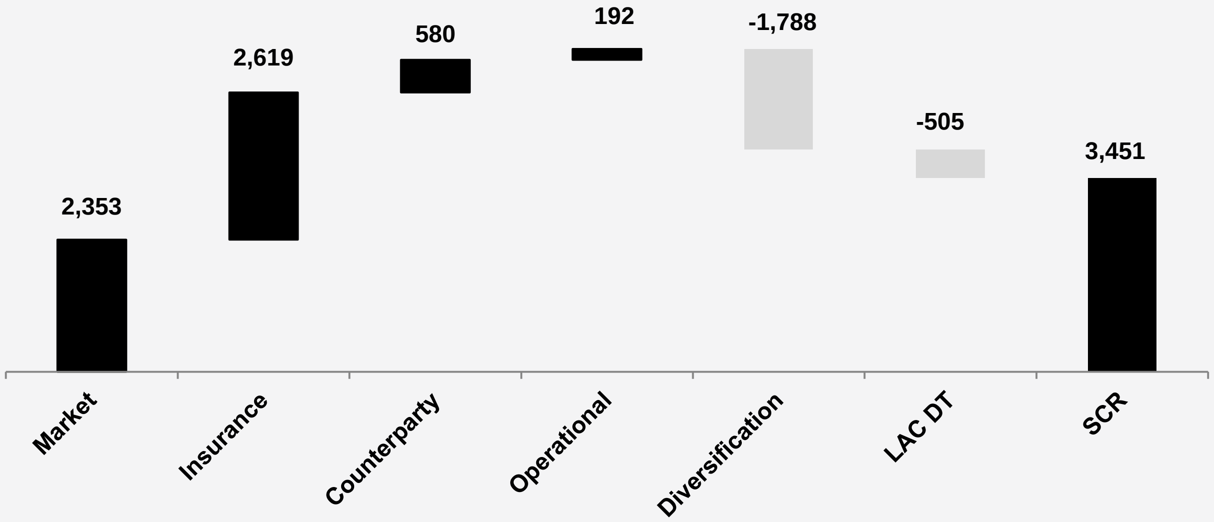
** The Eligible Own Funds Day-one 2015 amounted to € 6,246 million SCR and € 6,417 million ECAP

Group solvency key figures H1 2016

Own funds

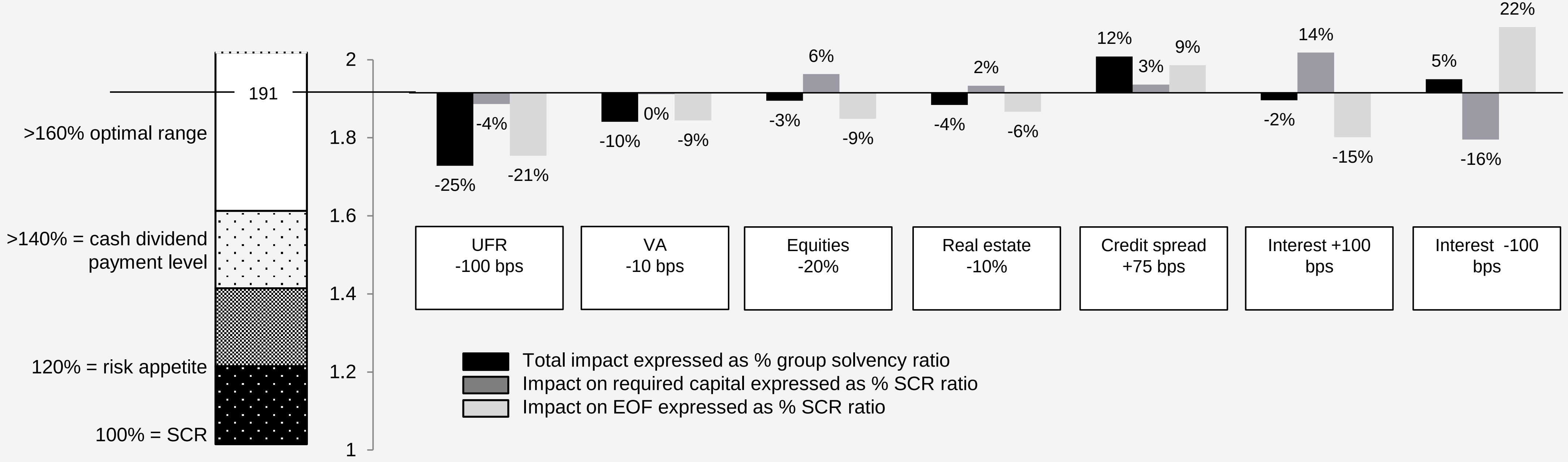


Required capital



- Group solvency ratio 191% based on standard model
- Tier 1 capital comprises 85% of total own funds
- Tier 1 capital alone represents 162% of SCR
- Significant further headroom available for additional restricted capital
  - T1: € 1,139 million
  - T2: € 721 million
- Own funds do not contain Tier 3 capital
- The restricted Tier 1 capital contains grandfathered hybrid capital instruments.
- Market risk is less than 50% of pre-diversification required capital

Sensitivities group solvency ratio



In line with EIOPA consultation paper on UFR definition (define target UFR at 3.7%) and subsequent discussions (e.g. DNB response to introduce Dutch Pension Funds methodology implying UFR ~ 3.2%):

- At UFR of 3.7% (- 50 bps) a.s.r. solvency 2 ratio would be 179% at 30/6
- At UFR of 3.2% (-100 bps) a.s.r. solvency 2 ratio would be 166% at 30/6

In both cases still well within > 160% “optimal range”

Due to increase in funeral portfolio, decreased interest rates and flattening of the yield curve, UFR sensitivity increased. Lowering UFR would also reduce UFR drag in organic capital creation

Sensitivity of group solvency ratio for interest changes

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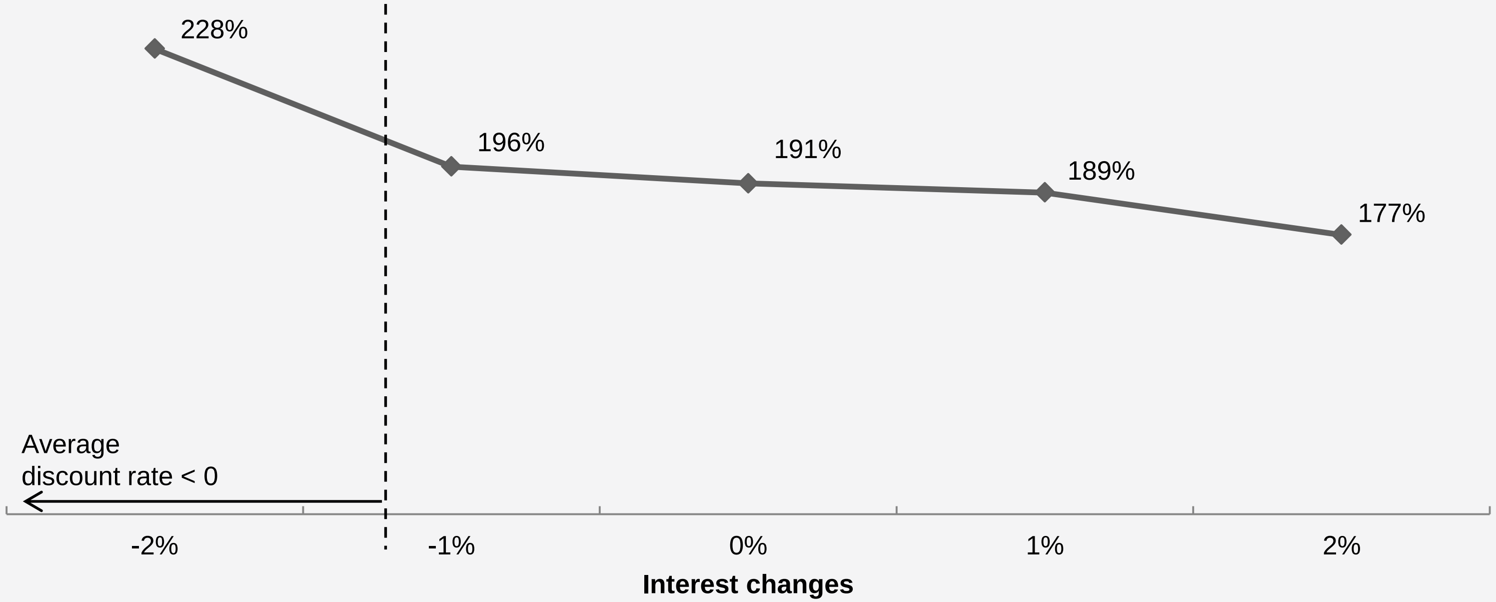

Hedging policy

- a.s.r. hedge program is a combination of economic and current standard model solvency ratio hedging
- Dynamic hedging strategy intends to stabilize the standard model solvency ratio for interest rate risk with increased "weight" for economic exposure as interest rates decline

Interest rate sensitivity solvency ratio:

- Relative to liabilities discounted at Solvency II curve, a.s.r. is long duration: the group solvency ratio declines when interest rates rises and vice versa
- a.s.r. pursues dynamic hedging program, weighing cash flows both in Solvency II world 'as is' and excluding UFR. In falling yield scenario the weight of ex UFR environment increases in execution of hedging program further duration of a.s.r. asset and derivative portfolio
- Overall interest sensitivity of a.s.r. (vs rising rates) changed due to growth of funeral portfolio and increased interest rate hedging
- The impact of interest changes is not linear and differs in time through convexity effects

Management response to market developments

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Market developments:

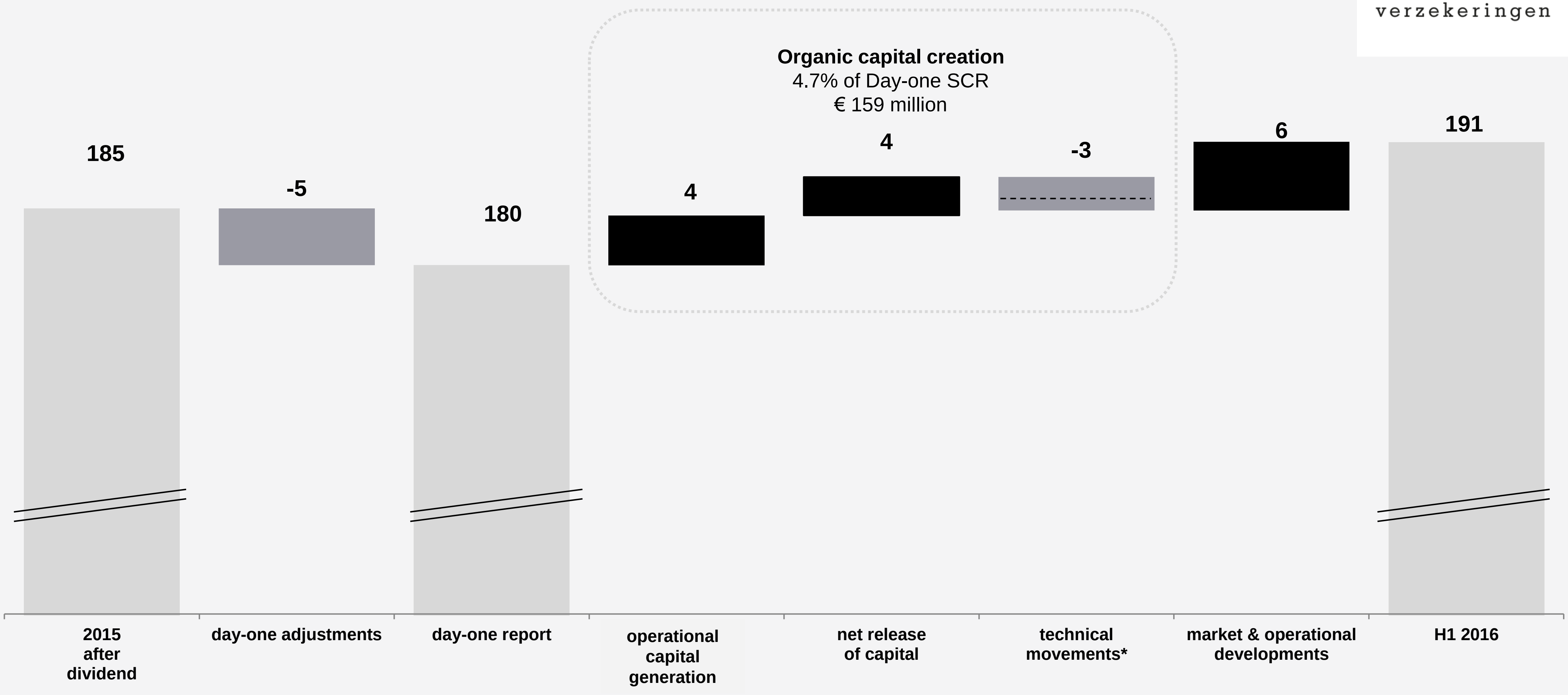
- Interest rates fell strongly
- Government bonds yields on a extreme low level
- Stock market volatility
- Spreads decreased due to ECB program
- Intention EIOPA to lower UFR level

Reduce risk tolerance

Assets	**Liabilities**
• Optimize position in equity and credits • Increase money duration as part of interest hedge program (mainly through receiver swaps and swaptions)	• Lay off specific risks through reinsurance (mass lapse risk*) • Executed in July 2016, therefore not included in 30/6 Solvency II numbers; pro forma addition would be ~ 5%-pts of Solvency II ratio

* Not yet included in H1 2016 figures.

Group standard model solvency ratio movement



* Technical movements between stock and flow includes UFR drag (~ 2%-pts of day-one SCR) and amortization of benefit from transitional equity rule (~1%)

Balance sheet management

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- Solvency ratio levels of all insurance entities clearly exceed the management target solvency levels at H1 2016, giving headroom for future remittance
- Dividend (2015) of € 170 million paid to NLFI
- Operational cash remittance in H1 2016 amounts to € 190 million, exceeding both dividend paid and organic capital creation
- Current cash position on holding (€ 181 million) in line with year end target

	target solvency ratio	target ECAP ratio	meet target solvency ratio	meet target ECAP ratio
a.s.r. group	140	160	✓	✓
a.s.r. non-life	130	150	✓	✓
a.s.r. life	140	160	✓	✓

a.s.r.'s financial risk indicators

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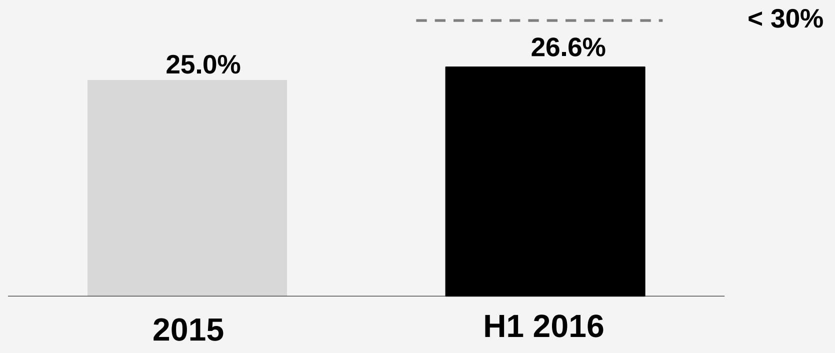
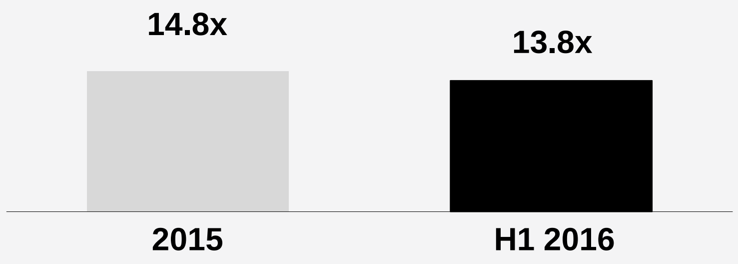
For calculation of the ratios, see the website, asrnl.com

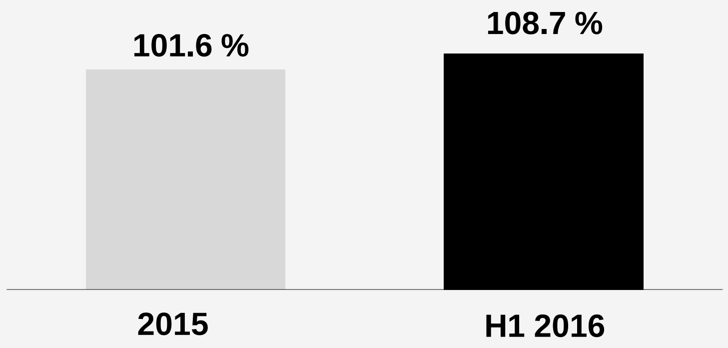
Financial leverage



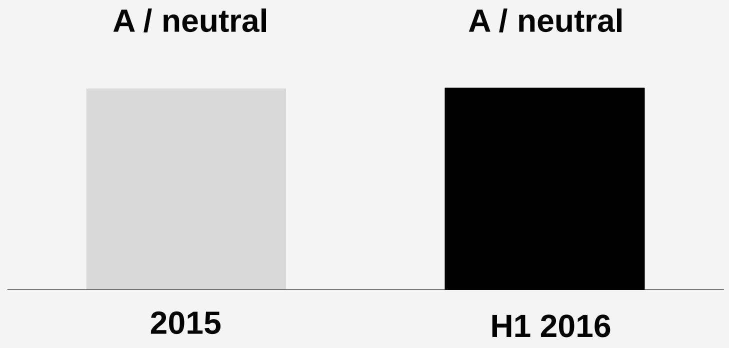
ICR



Double leverage



S&P IFS rating



Key take-aways

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- **Value-over-volume strategy delivers solid results**
- **Capital position strengthened by solid organic capital generation and favorable impact from financial markets**
- **Financial results driven by strong operating performance**
- **Underwriting skills and discipline drive market leading combined ratios**

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Operating ROE	Combined ratio
14.5%	**96.4%**
Target up to 12%	Target < 97%

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Appendix

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A. Financial ratios
B. Combined ratio per Product Line
C. Operating result per segment
D. Calculation of the combined ratio
E. Calculation of the operating ROE

A. Financial ratios

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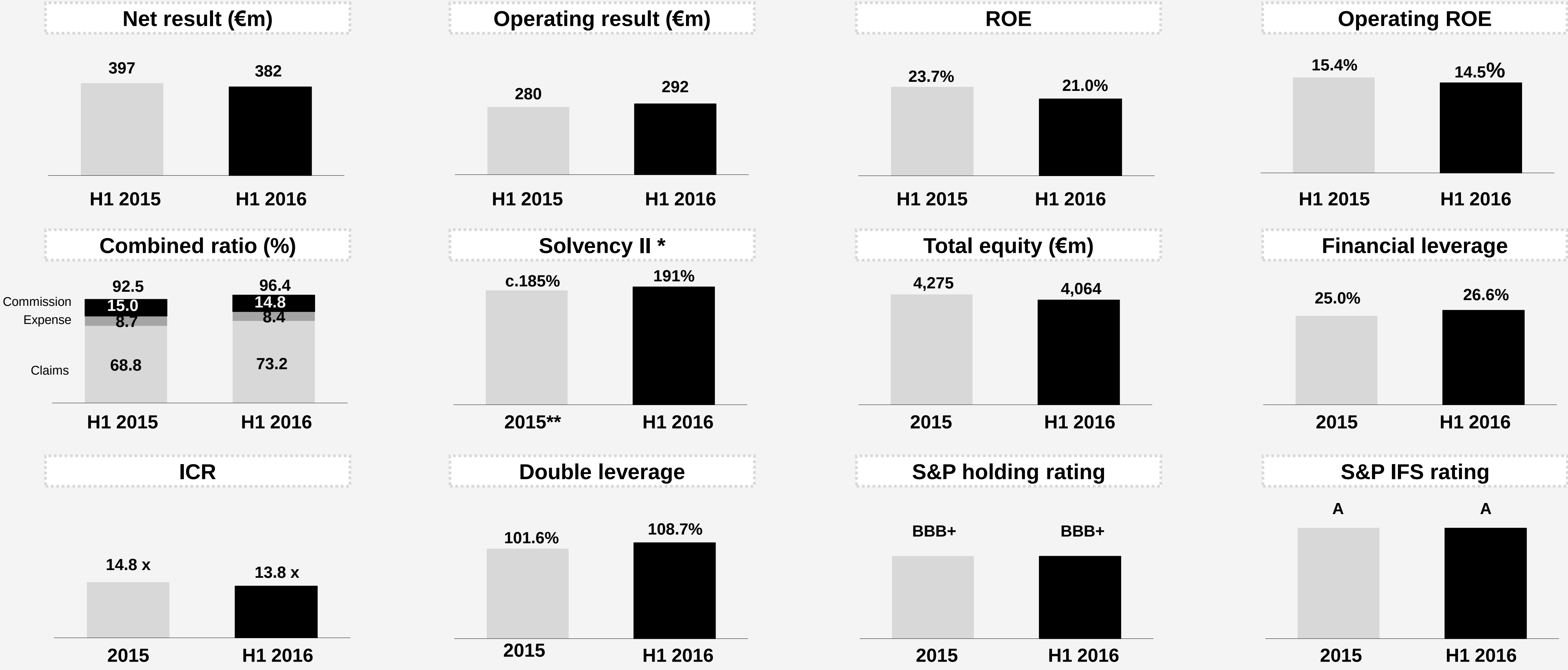

* Calculation based on standard model; Day-one amounted to 180% ** After deduction of proposed dividend

B. Combined ratio per product line

		H1 2016	H1 2015
Segment Non - Life	Claims ratio	73.2%	68.8%
	Expense ratio	8.4%	8.7%
	Commission ratio	14.8%	15.0%
	Combined ratio	96.4%	92.5%
Disability	Claims ratio	72.3%	67.9%
	Expense ratio	8.4%	8.7%
	Commission ratio	9.5%	12.1%
	Combined ratio	90.2%	88.7%
Health	Claims ratio	92.6%	87.1%
	Expense ratio	4.4%	4.6%
	Commission ratio	1.2%	1.0%
	Combined ratio	98.2%	92.7%
Property & Casualty *	Claims ratio	62.3%	57.0%
	Expense ratio	10.7%	11.5%
	Commission ratio	26.5%	26.6%
	Combined ratio	99.5%	95.1%

* Including travel and leisure insurance

C. Operating result per segment

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	IFRS PROFIT BEFORE TAX	INVESTMENT RELATED	INCIDENTALS	OPERATING RESULT	IFRS PROFIT BEFORE TAX	INVESTMENT RELATED	INCIDENTALS	OPERATING RESULT
	H1 2016				H1 2015			
Segment Non - life	86	-19	-5	62	155	-46	5	114
Segment Life	331	-53	-5	273	442	-197	-23	222
Segment Banking and Asset Management	4	-4	-	-	5	-1	1	5
Segment Distribution and Services	10	-	-	10	4	-	-	4
Segment Holding and Other	41	-6	-91	-56	-27	-37	3	-61
Segment Real Estate development*	-10	-	10	-	-86	-	86	-
Eliminations	16	-	-13	3	-4	-	-	-4
Total	478	-82	-104	292	489	-281	72	280

* The figures of real estate development are adjusted for H1 2015.

Operating result: *profit before tax*
adjusted for *(i) investment income of an incidental nature (including realized capital gains, impairment losses and realized and unrealized changes in value)*
and *(ii) incidental items not relating to ordinary activities as a result of accounting changes, consulting fees for acquisitions, restructuring expenses, start-up costs, privatization expenses and shareholder-related expenses*

D. Calculation of the combined ratio

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(€ million)	H1 2016	H1 2015
Net insurance premiums Non - life	**1,148**	**1,115**
Net insurance claims and benefits	-878	-808
Compensation capital gains (Disability)	10	11
Interest accrual on provisions (Disability)	31	31
Prudence margin (Health)	-3	-1
Total corrections	38	41
Net insurance claims and benefits (after corrections)	**-840**	**-767**
Fee and commission income	20	13
Acquisitions costs	-190	-180
Commission	**-170**	**-167**
Operational expenses	-100	-101
Correction made for investment charges	4	4
Operational costs (after corrections)	**-96**	**-97**
Claims ratio	73.2%	68.8%
Expense ratio	8.4%	8.7%
Commission ratio	14.8%	15.0%
Combined ratio	**96.4%**	**92.5%**

E. Calculation of operating ROE

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(€ in million)	Restated H1 2015	H1 2016
Operating result (before tax)	559	583
Minus: Interest on hybrid instruments (1)	45	45
Operating result after hybrid costs (before tax)	514	538
Tax effect (25% tax rate)	129	135
Operating results after hybrids costs (net of taxes)	**385**	**403**

€ in millions	Dec. 2014	H1 2015	Dec. 2015	H1 2016
Equity attributable to shareholder	3,034	3,379	3,590	3,380
Minus: Unrealized gains and losses reserve (2)	737	702	686	690
Minus: IFRS Equity Real estate developments and SOS (3)	33	-62	9	24
Adjusted IFRS equity	2,264	2,739	2,895	2,666
Average adjusted IFRS equity		**2,502**		**2,781**
Operating ROE		**15.4%**		**14.5%**

[1] Interest on hybrid instruments is deducted to show the return to equity shareholders after hybrid costs.

[2] Unrealized revaluation reserves are excluded as the Operating results adjusts all capital gains and losses

[3] Real estate development and SOS's equity are excluded from calculation as they are also excluded from the operating result due to their 'held for sale' classification

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