

A large, modern office building with a distinctive white, grid-like facade and numerous glass windows. The building is situated behind a body of water, with a fountain visible on the right. Lush green trees are on the left. The sky is clear and blue. The letters 'a.s.r.' are visible on the upper part of the building's facade.

a.s.r.  
de nederlandse  
verzekerings  
maatschappij  
voor alle  
verzekeringen

# Capital Markets Day

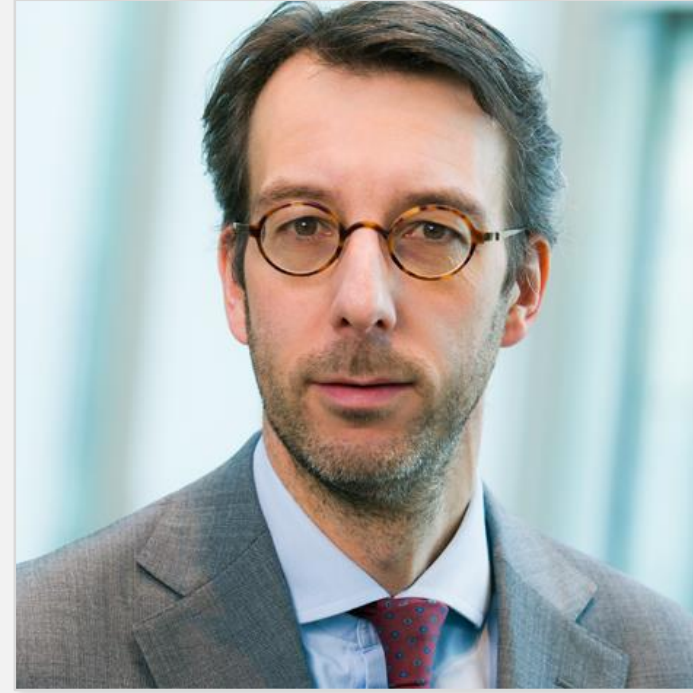
10 October 2018



# Today's presenters



**Jos Baeten**  
CEO



**Chris Figee**  
CFO



**Michel Verwoest**  
COO



**Karin Bergstein**  
COO



**Philippe Wits**  
Chief Innovation Officer



**Jack Julicher**  
CEO a.s.r asset  
management



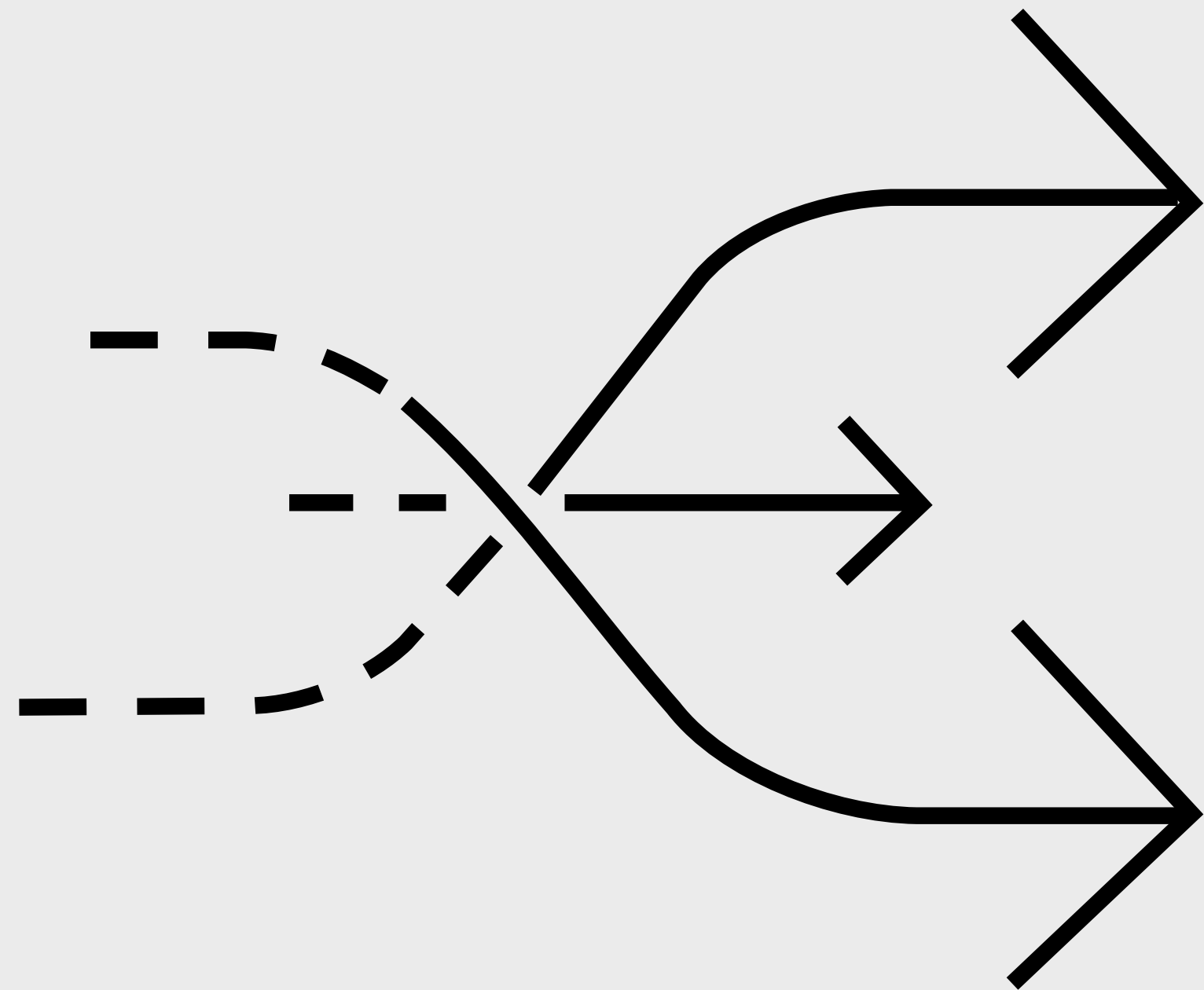
**Dick Gort**  
CEO a.s.r real estate



**Patrick Klijnsmit**  
Director Group Accounting,  
Reporting & Control



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voor alle  
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# Excel and expand

**Jos Baeten**

Chief Executive Officer



Two exciting years since our IPO





# Helping our customers is the reason we are in business





Proud of all our employees who make a difference for customers

## **Helping by doing**

I'm helpful

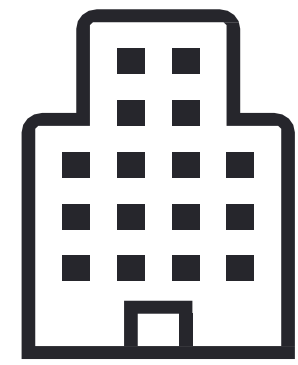
I think ahead and

I act decisively

These values drive our behaviour



# a.s.r. at a glance



founded in  
1720; deeply  
rooted in Dutch  
society

## #3

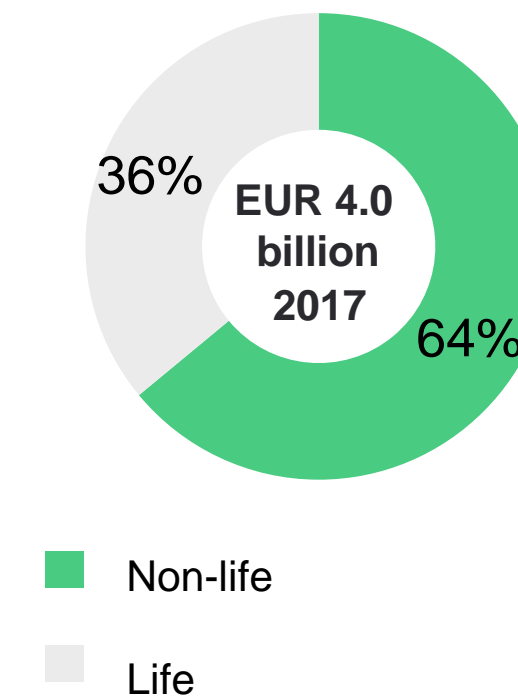
leading market  
positions and #3  
overall

a.s.r.



multi-brand  
and multi-  
channel  
distribution;  
focus on  
intermediaries

Business mix  
(GWP)



## 3,800

employees (fte)



“helping by doing”

## +40

net promotor score



## value over volume

key strategic principle

## helping customers

to mitigate risks and  
accumulate wealth

## 2008

nationalised;  
no state aid received

## 2016

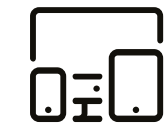
successful IPO

## 2017

privatisation completed

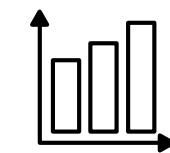


# Macro trends



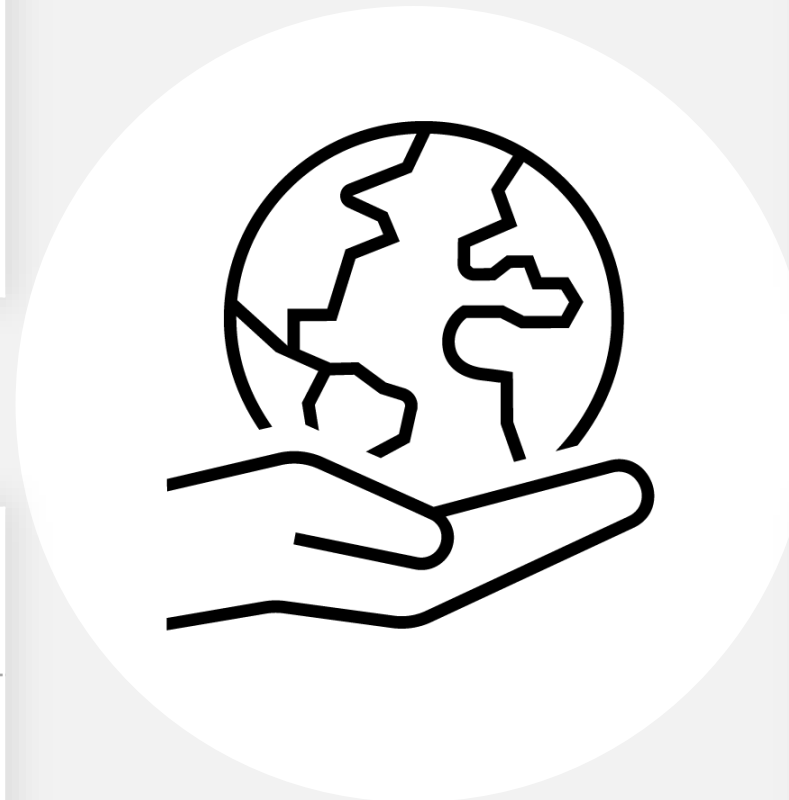
## Technological

- Ease of use & internet of things
- Customer data & data analytics
- Robotics
- Artificial intelligence & machine learning



## Economic & financial markets

- Volatile financial markets
- Low(er) interest rates for longer
- Reduced risk premiums
- Value chain integration



## Environmental & demographic

- Increased workforce flexibility and more self-employed individuals
- Ageing population & increasing life expectancy
- Corporate social responsibility
- Climate change

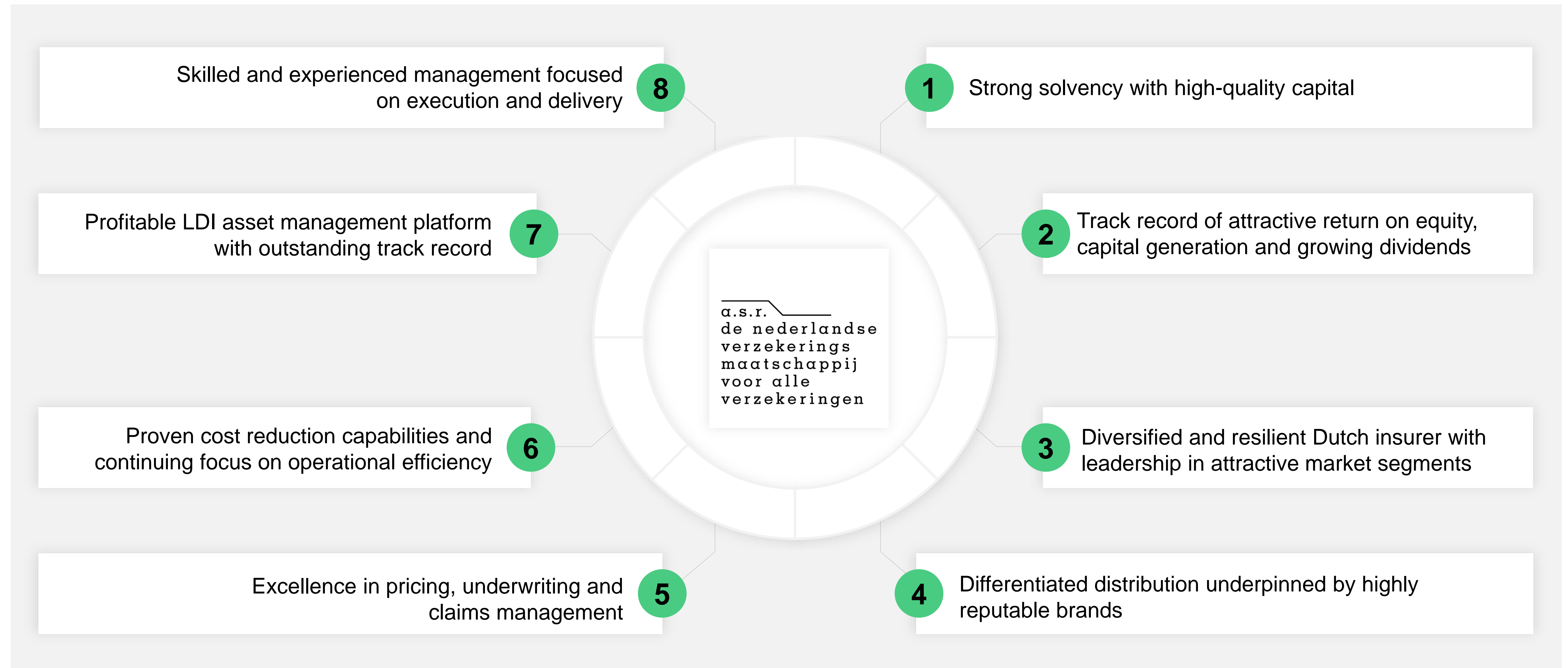


## Political & regulatory

- Withdrawing government
- From collective to individual arrangements
- Higher capital requirements
- Rising retirement age



# Strong and unique investment proposition still intact



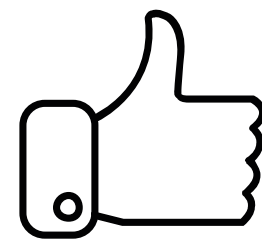


# Our strategic principles drive performance

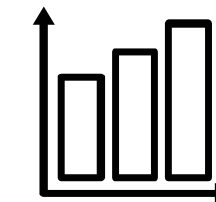
## Value over volume



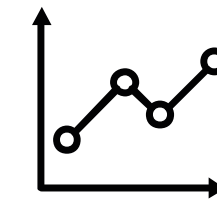
Meeting customer  
needs



Excellence in pricing,  
underwriting and  
claims management



Cost effectiveness



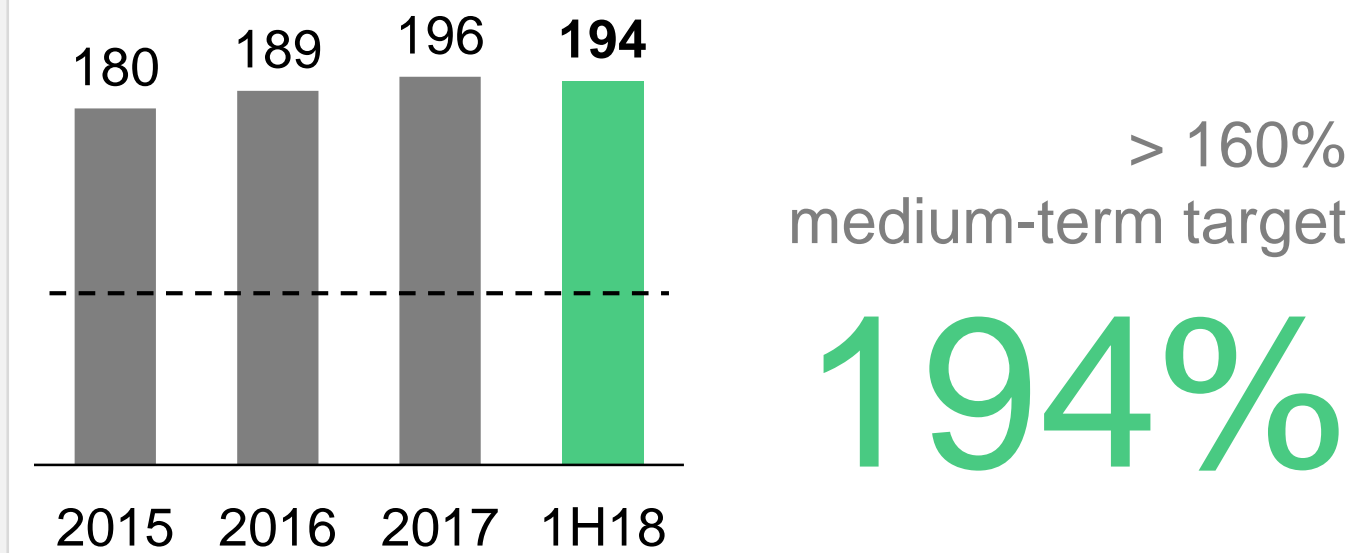
Solid financial  
framework



# Consistently delivering on IPO promises and ambitious targets

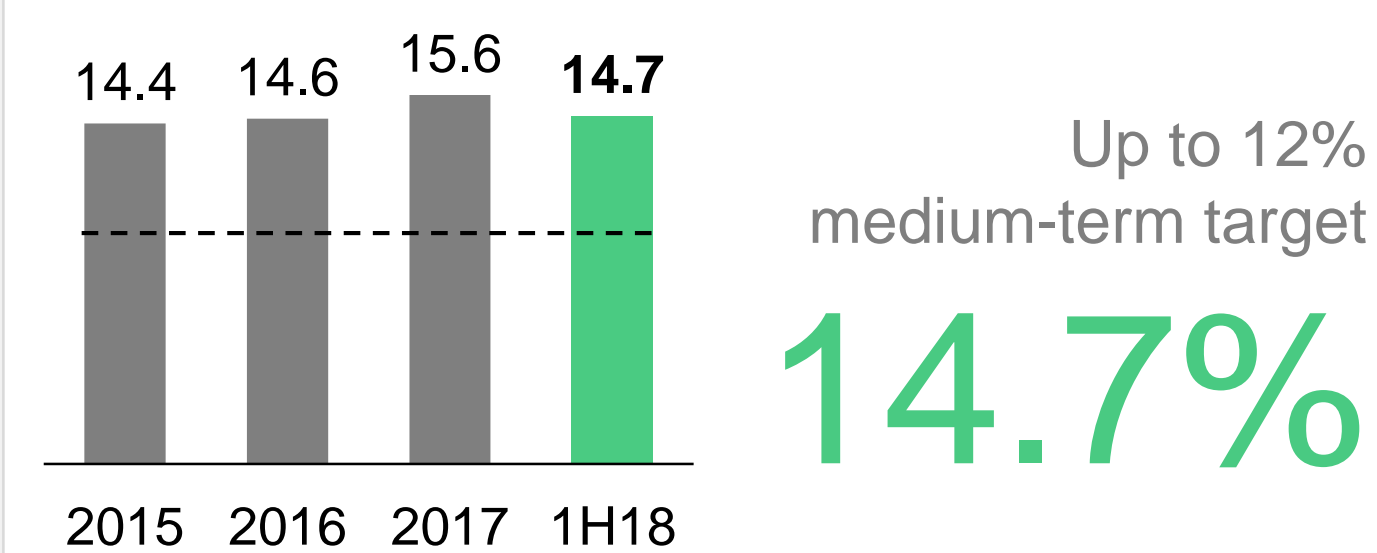
## Solvency II

(Standard formula, %)



## Operating return on equity

(%)

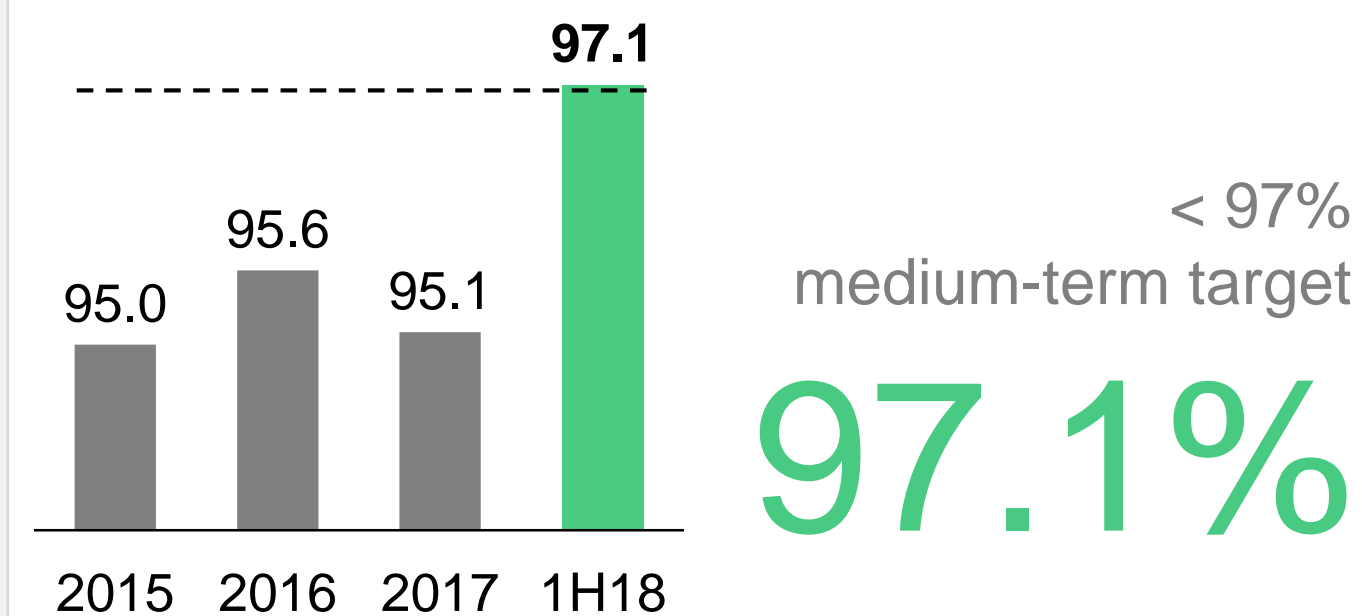


## S&P Rating



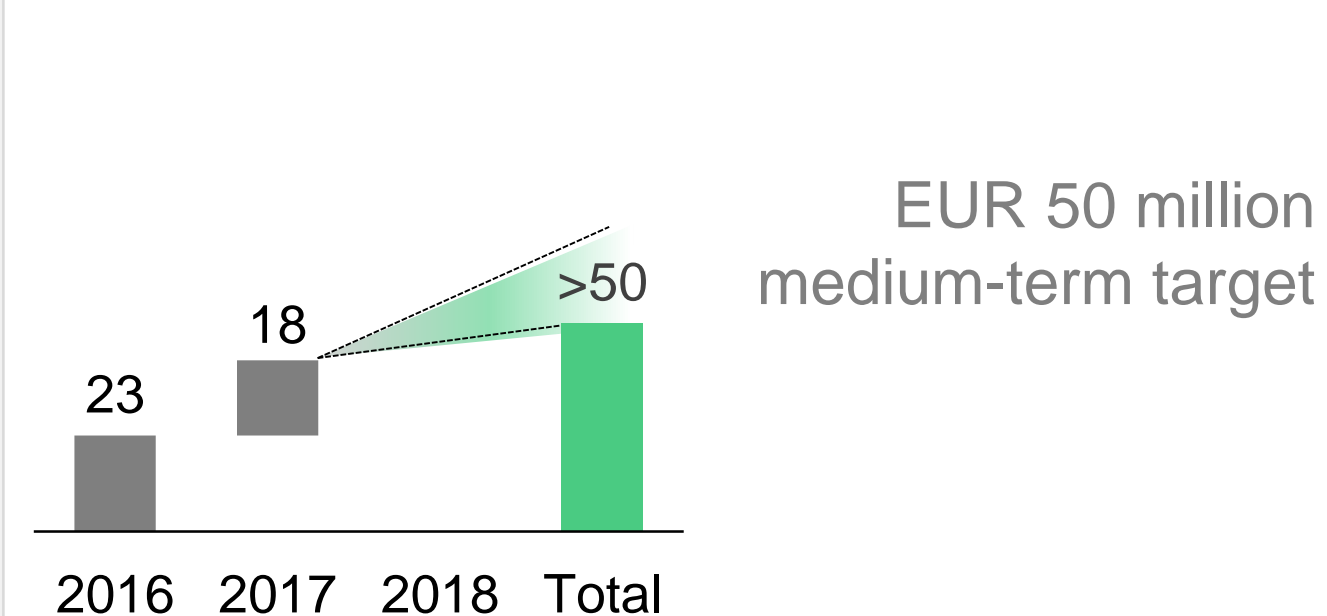
## Combined ratio

(%)



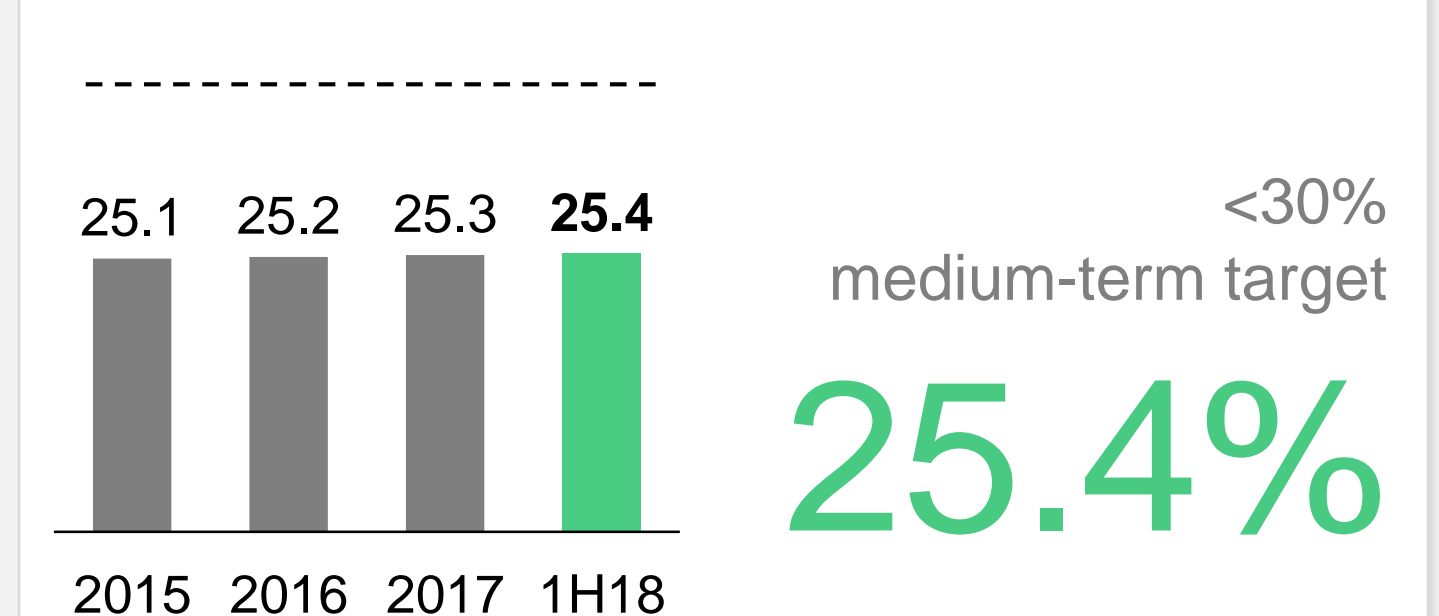
## Operating expense reduction

(EUR million)



## Financial leverage

(%)





# Generating attractive capital returns to shareholders

## Ordinary dividend

- Ambition to offer a stable to growing dividend per share
- Pay-out ratio 45% - 55% of net operating result (after hybrid expenses)<sup>1</sup>
- Interim dividend 40% of last year's total ordinary dividend

## Capital returned

- EUR 764 million of capital has been returned to shareholders since IPO (June 2016)
- In total, 9 million shares were bought back (EUR 255 million) to support the government's exit

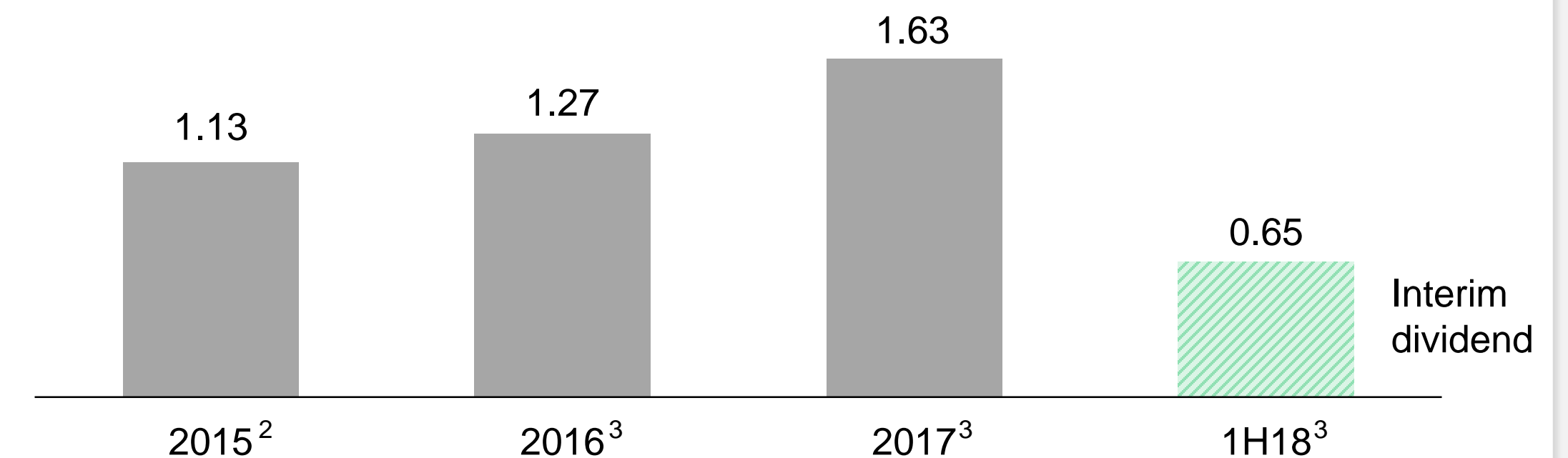
<sup>1</sup> In general, a.s.r. expects not to pay cash dividends if the Solvency II ratio (calculated in accordance with the standard formula) falls below 140%

<sup>2</sup> Number of shares for 2015 restated to 150 million shares

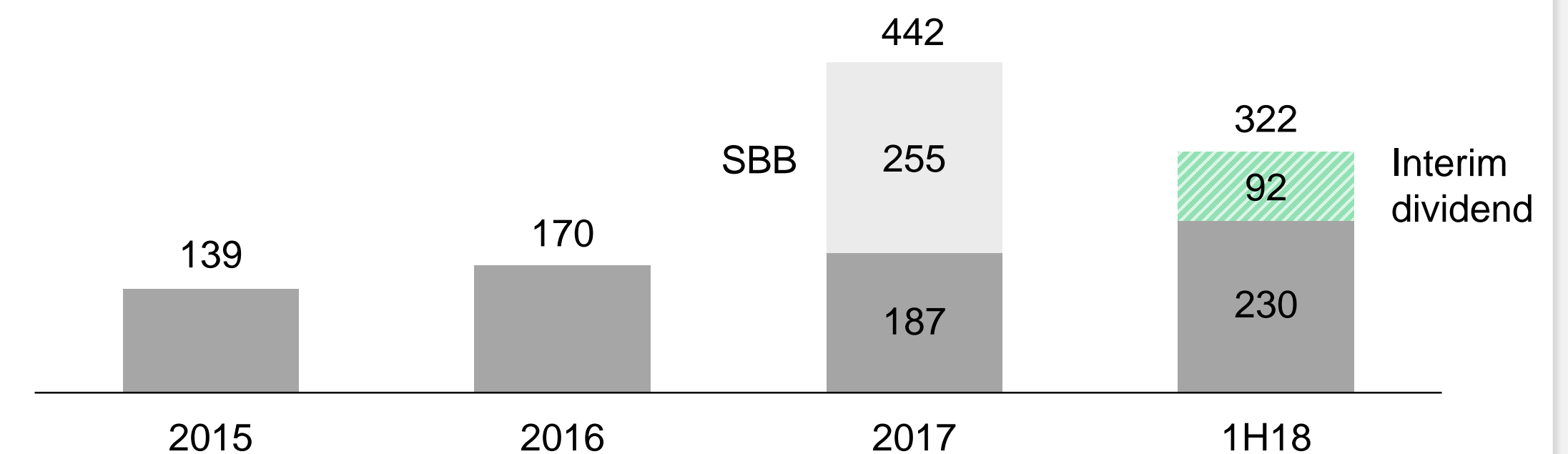
<sup>3</sup> Number of shares for 2016 is 147 million shares. Number of shares for 2017 is 141 million shares.

Treasury shares are not eligible for dividend

Dividend per share  
(EUR)



Capital return to shareholders  
(EUR million)





# Ambitious group targets, positioned for profitable growth

Targets for the period 2019 - 2021<sup>1</sup>

**Solvency II**  
(Standard formula)

>160%

Substantial capital for  
entrepreneurship

**Operating return on equity**  
(%)

12-14%

Per annum

**Dividend pay-out ratio**  
(% of net operating result after hybrid expenses<sup>2</sup>)

45-55%

Ambition to offer a stable to growing  
dividend per share

**Organic capital creation**  
(EUR million)

> € 430m

To be realised in 2021

**Financial leverage**  
(%)

< 35%

**Rating**  
(S&P)

Single A

At least

<sup>1</sup> Targets are based on the assumption of normal market, environmental and economic conditions and no material regulatory changes and on stand-alone basis

<sup>2</sup> In general, a.s.r. expects not to pay cash dividends if the Solvency II ratio (calculated in accordance with the standard formula) falls below 140%



# Ambitious business targets

Targets for the period 2019 - 2021<sup>1</sup>

## Non-life

(%, excluding Health)

Combined ratio

94-96%

## Life operating result

(EUR million)

Stable

Compared to  
EUR 633 million in 2017

## Fee based businesses, operating result<sup>2</sup>

(EUR million)

€ 40 million

5% growth  
per annum thereafter

## Non-life

(%, excluding Health)

GWP growth  
(organic)

3-5%

Per annum

## Life operating expenses

(bps)

45-55 bps

On basic life provision

<sup>1</sup> Targets are based on the assumption of normal market, environmental and economic conditions and no material regulatory changes and on stand-alone basis

<sup>2</sup> Asset management and Distribution & services



# Creating value for all stakeholders, our non-financial objectives

Targets for the period 2019 - 2021<sup>1</sup>

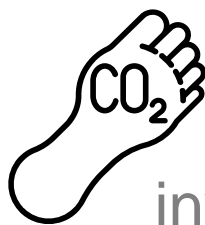
Meeting customer needs  
(Net promoter score)



>44

by 2021

Sustainable investments



Carbon footprint:  
% measured of  
investment portfolio

95%

Impact  
investments  
by 2021

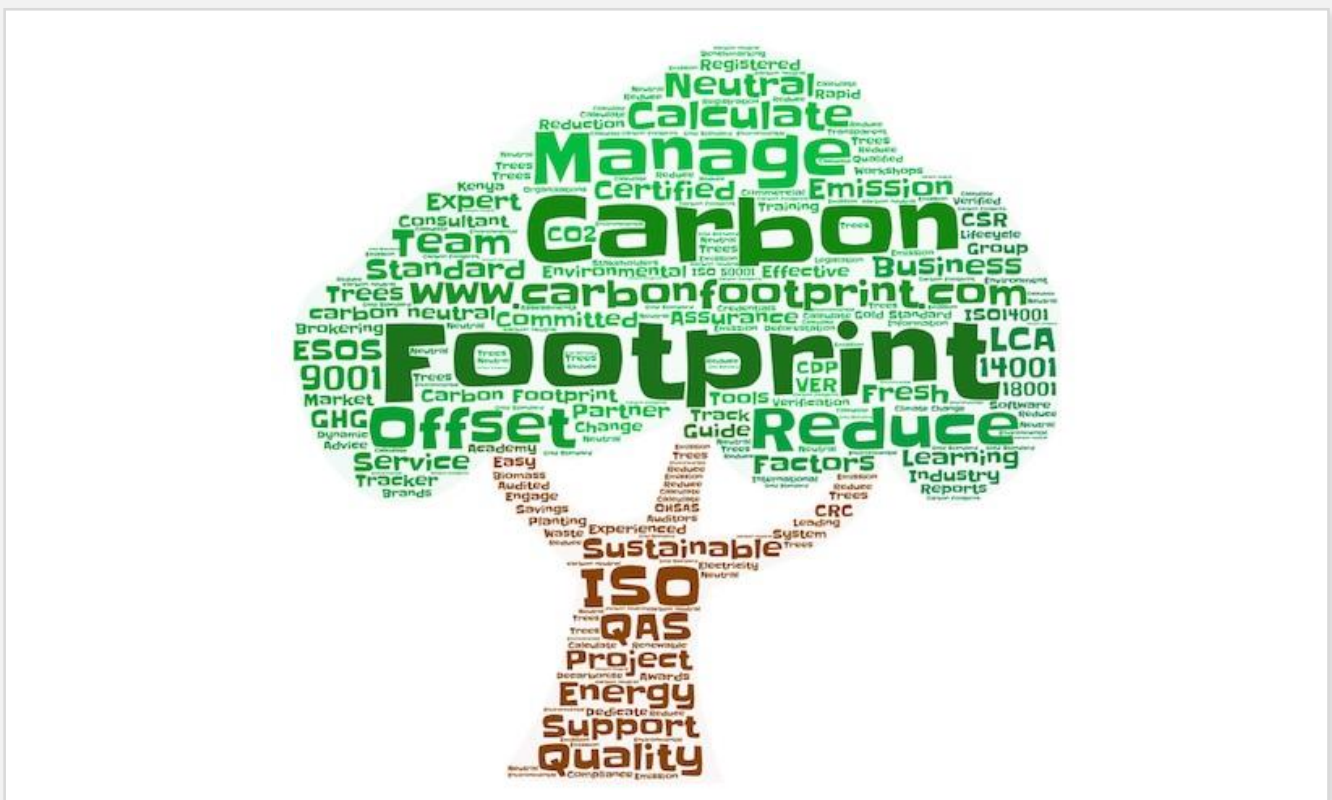
€ 1.2bn

Employee contribution to local society  
(in no. of hours)



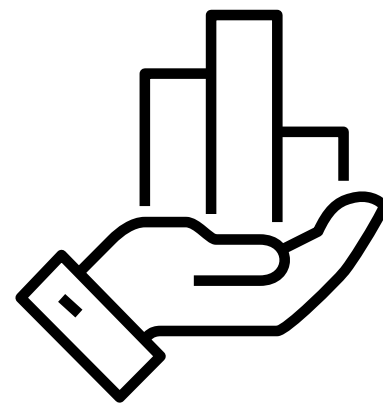
+5%

Per annum

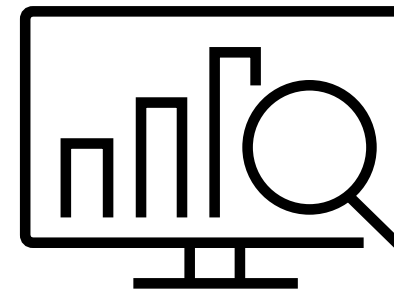


<sup>1</sup> Targets are based on the assumption of normal market, environmental and economic conditions and no material regulatory changes and on stand-alone basis

# Our plan to deliver on the targets



**Maintaining  
our financial  
discipline**



**Managing  
the value from  
existing businesses**



**Pursuing  
profitable growth  
in selective areas**



# Maintaining our financial discipline

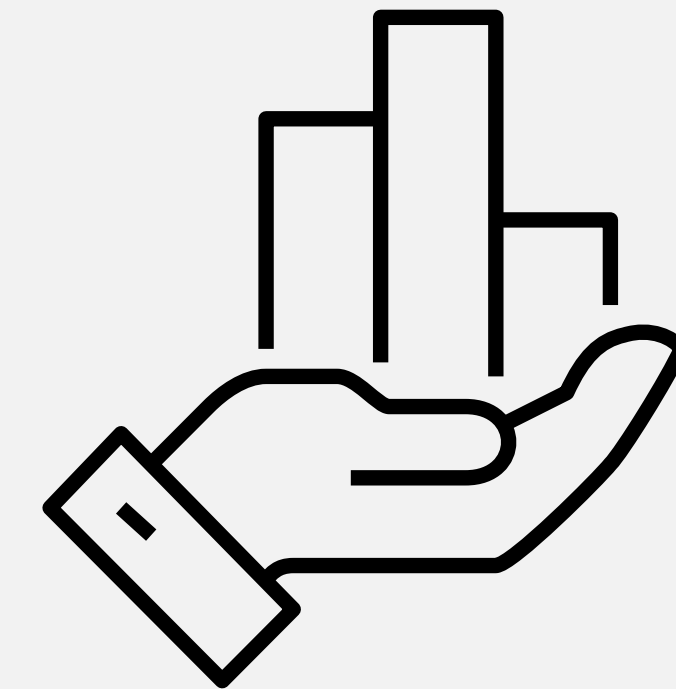
Continued focus on **value over volume**

Maintaining our strong **cost discipline**

Financial discipline in M&A, focussing on SME, **12% ROI hurdle**

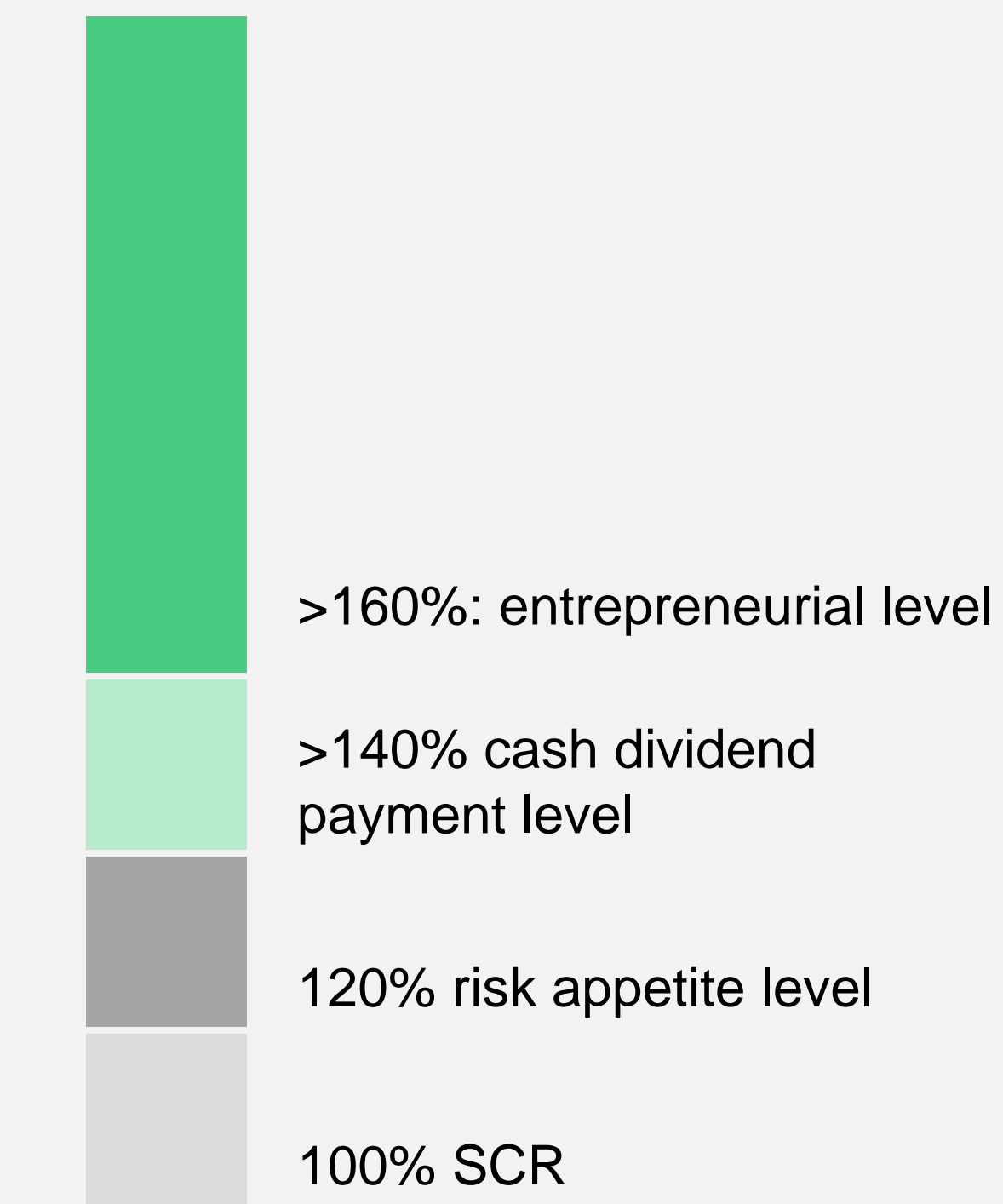
Maintaining strong balance sheet and robust solvency (SF), **SII ratio > 160%**

Rational allocation of capital: **deploy or return**



# Rational approach to capital deployment and return

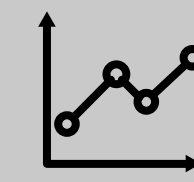
Solvency ladder  
on standard formula



Are we in the  
entrepreneurial  
zone?

Yes

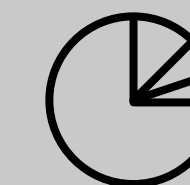
Deploying capital in growth



Invest in  
organic  
growth



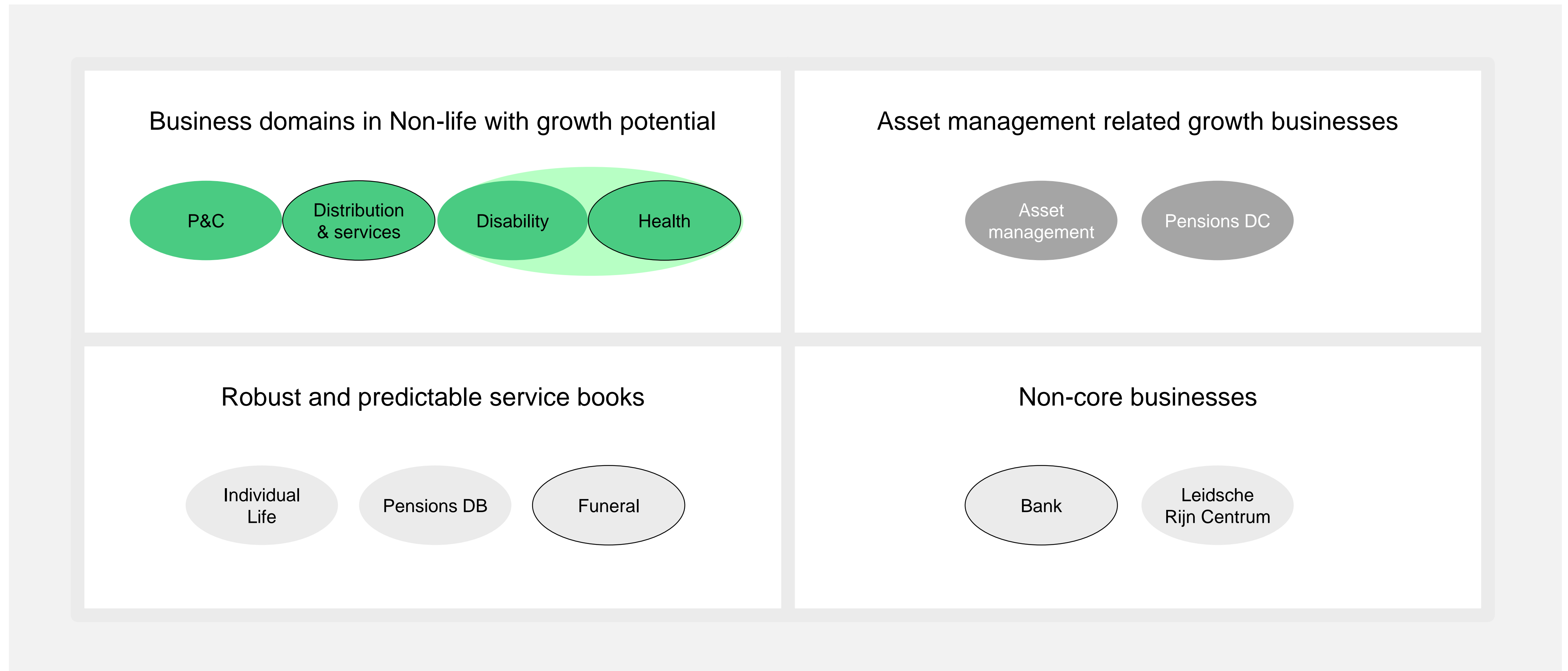
Inorganic  
growth in  
domestic market



Invest in  
market risk



# Optimising our business mix to manage value and pursue growth



# Non-life: Managing the value and pursuit of selective (in)organic growth

## Our foundation

- Craftsmanship:
  - underwriting leadership
  - claims management
  - cost effectiveness
- Proprietary disability platform
- Leader in broker channel
- Sustained profitable COR

## Our current focus

### P&C

- Maintaining superior COR
- Optimising portfolio of Generali NL
- Finalising IT migration

### Disability

- Focusing on sustainable employability
- Unlocking prevention / vitality services potential

### Health

- Continue supporting Disability

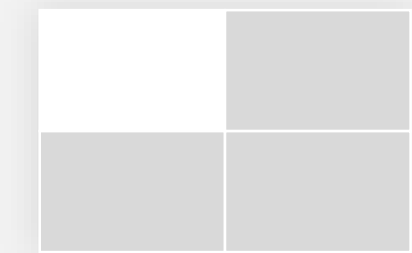
## Growth opportunity

### P&C

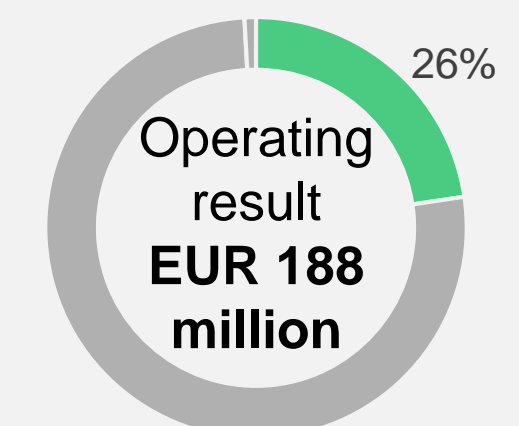
- + Add volume / scale on existing platform
- + Selective inorganic growth

### Disability

- + Focus on platform and proposition extension
- + Acquisitions and partnerships



2017





# Life: Managing the value and pursuit of selective inorganic growth

## Our foundation

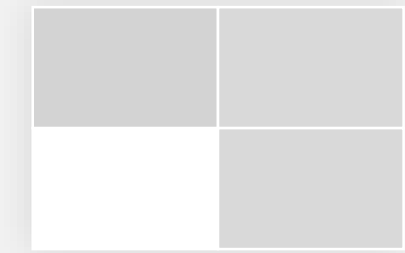
- Restored customer satisfaction through focus on client services
- Simplified and aligned processes and products
- Low cost operation with convincing migration and consolidation track record
- Optimisation of Solvency II capital

## Our current focus

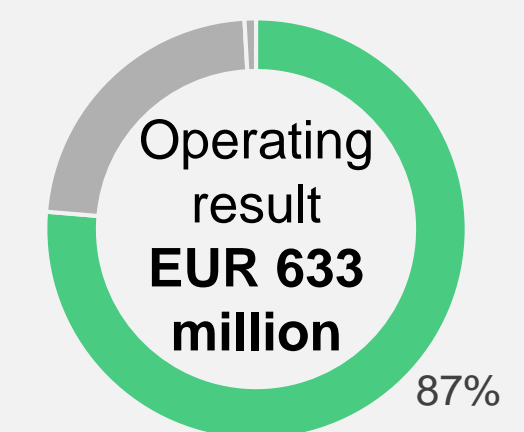
- Maintaining a low cost operation by cost reductions and cost variabilisation
- Excel in product rationalisation and migration of administrations
- Optimising investment returns

## Growth opportunity

- + Initiate traditional Individual life closed book consolidation
- + Finalise Funeral consolidation



2017



# Asset management: Pursuit of selective (in)organic growth

## Our foundation

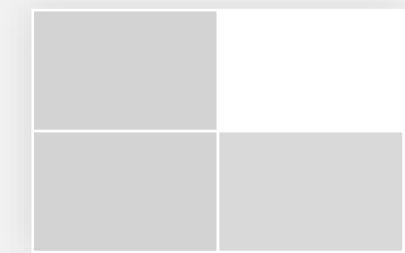
- Long experience with LDI
- Differentiation in quality and sustainability
- Excellent track record in Dutch mortgages market
- Dedicated real estate manager with core real estate funds
- Suite of capital light pension solutions (APF, DC)

## Our current focus

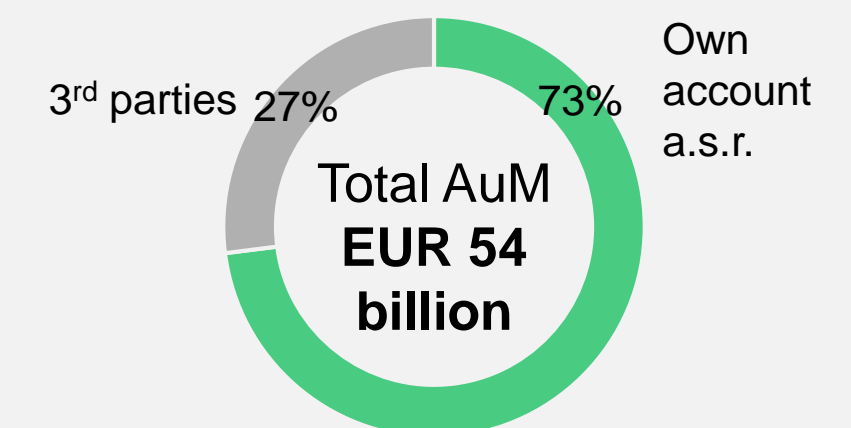
- Leverage niche expertise in selected higher margin propositions
- Pensions DC supports fee-based income
- Exploring opportunities in real estate
- Utilising expertise in ESG funds and mortgage funds

## Growth opportunity

- + Continue buy and build approach
- + Capture pensions assets (DC)
- + Offer expertise in mortgages and LDI solutions
- + Expand real estate platform



2017





# M&A strategy: Opportunities for bolt-on acquisitions

- Dutch insurance market is concentrated, opportunities for bolt-on acquisitions exist
- Within Non-life circa EUR 4 billion of GWP is captured by mid-market players
- Within Life circa EUR 20 billion<sup>3</sup> of technical provisions are serviced by mid-market players
- Drivers of market consolidation are apparent:
  - Regulatory developments: Solvency II and IFRS 17
  - Lack of new production in Life

## Non-life (2017)<sup>1,2</sup>

P&C  
EUR 10 billion  
GWP

14 insurers

Disability  
EUR 4 billion  
GWP

12 insurers

**Non-life mid-market:  
cumulative EUR 4  
billion of GWP**

## Life (2017)<sup>1,2</sup>

EUR 13 billion  
GWP

13 insurers

**Mid-market: cumulative  
EUR 20 billion of  
technical provisions**

<sup>1</sup> Based on DNB data, which exclude foreign regulated entities operating in the Netherlands. Allianz Netherlands based on company publications

<sup>2</sup> Top 5 consists of a.s.r., Achmea, NN, Aegon and Vivat

<sup>3</sup> Solvency II value of the technical provisions including risk margin and after reinsurance. Source: SFRC reports

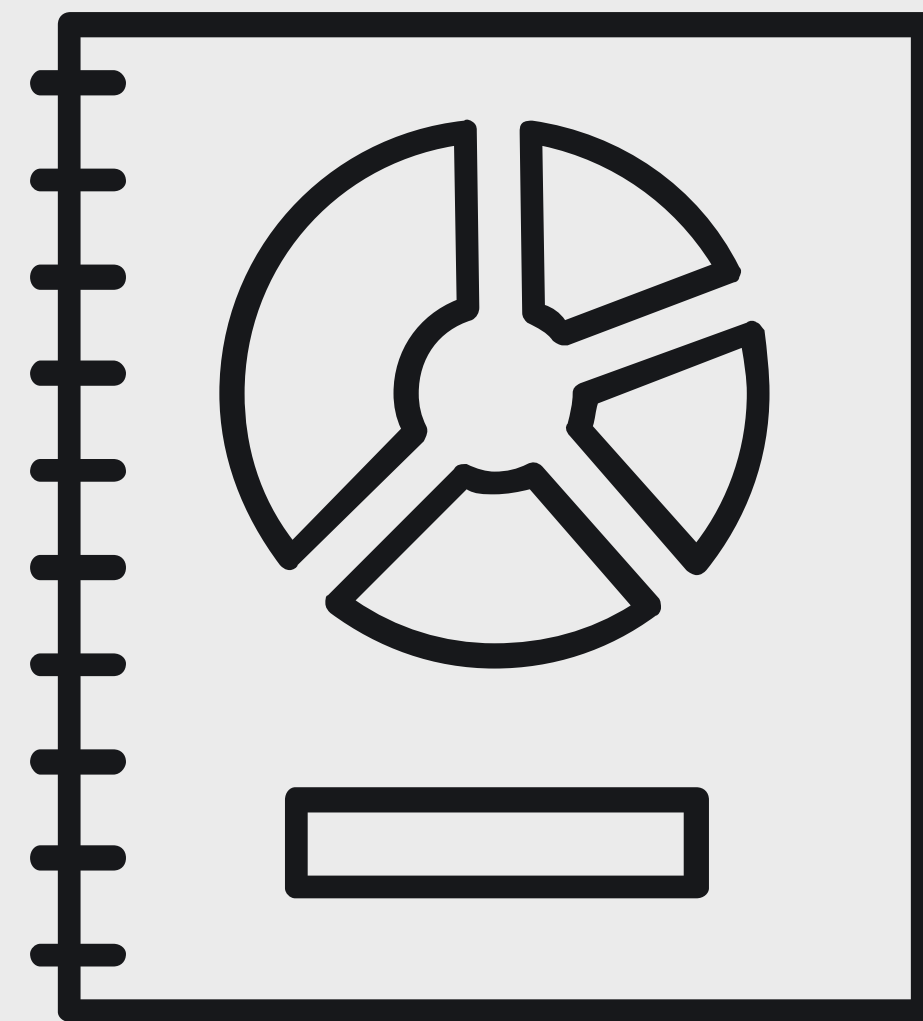
# Conclusion

- ▶ Strong track record in delivering against targets
- ▶ Ambitious new medium-term targets
- ▶ Uniquely positioned to capture profitable (in)organic growth in selective areas
- ▶ Remain committed to our financial disciplines





a.s.r.  
de nederlandse  
verzekerings  
maatschappij  
voor alle  
verzekeringen



# Quality balance sheet enabling pursuit of profitable growth

**Chris Figee**

Chief Financial Officer

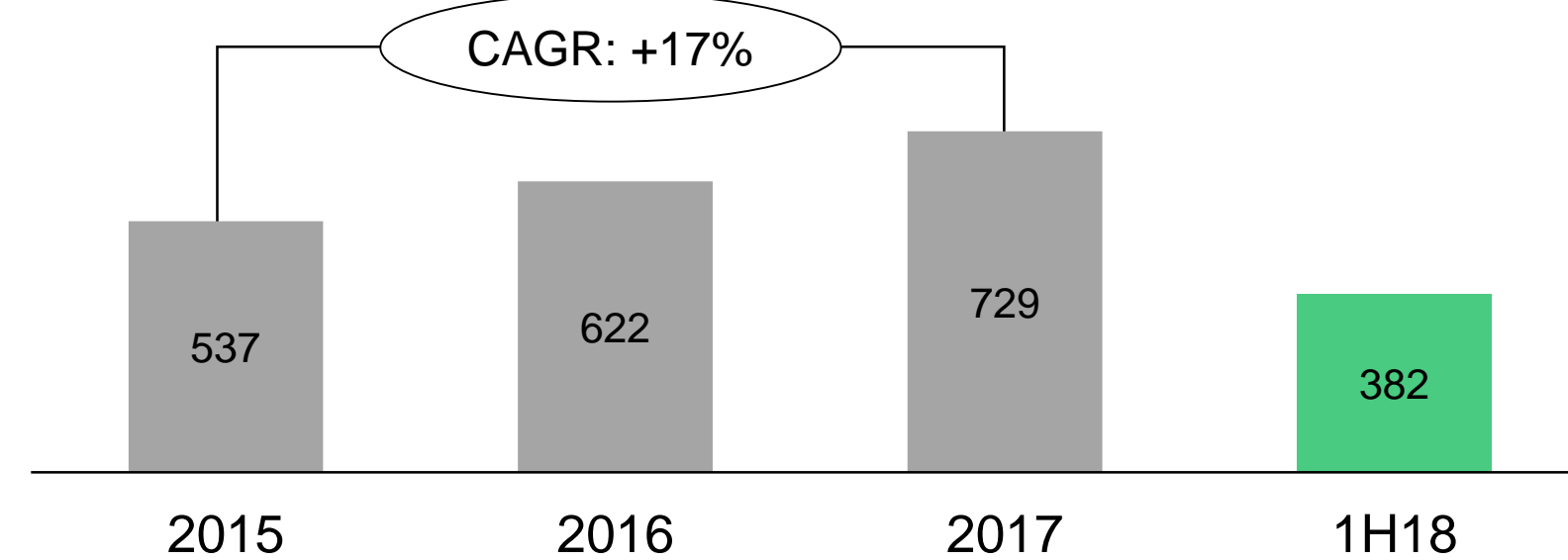


# Key messages

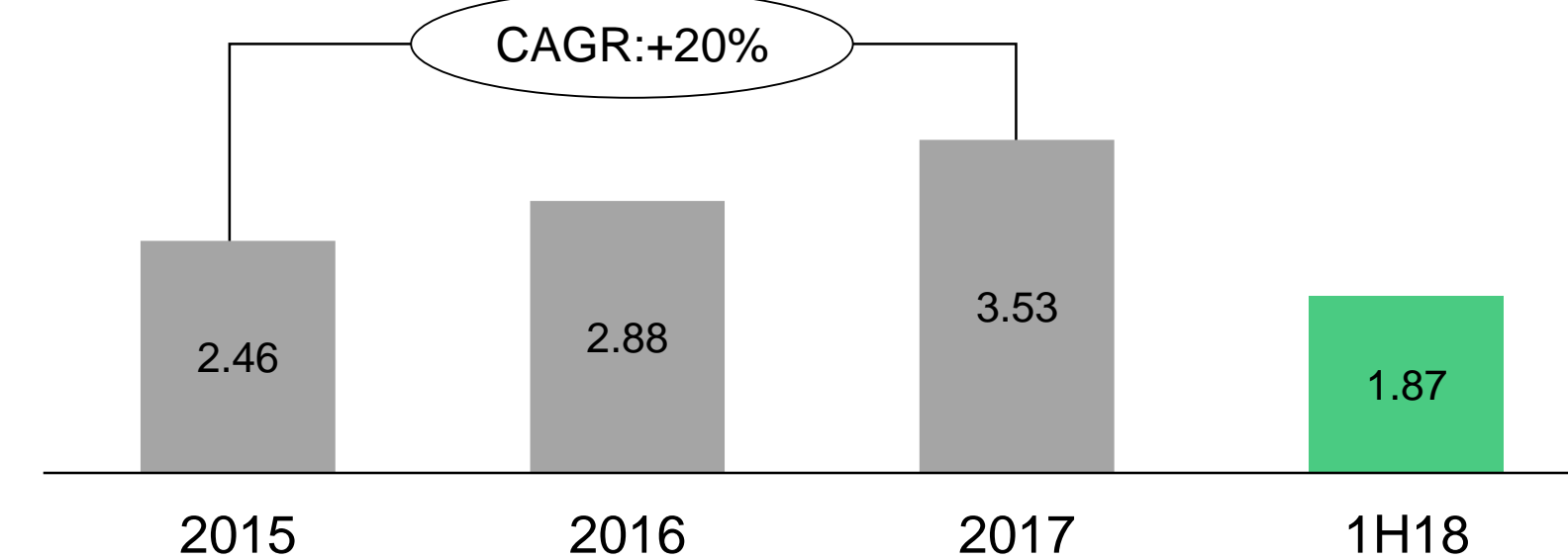
- ▶ a.s.r.'s businesses create a continuing stream of profits (flow)
- ▶ On top of an already strong stock of capital, both in IFRS and SII terms
- ▶ Whilst staying committed to our disciplined framework
- ▶ We deploy capital in a sensible and profitable manner
- ▶ And/or we distribute capital to shareholders

# Strong historical performance driving earnings and dividend per share

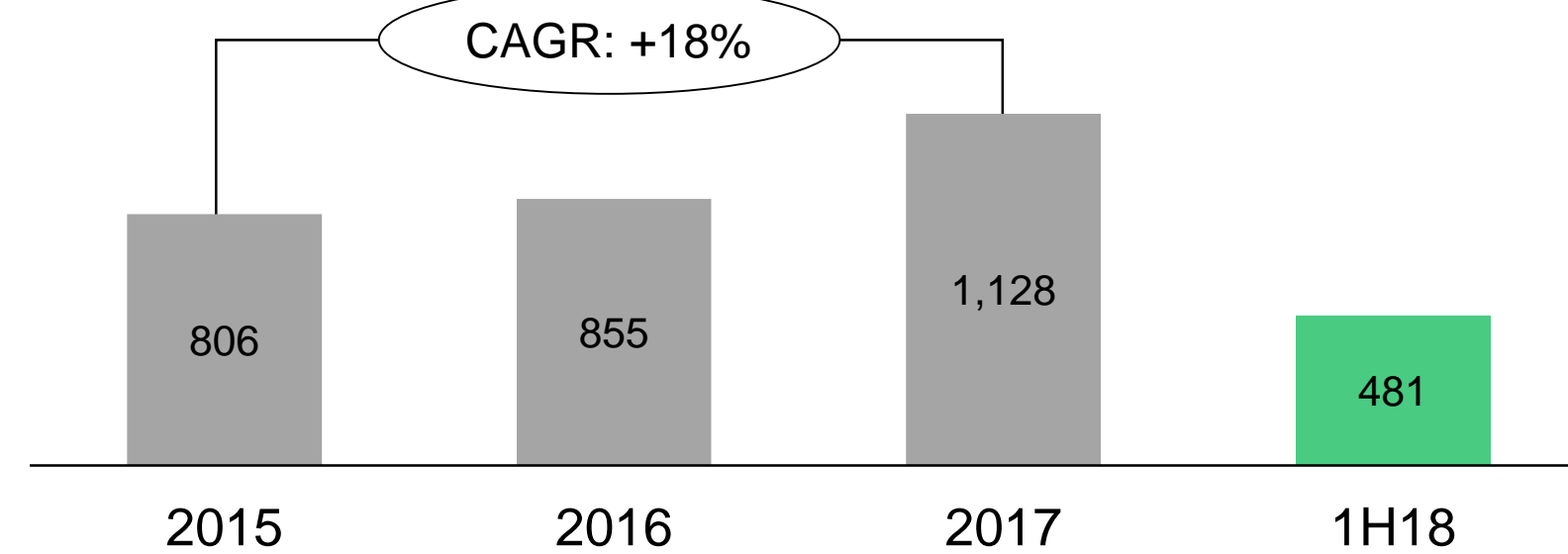
**Operating result**  
(EUR million)



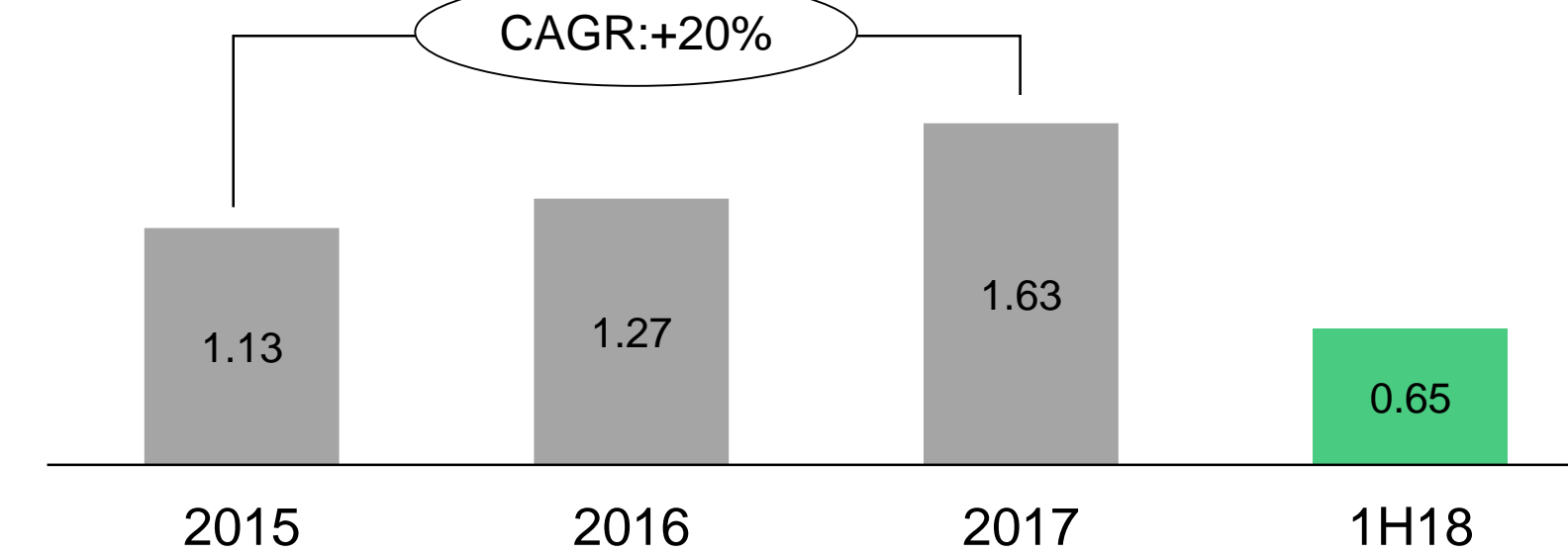
**Earnings per share<sup>1</sup>**  
(EUR)



**IFRS result pre tax**  
(EUR million)



**Dividend per share**  
(EUR)



<sup>1</sup> Based on net operating result (after hybrid expenses)

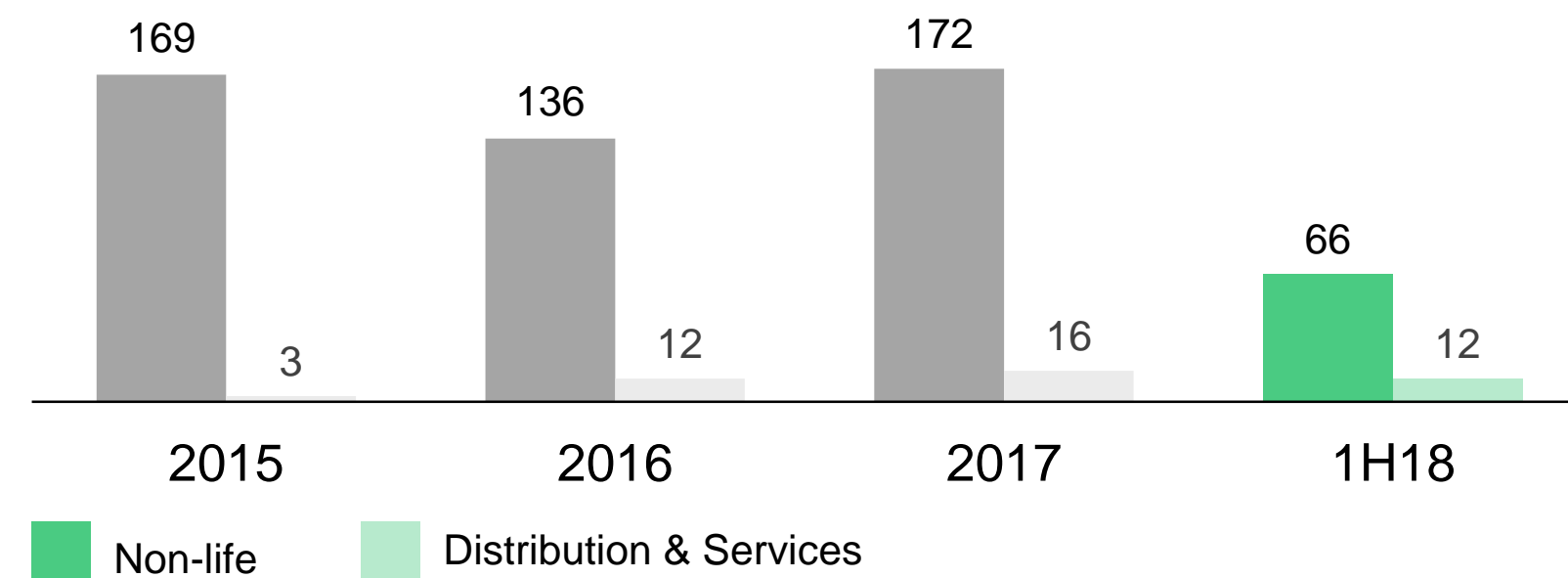


# Favourable developments throughout our business portfolio

## Business domains in Non-life with growth potential

### Operating result

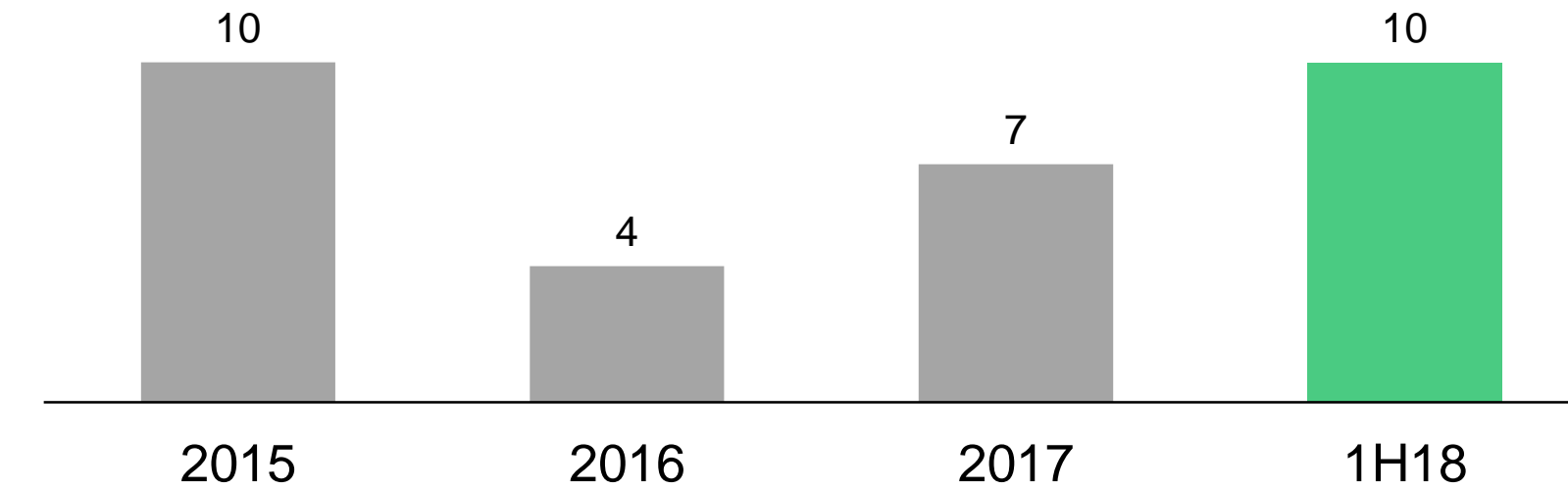
(EUR million)



## Asset management related growth businesses<sup>1</sup>

### Operating result

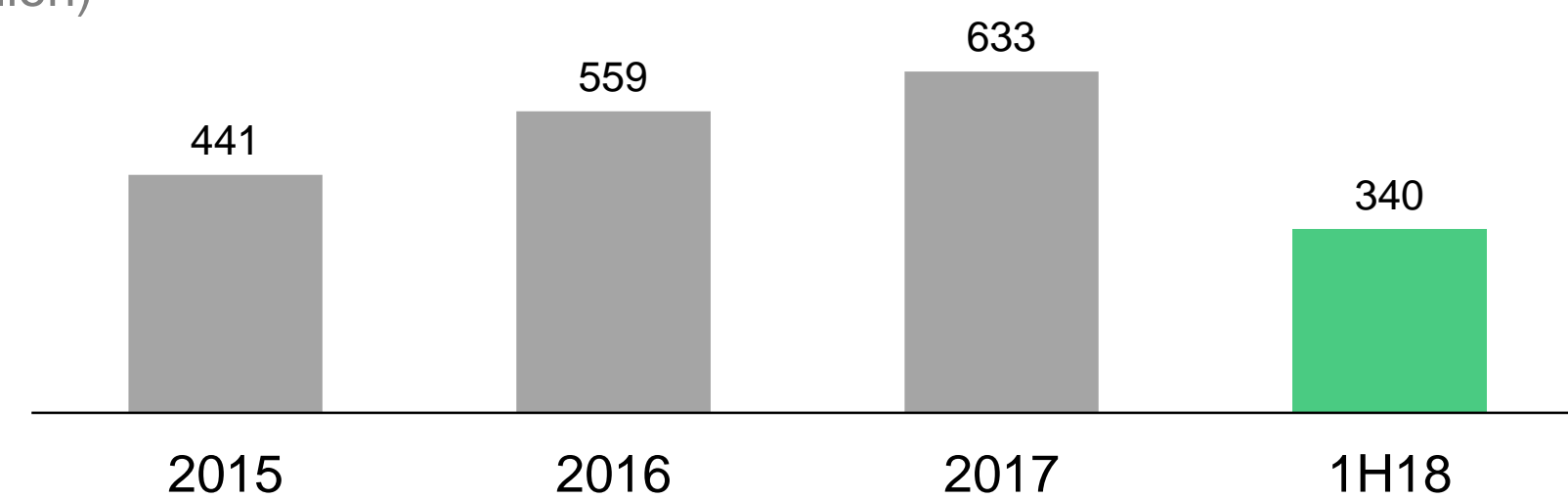
(EUR million)



## Robust and predictable service books

### Operating result

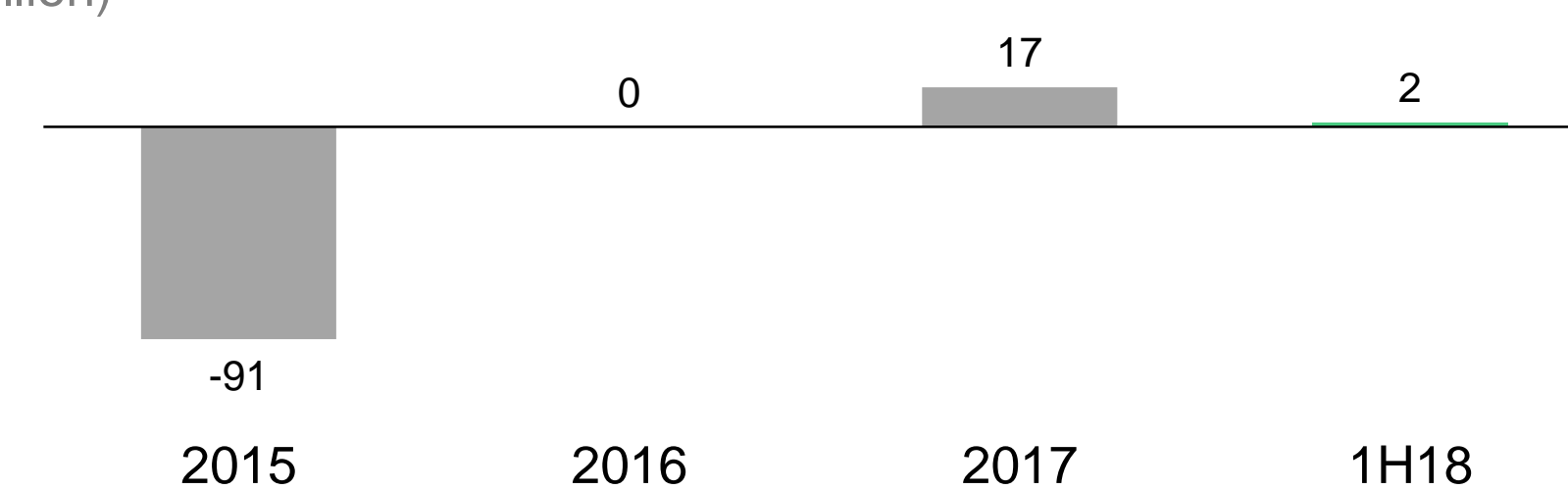
(EUR million)



## Non-core businesses<sup>2</sup>

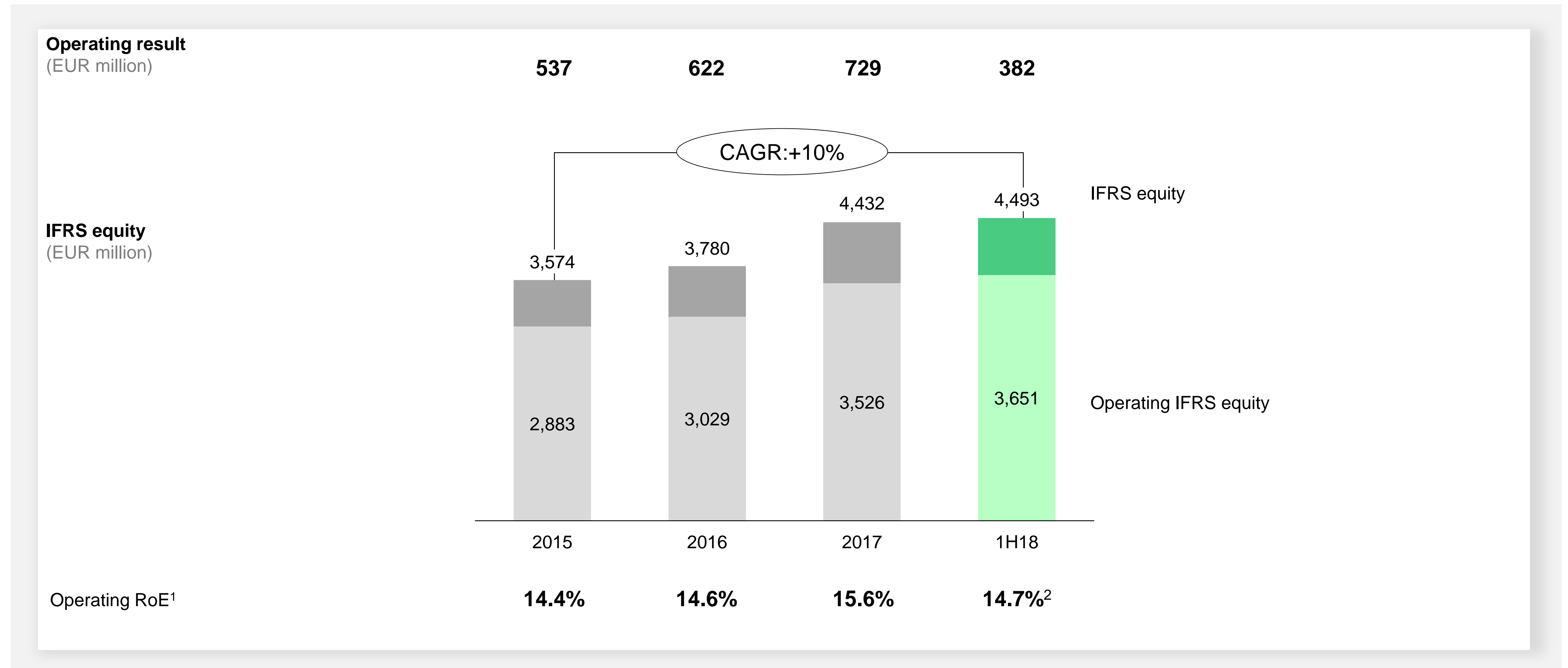
### IFRS result

(EUR million)



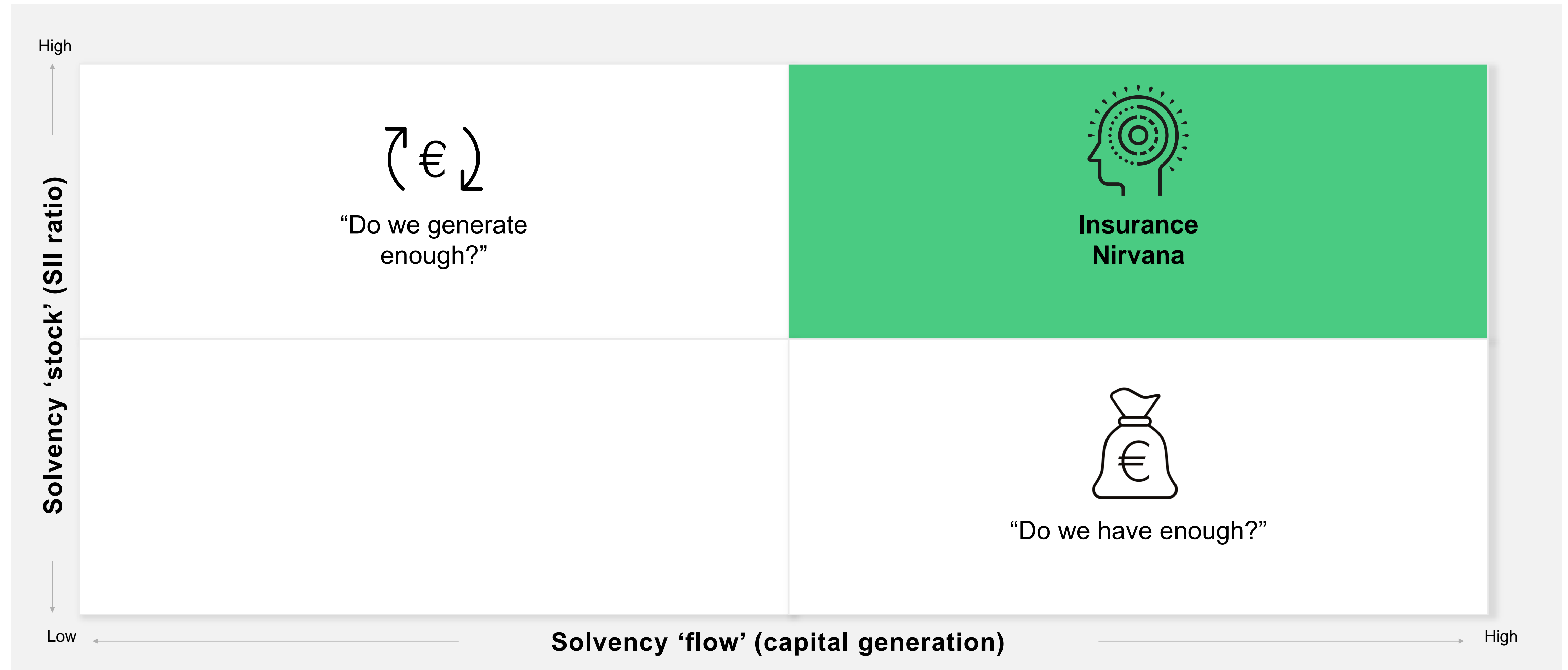
<sup>1</sup> Excluding a.s.r. Bank <sup>2</sup> Including a.s.r. Bank

# Strong return on equity on growing stock of book equity



<sup>1</sup> On average equity, <sup>2</sup> Annualised

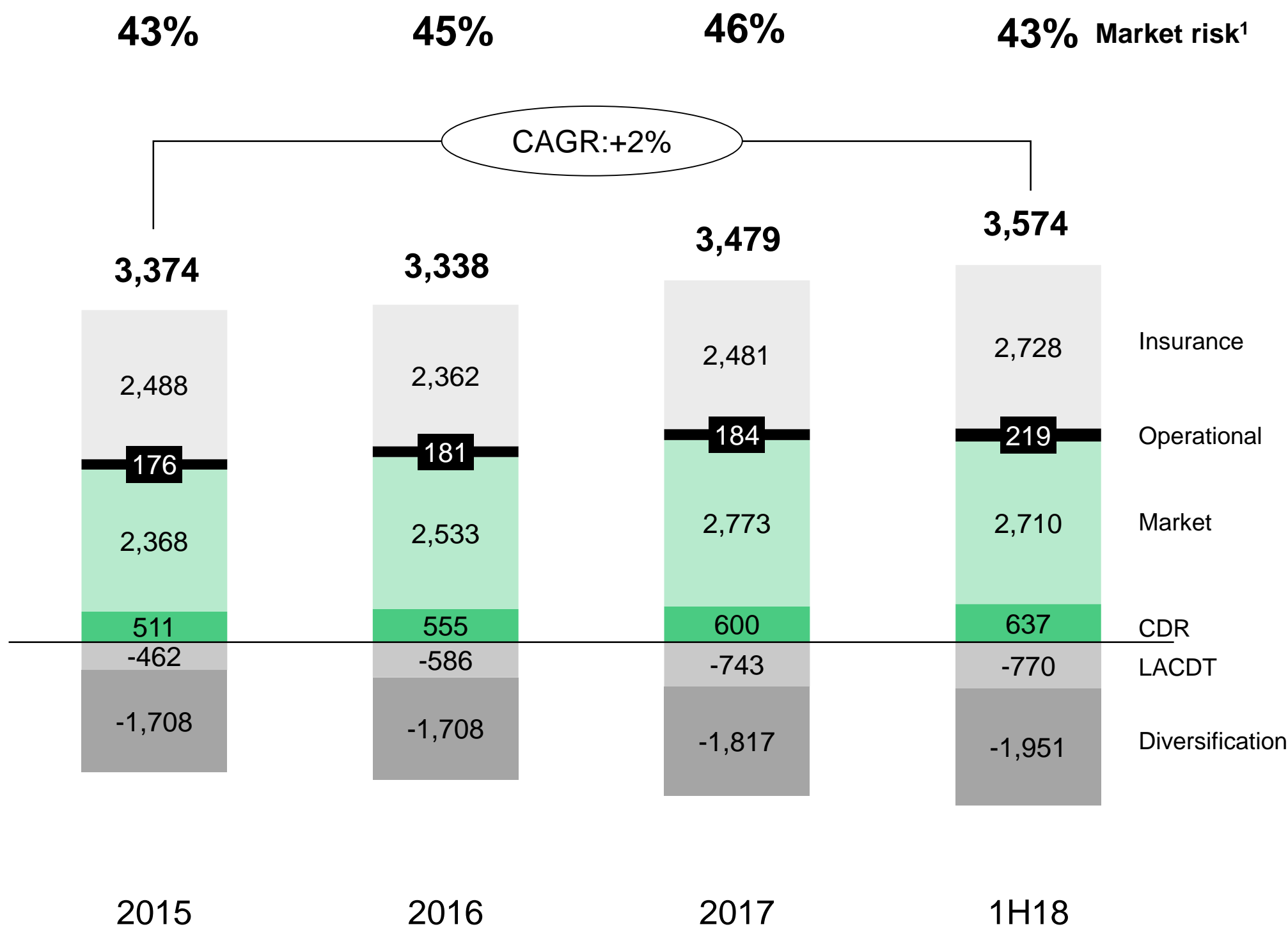
# Solvency II and capital management – stock



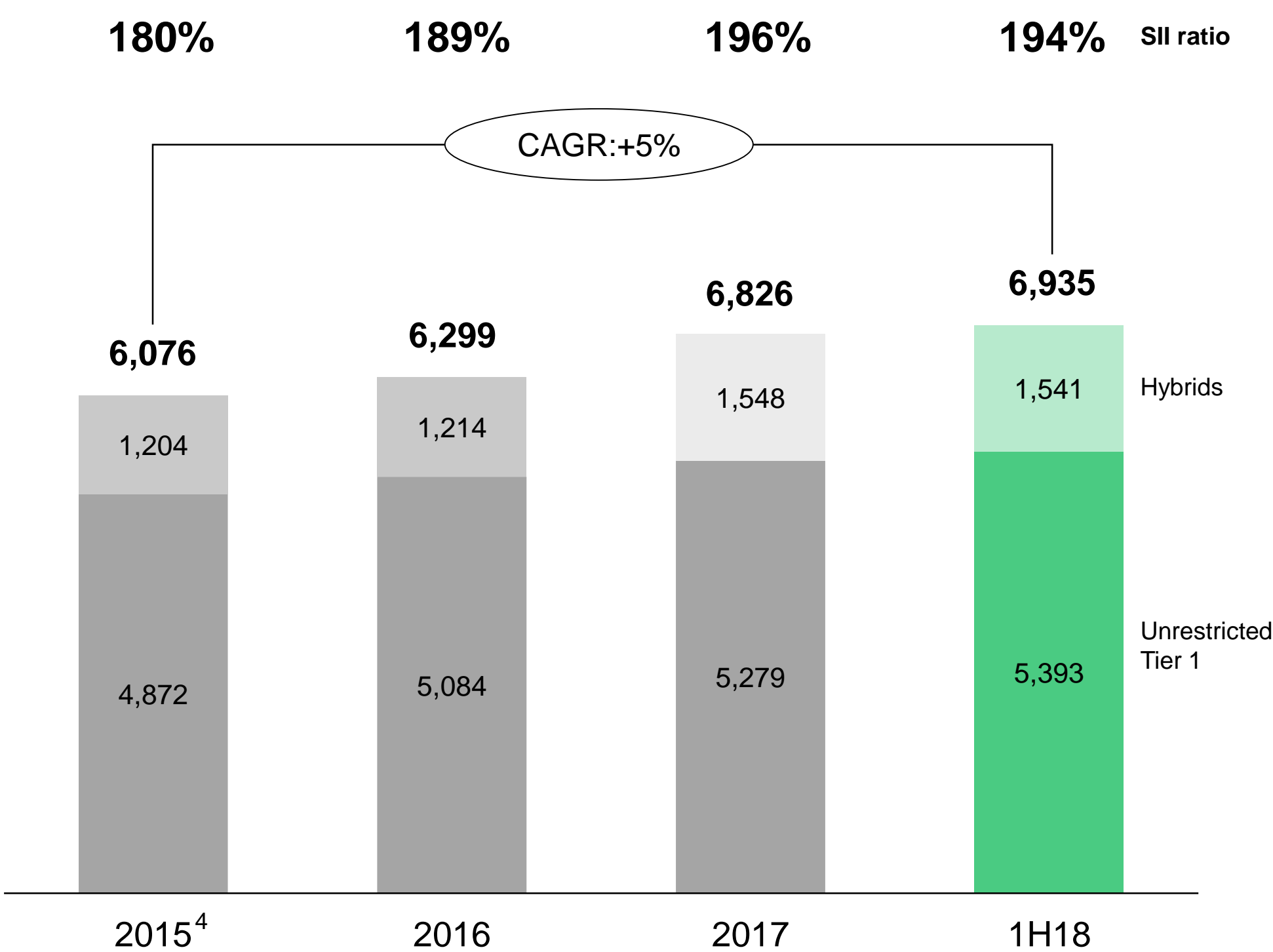


# Continued growth in ‘stock’ of capital

**Solvency Capital Requirement**  
(EUR million)



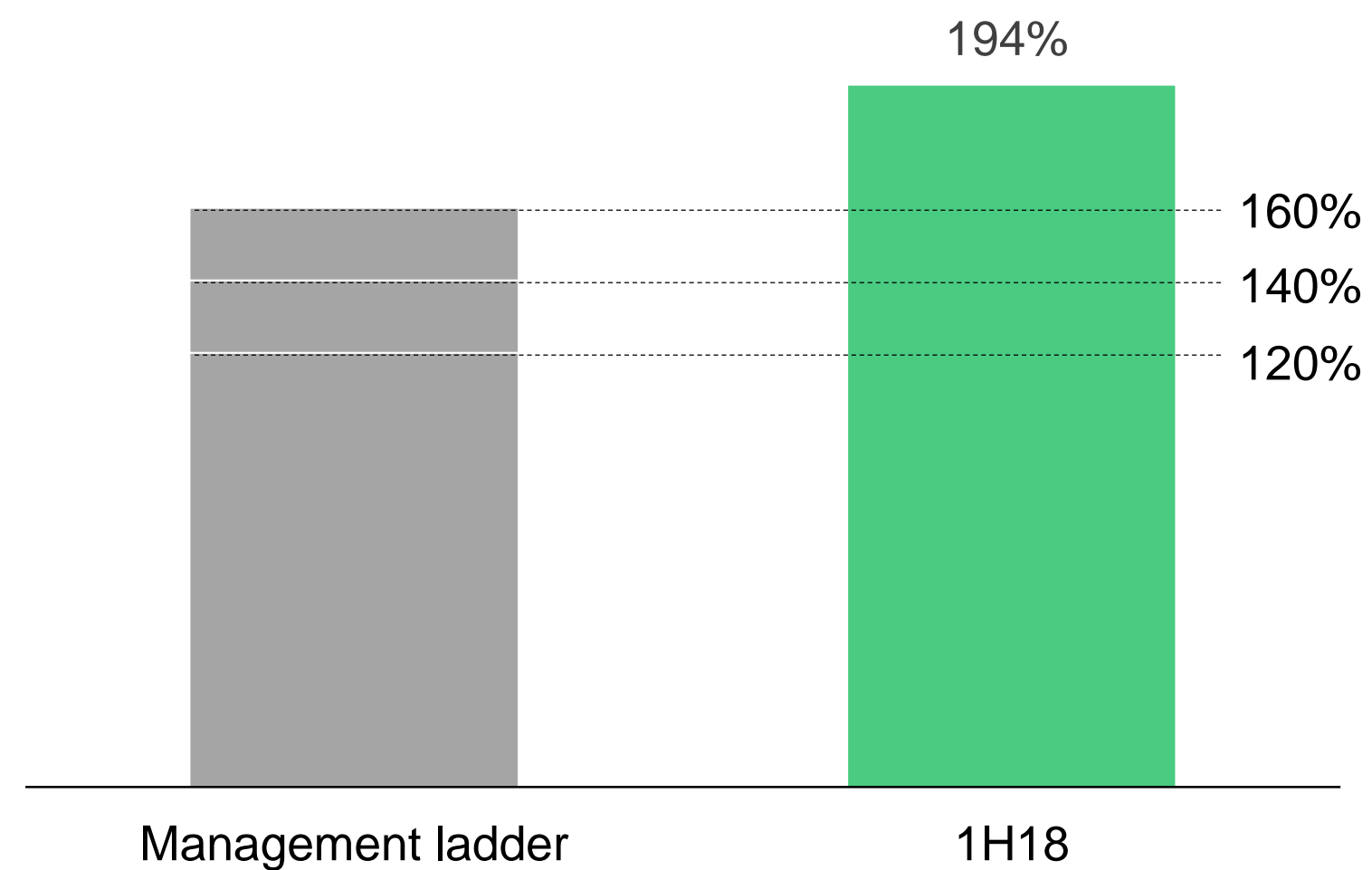
**Solvency II Eligible Own Funds**  
(EUR million) & **Solvency II ratio**<sup>2,3</sup> (%)



<sup>1</sup> In % of required capital excl. LACDT and diversification  
<sup>2</sup> After deduction of (proposed) dividend payments  
<sup>3</sup> Excluding a.s.r. Bank  
<sup>4</sup> Day one reporting

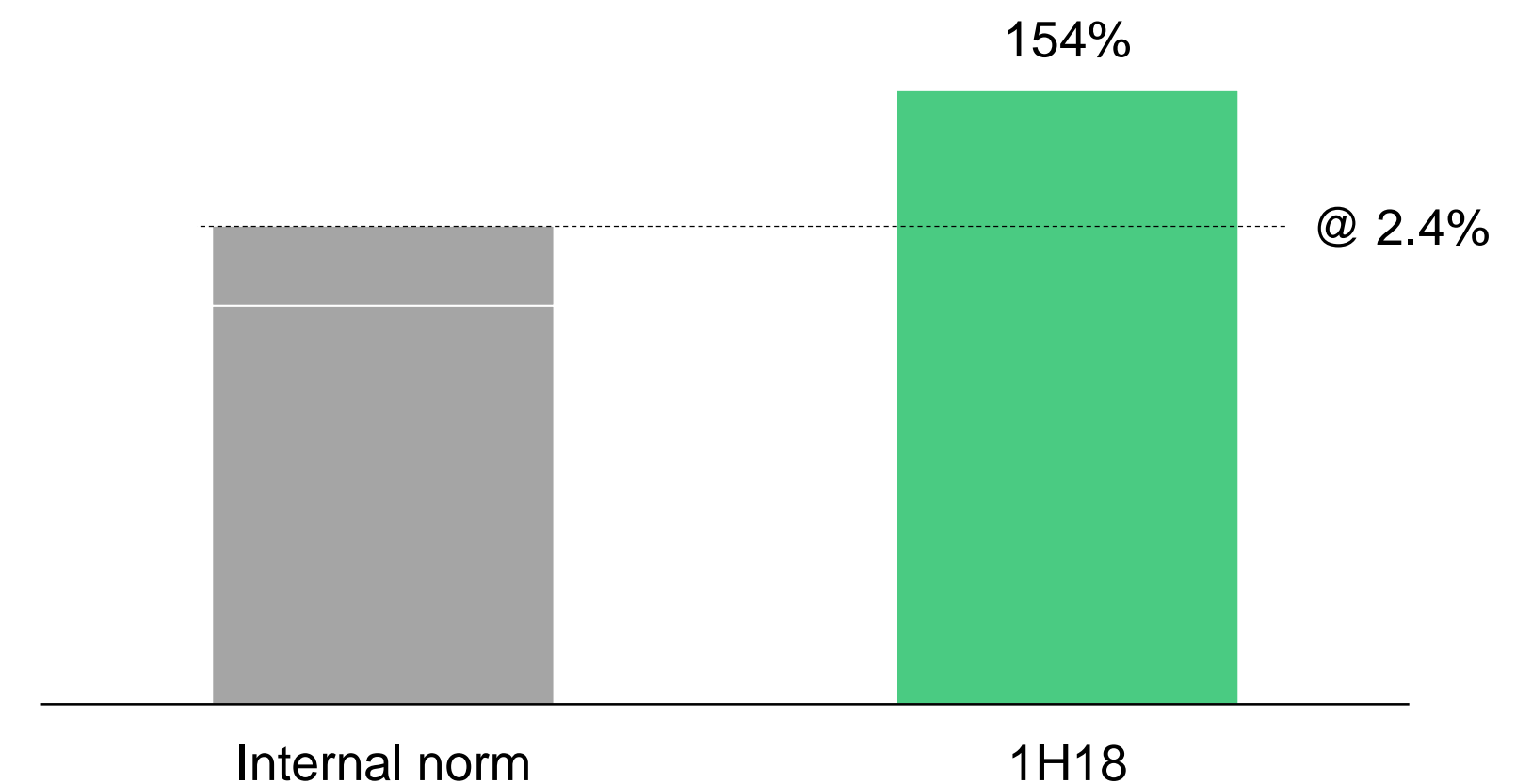
# By any measure, current stock of solvency capital is strong

Solvency II ratio 'as is' at UFR of 4.05%  
(%)



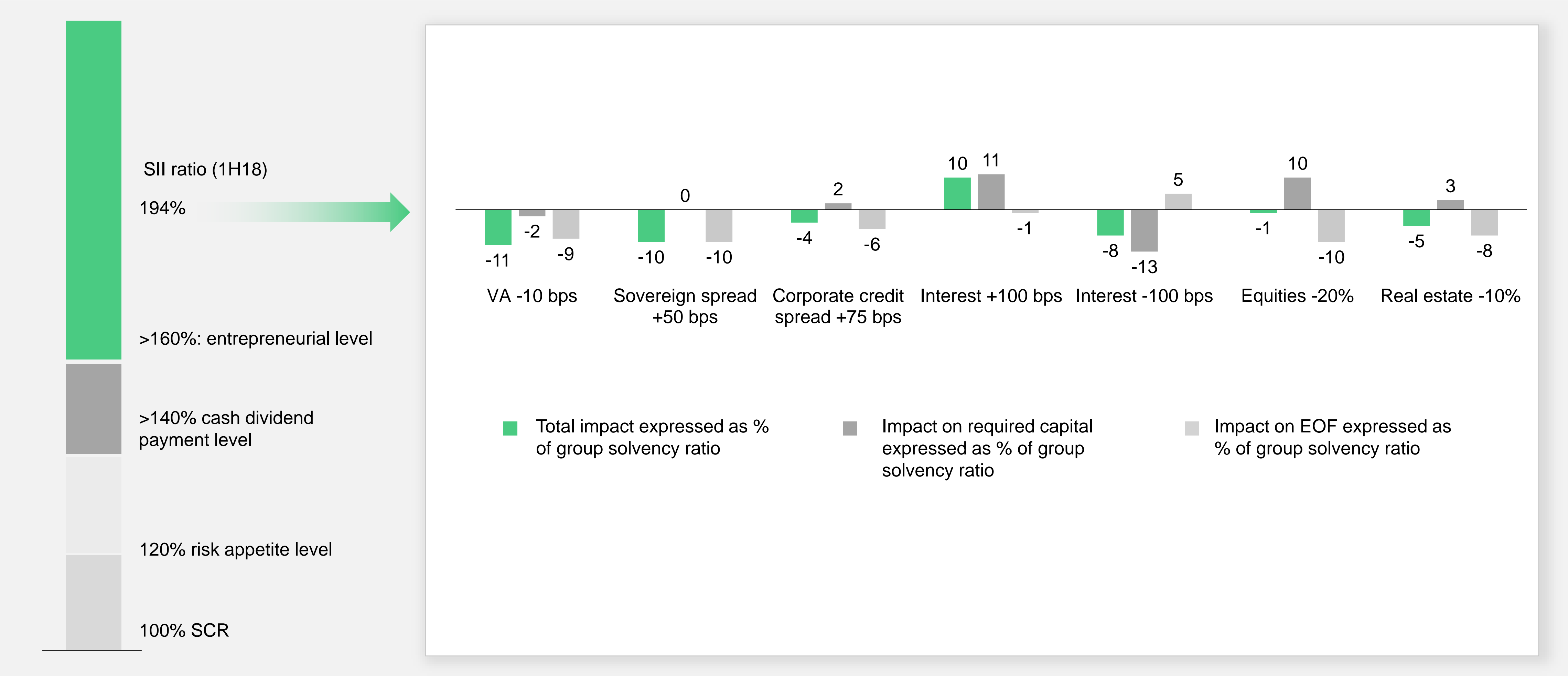
At target UFR of 3.6%, Solvency II ratio of 183%

Solvency II ratio with 'economic' UFR of 2.4%  
(%)



Economic UFR of 2.4%, in line with direct yield on investment portfolio

# Robust solvency ratio and balance sheet

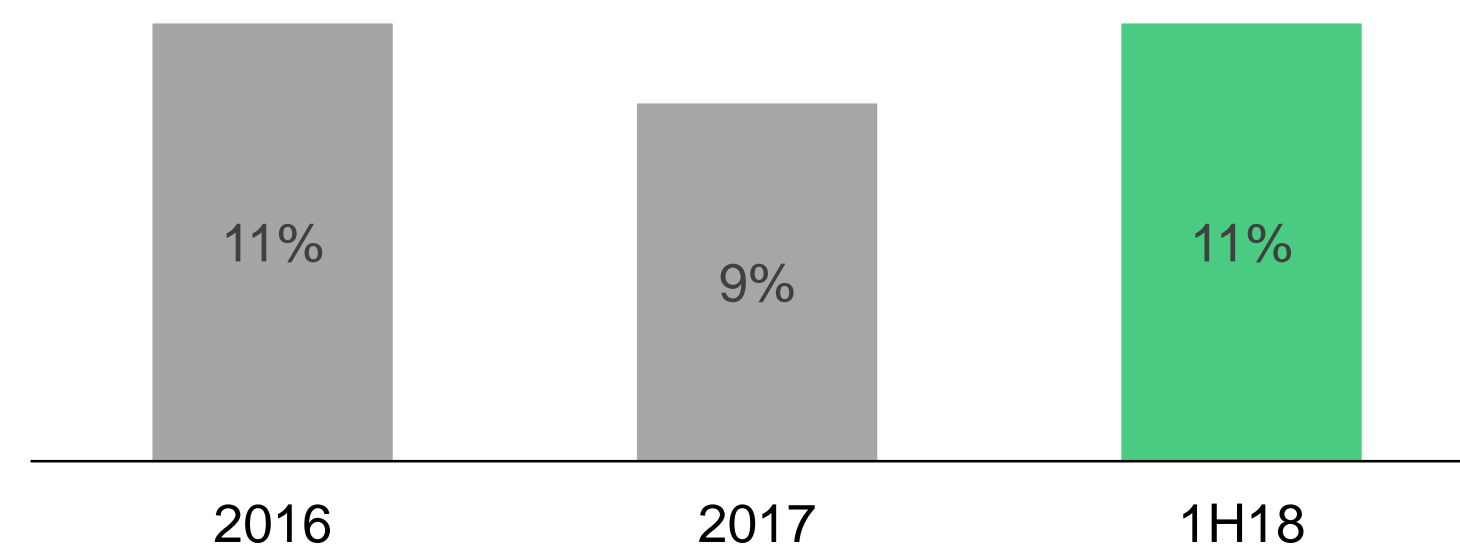




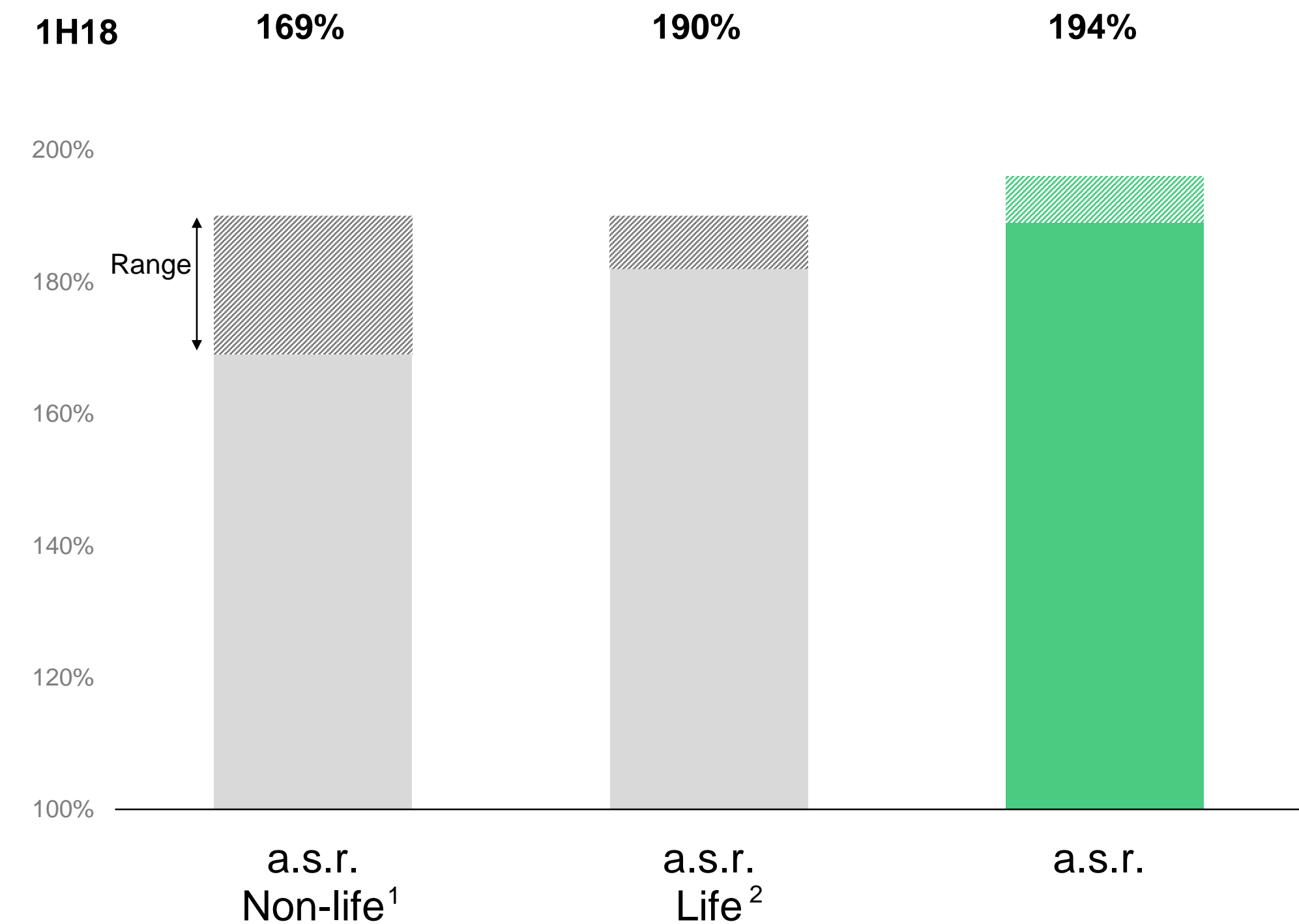
# Limited dependency on group level diversification

- a.s.r. benefits from, but is not reliant on the group level diversification benefit
- At group level, average diversification benefit is 10% points on SII ratio
- Operating companies strongly capitalised

**Group diversification benefit**  
(2016 - 1H18, %-SCR points)



**Range - Solvency II ratios**  
(2016 - 1H18)



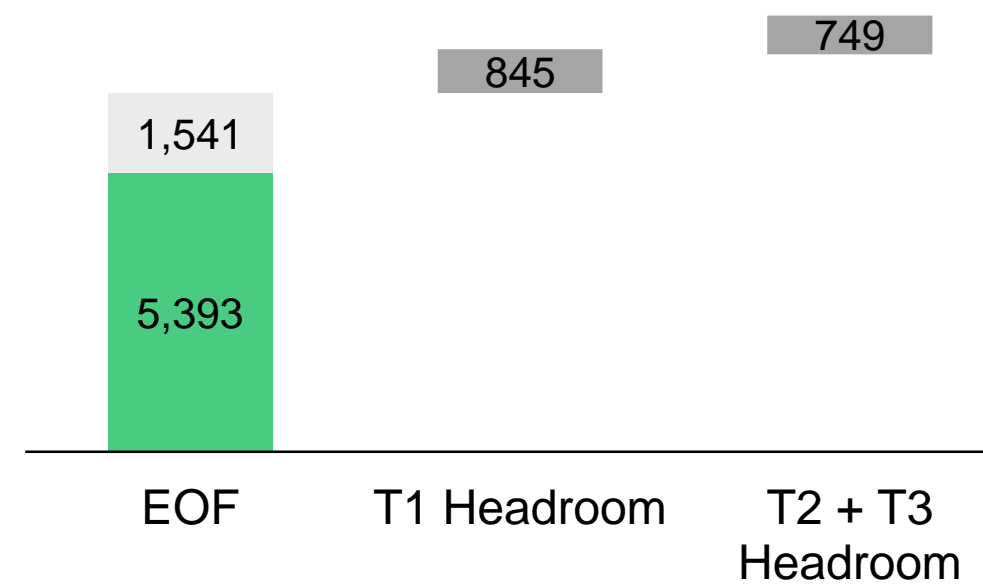
<sup>1</sup> ASR Schadeverzekering N.V.

<sup>2</sup> ASR Levensverzekering N.V.

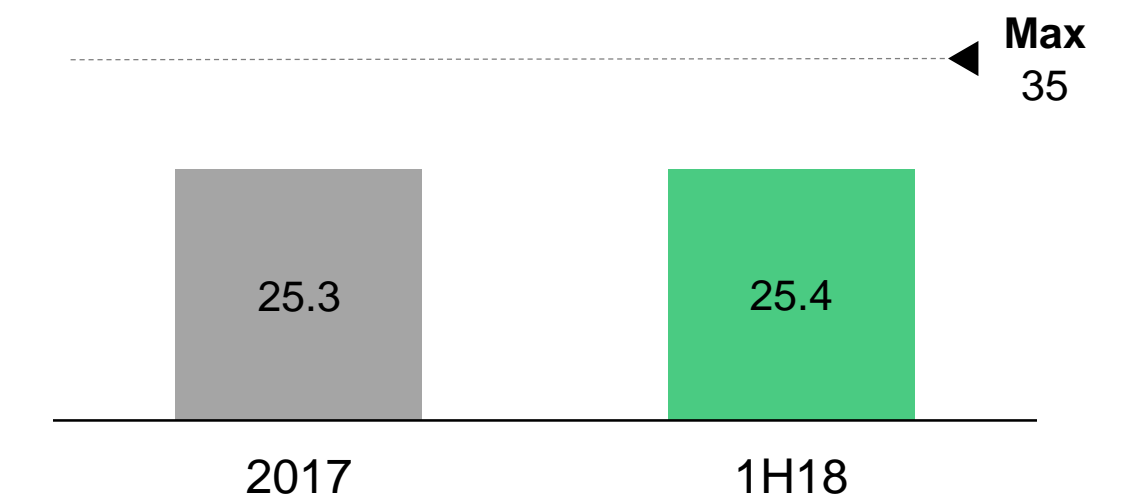
# Ample financial flexibility and choice for optimal instrument

- Balance sheet provides funding optionality
- Leverage only to be used for profitable, business-driven, deployment of capital
- Call 2019 pre-financed, unless favourable market conditions and/or capital deployment options present themselves, in which case additional financing round may be executed
- Most constraining is financial leverage at max. 35% – headroom of circa EUR 900 million at 1H18

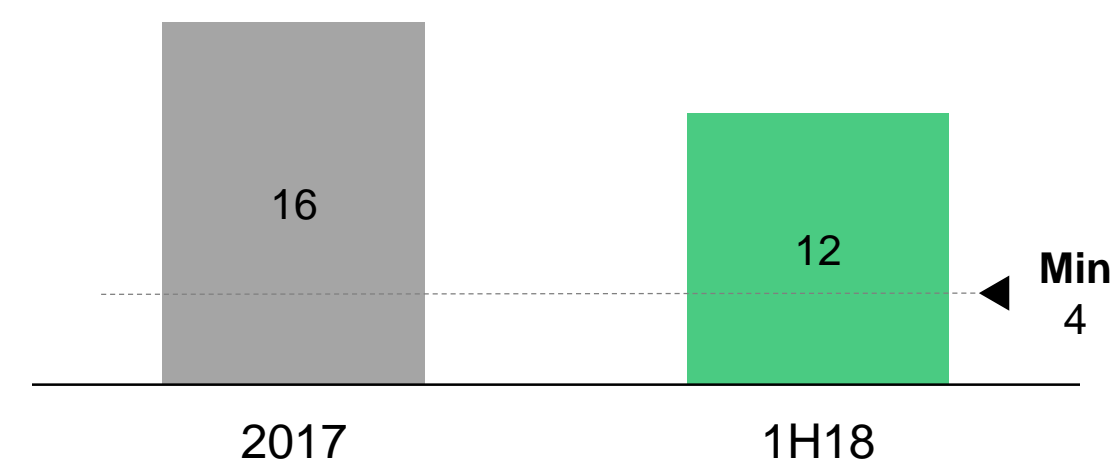
**Financial flexibility**  
(EUR million, 1H18)



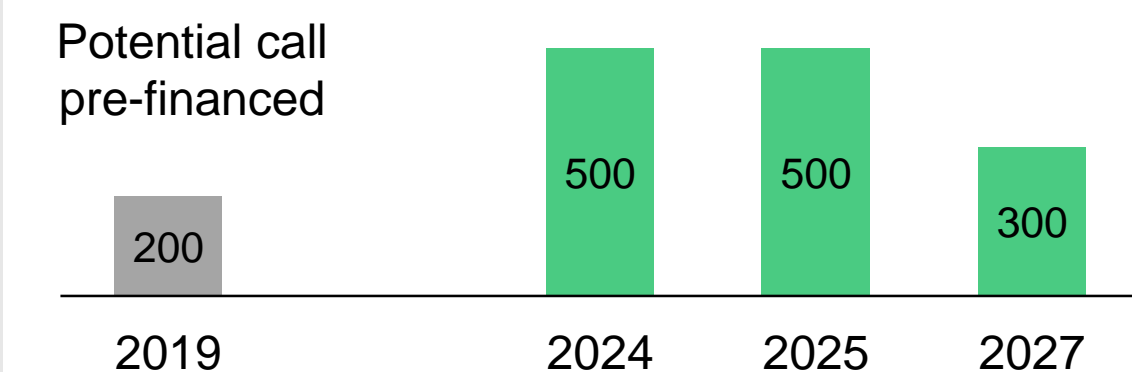
**Financial leverage**  
(%)



**Interest coverage ratio**  
(IFRS, multiple)



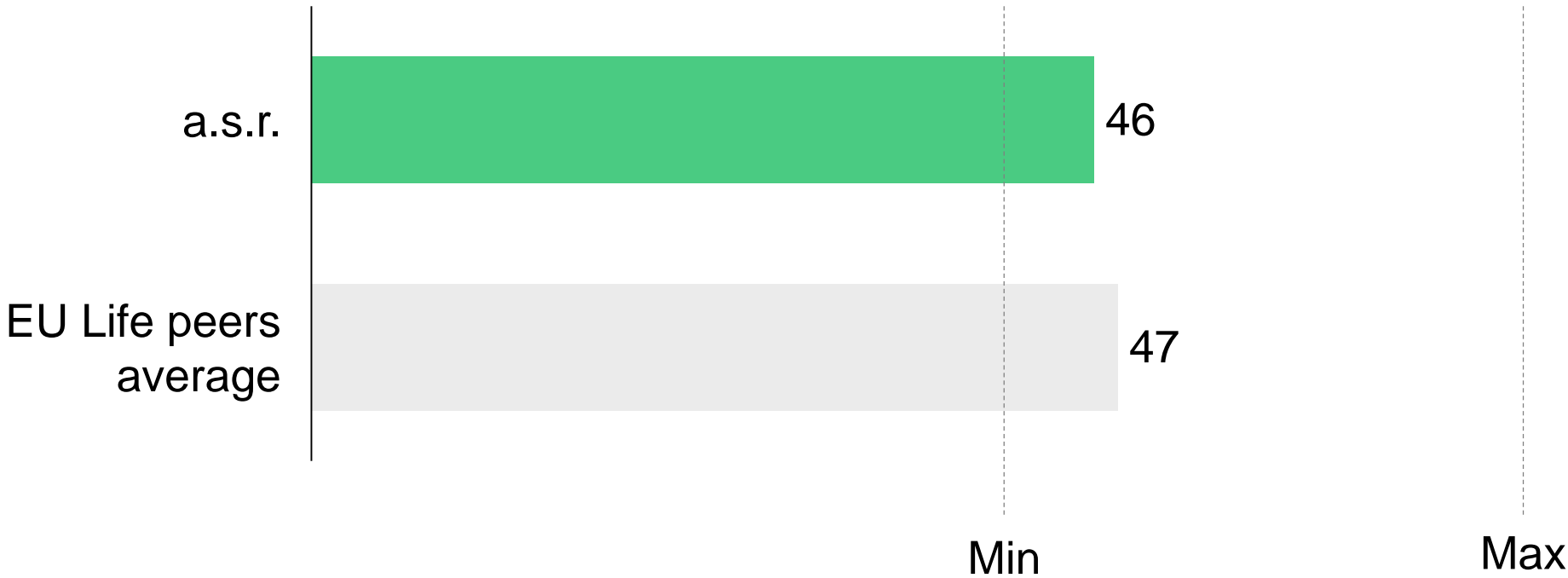
**Debt maturity profile**  
(EUR million)



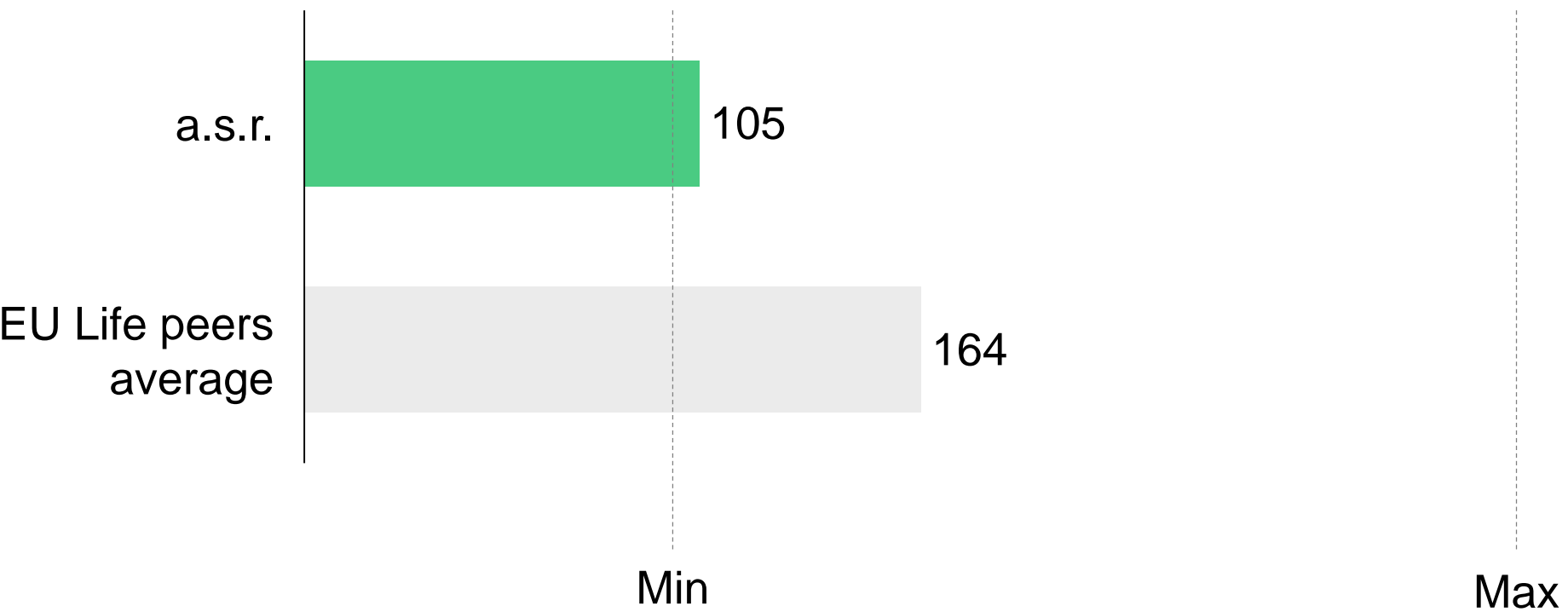
# Asset and financial leverage compare favourably

## Asset leverage in perspective

### Market risk as % of total SCR<sup>1</sup>

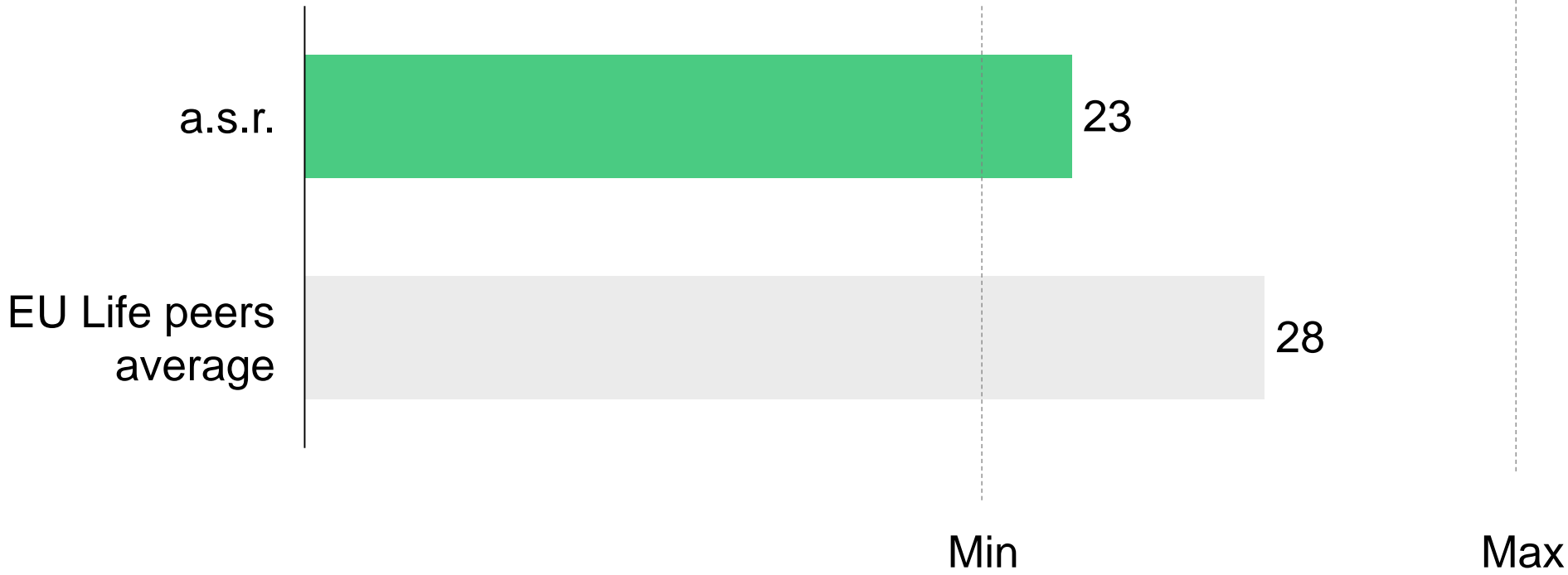


### High yielding assets<sup>2</sup> as % of Unrestricted Tier 1

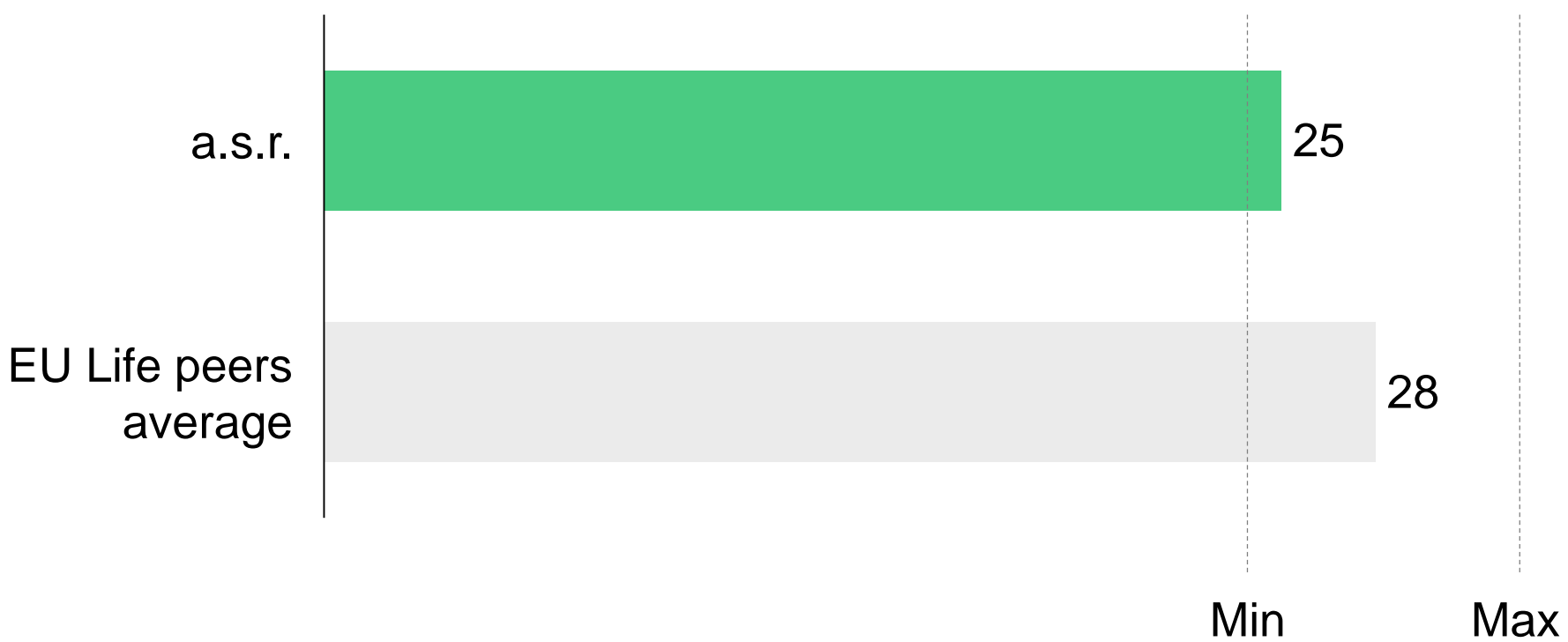


## Financial leverage in perspective

### (RT1+T2+T3) as % of EOF



### Financial leverage



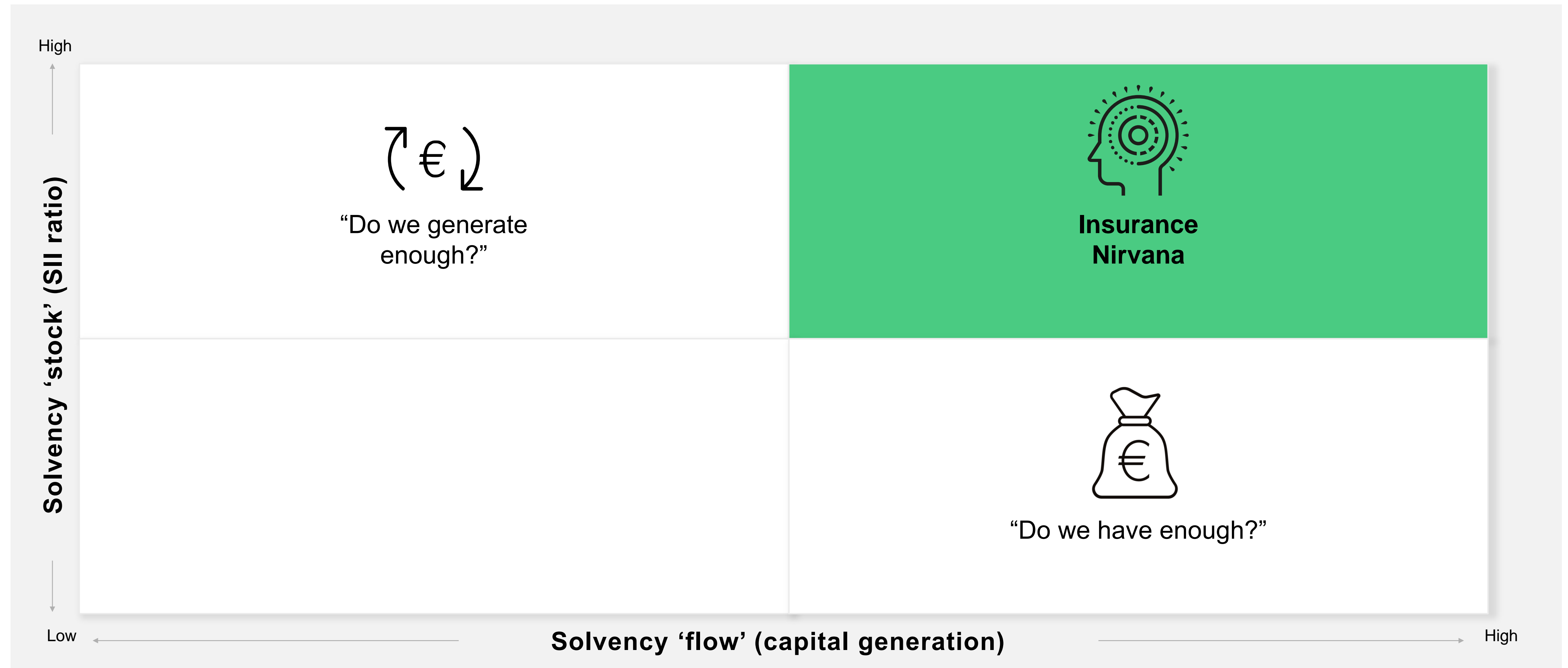
Source: a.s.r. company data, public disclosures, based on 2017 results

EU Life insurance group consists of a.s.r., Aegon, Ageas, Axa, CNP, Generali, NN

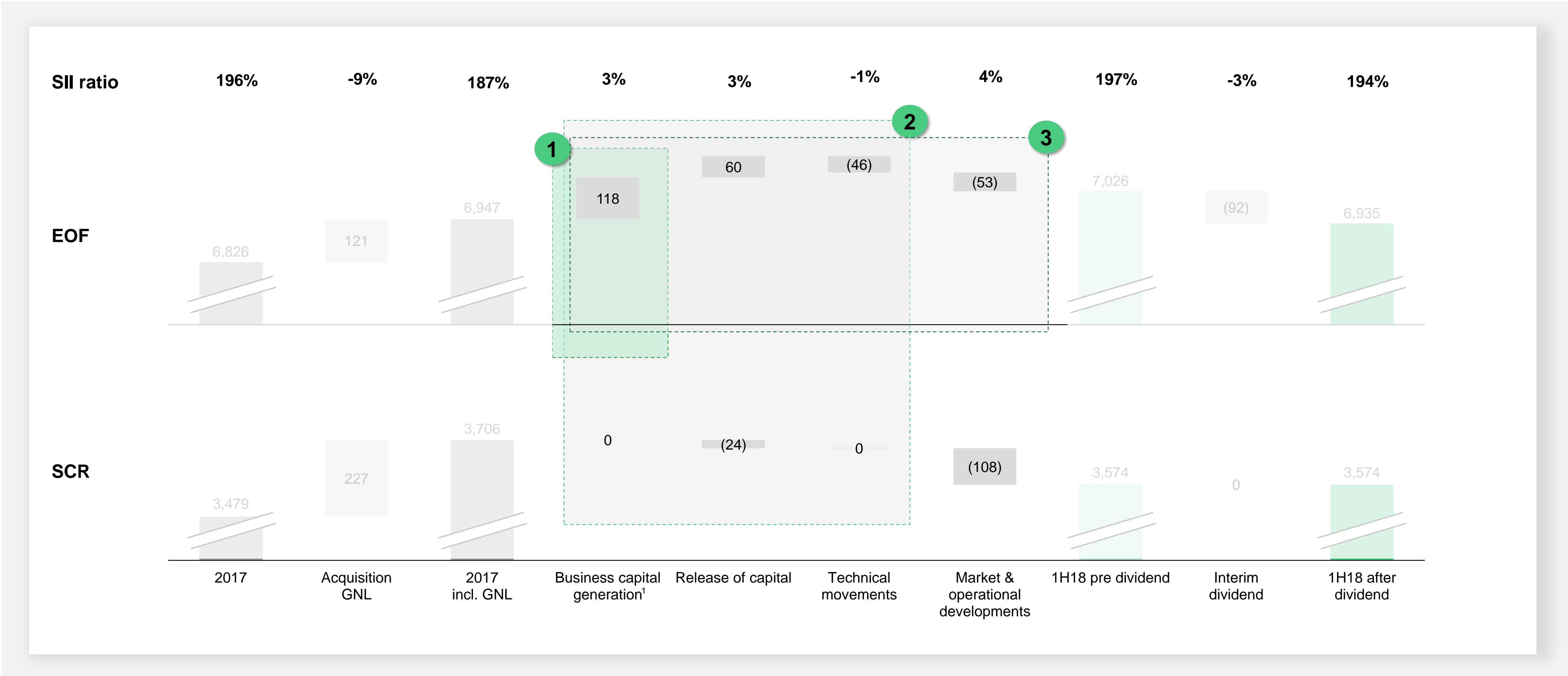
Note: <sup>1</sup> In % of required capital excl. LACDT and diversification; <sup>2</sup> High yielding assets consist of equity investments, real estate, and < BBB and unrated corporate bonds; a.s.r. real estate excludes rural portfolio



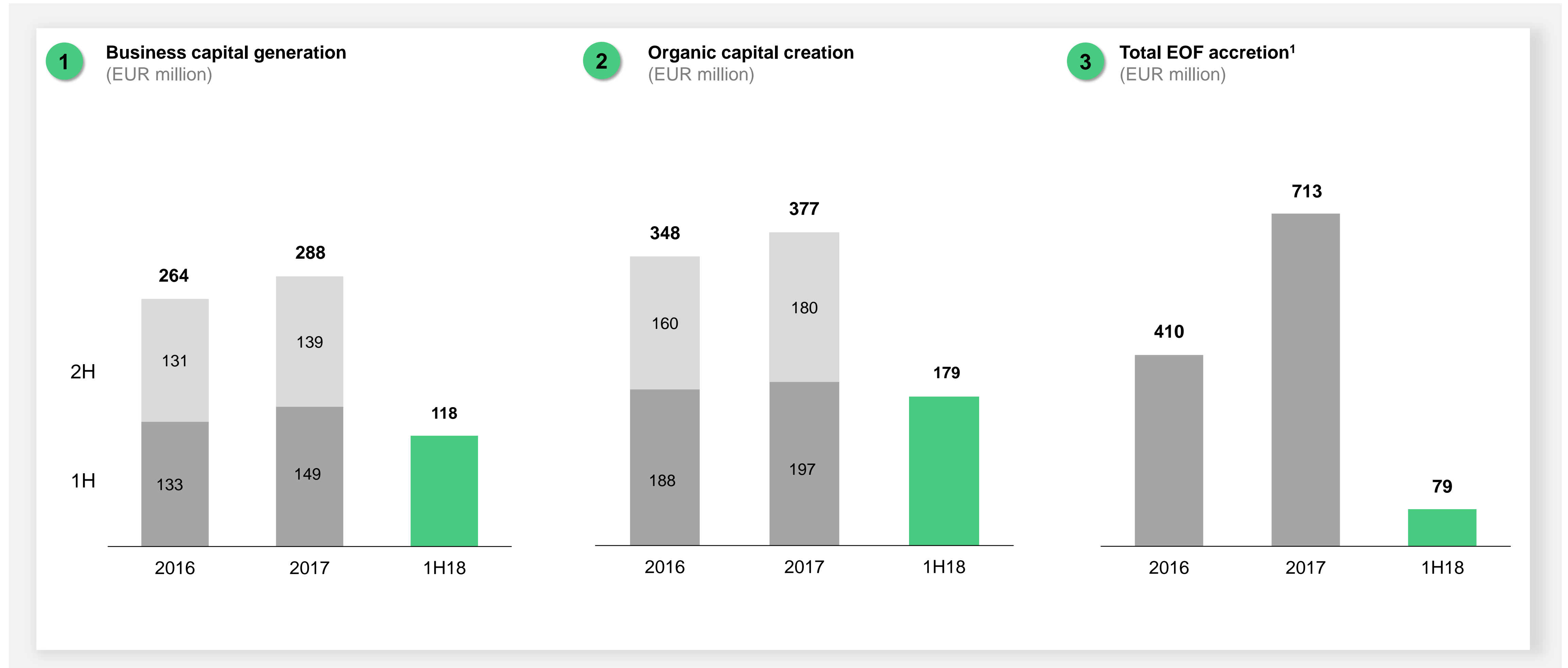
# Solvency II and capital management – flow



# Three perspectives on flow



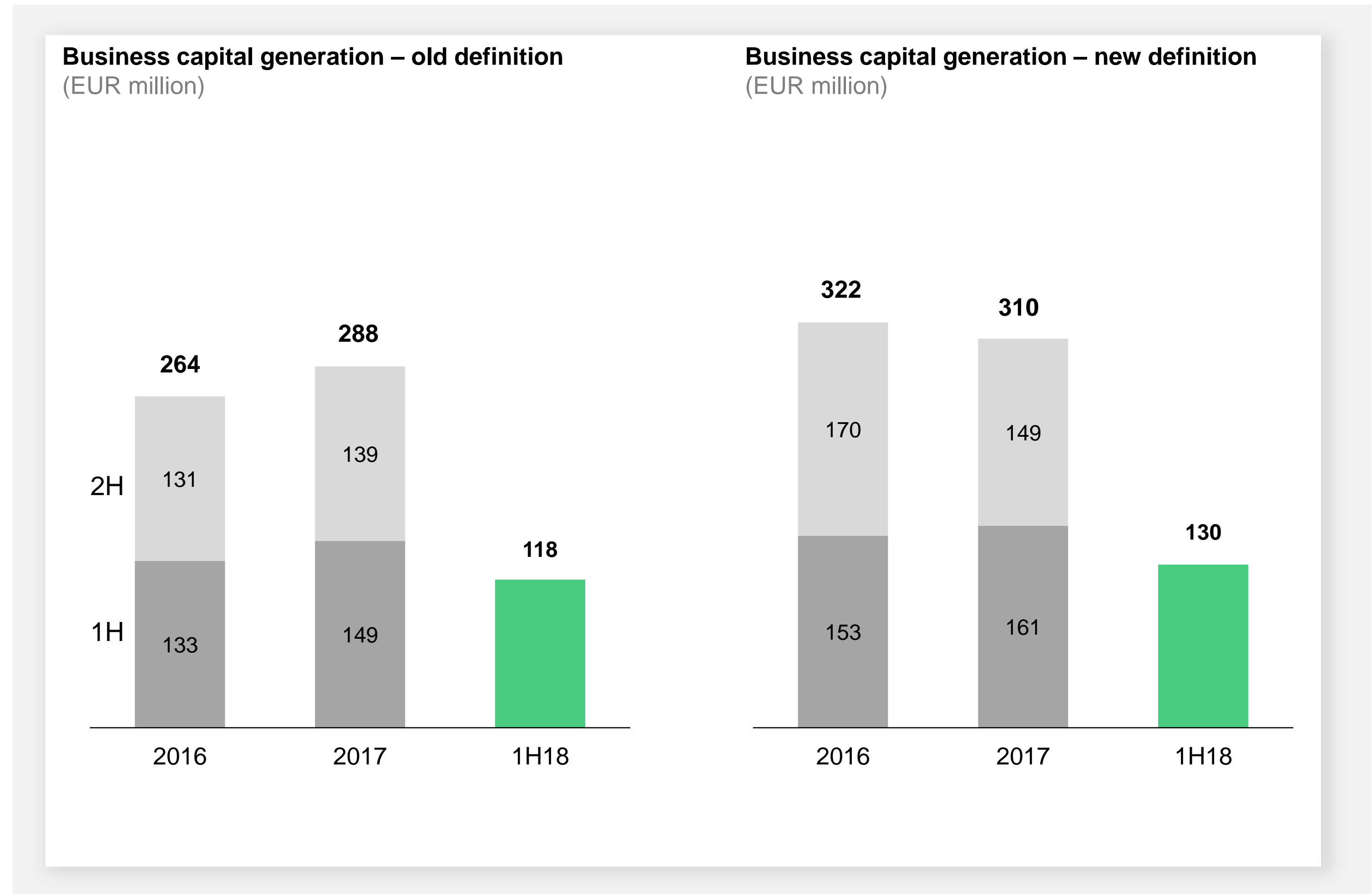
# Three perspectives on flow over multiple periods



<sup>1</sup> Accretion excludes impact from share buybacks, RT1 issuance and dividend

# Risk Margin from new business relocated

- New business production results in an increase of SCR and Risk Margin
- Increase of the risk margin from new business was previously part of 'Business Capital Generation'
- As of today, this is relocated to the bucket 'Release of Capital'
- Netting of risk margin effects 'Release of capital'
  - release of risk margin from decreasing book of business, and
  - addition of risk margin from new business
- OCC remains unchanged





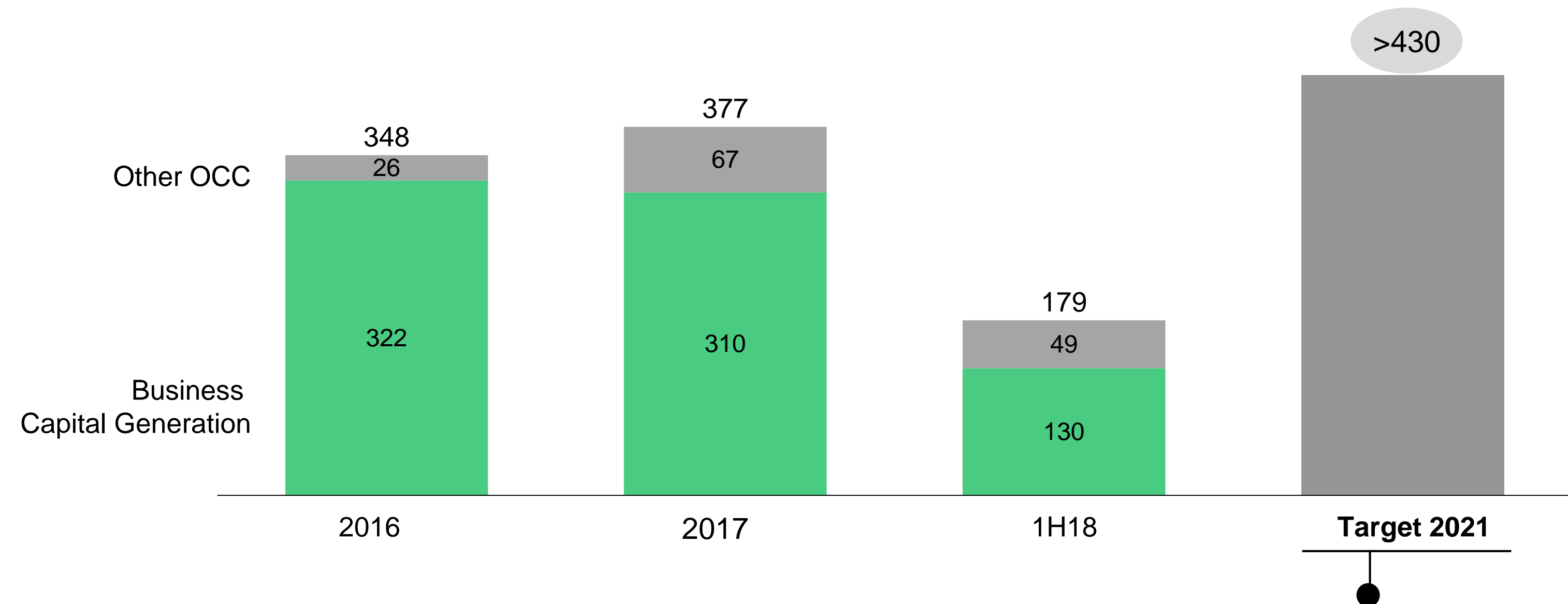
# Expected organic capital creation growth, driven by business performance

- Target OCC of > EUR 430 million by 2021

Increase of OCC expected due to:

- Profitable growth at Non-life
- Continuation of Life excess investment returns (LTIM)
- Growth of fee income
- Inclusion of Generali NL
- Lower UFR unwind

Organic capital creation  
(EUR million)



- Based on existing Long Term Investment Margin assumptions

# Clear evidence of delivery and enhancement of flow

## **Business domains in Non-life with growth potential**

- Excellent Non-life COR (95.1% in 2017) and GWP growth of 4.8% p.a. 2015 - 2017
- Increase in fee based operating result at Distribution & Services: from EUR 3 million to EUR 16 million in 2015 - 2017

## **Asset management related growth businesses**

- 3<sup>rd</sup> party AuM increased to EUR 15.6 billion
- Fee based operating result AM (excl. Bank) improved to EUR 10 million (1H18)
- Optimised investment platforms (Real Estate, ESG & Mortgage) to attract new investors and recurring fee income

## **Robust and predictable service books**

- Optimising investment portfolio
  - Added EUR 7 billion in AuM from acquisitions
  - Excess return in OCC increased to EUR 298 million in 2017
- Realising synergies of recent acquisitions (Funeral, Generali NL)

## **Non-core businesses**

- Successful sale of largest part of Real Estate Development
- Containment of Leidsche Rijn Centrum exposure
- Bank moved into non-core

# Capital consumption and value creation in our matrix (2017)

<p><b>Business domains in Non-life with growth potential<sup>1</sup></b></p> <ul style="list-style-type: none"> <li>• IFRS equity EUR 1,409 million</li> <li>• SII Eligible Own Funds <sup>2</sup> EUR 1,648 million</li> <li>• Operating ROE 12%</li> <li>• IFRS ROE 14%</li> </ul>	<p><b>Asset management related growth businesses<sup>4</sup></b></p> <ul style="list-style-type: none"> <li>• IFRS equity EUR 48 million</li> <li>• SII Eligible Own Funds n.a.</li> <li>• Operating ROE 11% (1H18: &gt;20%)</li> <li>• IFRS ROE 9%</li> </ul>
<p><b>Robust and predictable service books</b></p> <ul style="list-style-type: none"> <li>• IFRS equity EUR 4,111 million</li> <li>• SII Eligible Own Funds <sup>3</sup> EUR 5,101 million</li> <li>• Operating ROE 13%</li> <li>• IFRS ROE 18%</li> </ul>	<p><b>Non-core businesses</b></p> <ul style="list-style-type: none"> <li>• IFRS equity EUR 115 million</li> <li>• SII Eligible Own Funds n.a.</li> <li>• Operating ROE n.a.</li> <li>• IFRS ROE n.m.</li> </ul>

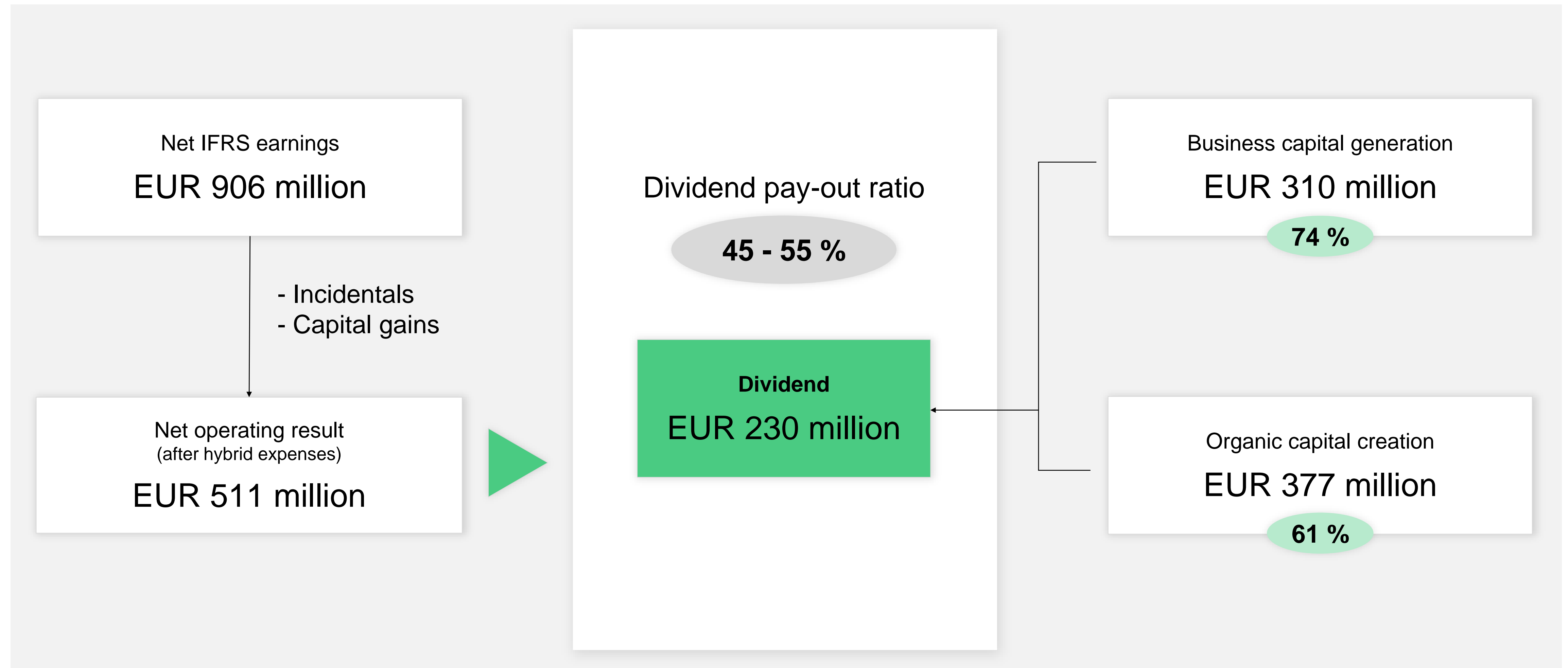
<sup>1</sup> Combination of Non-life and Distribution & Services

<sup>2</sup> ASR Schadeverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V.

<sup>3</sup> ASR Levensverzekering N.V.

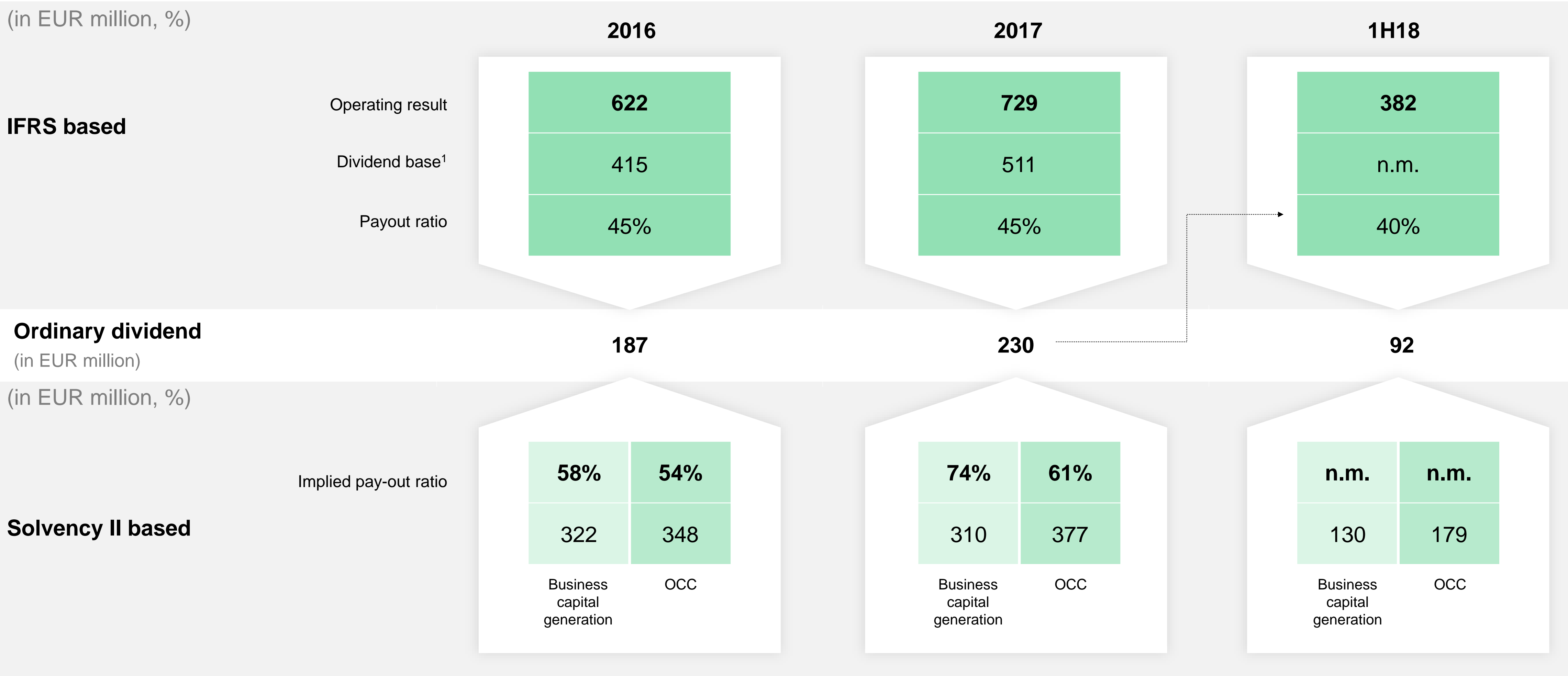
<sup>4</sup> Bank & Asset Management excluding Bank

# Converting 2017 earnings and capital generation into dividends





# Clear dividend distribution track record



# a.s.r.'s holding cash policy

## Rationale for cash at holding

a.s.r. operates in one jurisdiction with only one regulatory system

One executive board – both for the group and for the main OpCos

Operating entities all well-capitalised – delivering strong RoE

Short term interest rates/reward for money market holdings are currently low and below cost of funding

“No disciplinary rationale” to have excess cash at HoldCo

“No financial rationale” to have excess cash at HoldCo

- Capital and cash is kept at OpCo level
- **Cash held at holding** is for operational purposes and flexibility
- Excluding group credit facility of EUR 350 million

## Substantiation of holding cash at year-end

A Cover next 12 months of operating holding costs

+

B Cover next 12 months of hybrid expenses

+

C At year-end add paid prior year dividend as proxy for next year

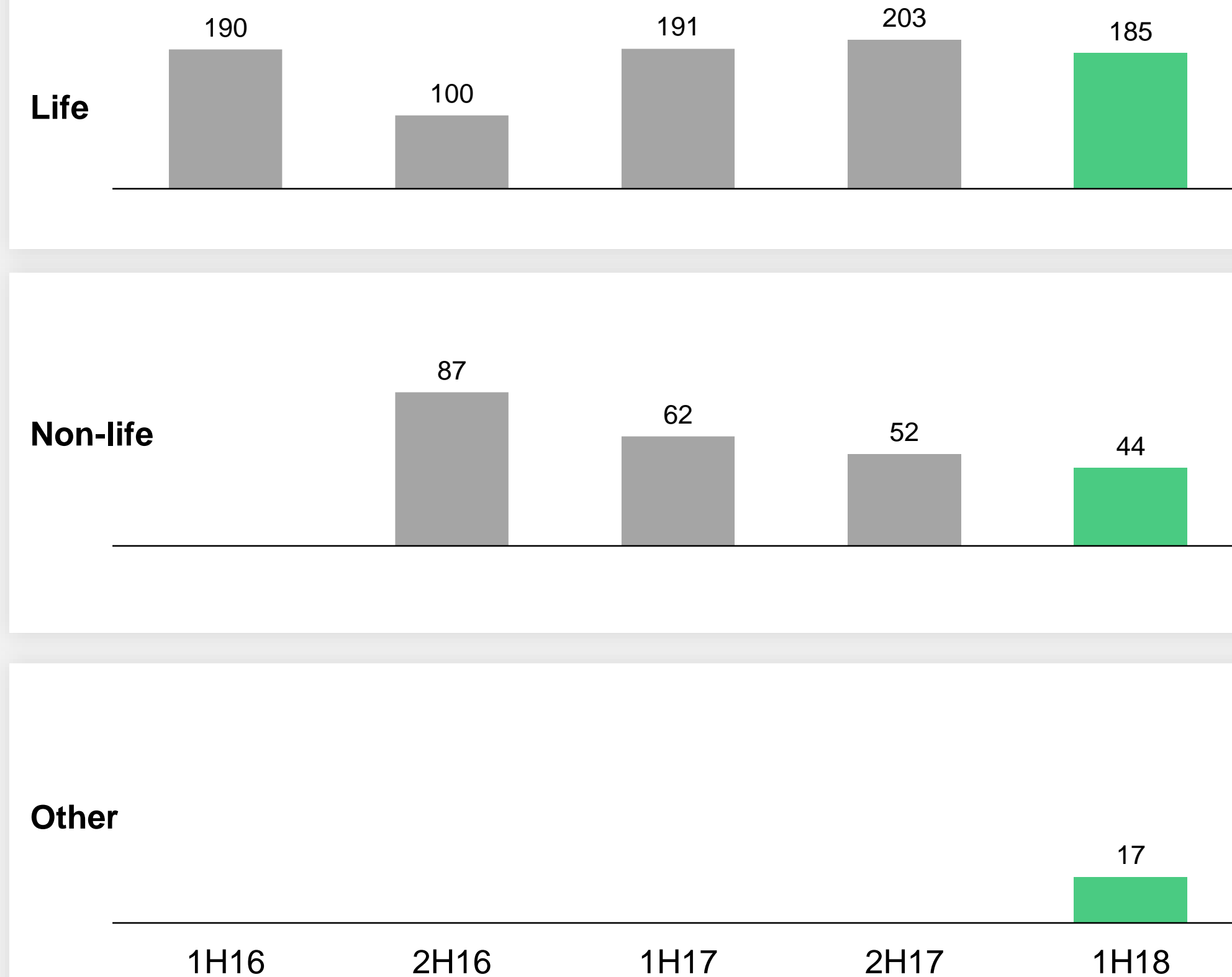
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Year-end holding cash

**A + B 2017: EUR 155 million**

# Holding cash policy in practice

**Upstreams per HY**  
(EUR million)



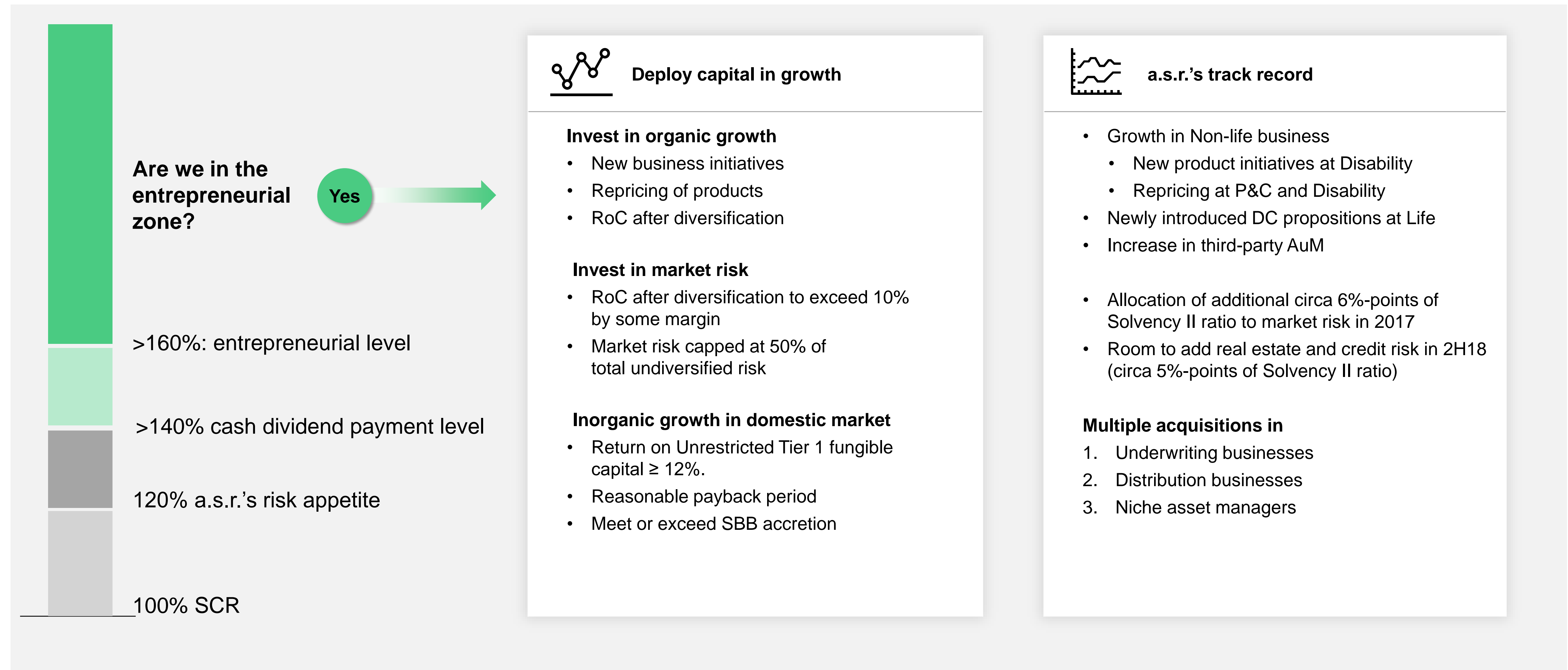
**Upstreams in relation to Operating result and OCC**  
(EUR million)

	2016	2017	1H18
<b>Upstreams</b>	377	508	246
<b>% of net op. result<sup>1</sup></b>	71%	82%	76%
<b>% OCC<sup>2</sup></b>	108%	135%	137%
<b>SII ratio a.s.r. Life<sup>3</sup></b>	182%	186%	190%
<b>SII ratio a.s.r. Non-life<sup>4</sup></b>	180%	185%	169%
<b>Holding cash</b>	353	463	229

<sup>1</sup> Excluding Holding / eliminations  
<sup>2</sup> Based on OCC of a.s.r. Group

<sup>3</sup> ASR Schadeverzekering N.V.  
<sup>4</sup> ASR Levensverzekering N.V.

# How we think about capital deployment





# If no deployment of capital is foreseen in the near future...

## If and when...

- SII ratio according to **standard model** is in excess of **reasonable** upper limit and when **no profitable deployment** is foreseen
- for a prolonged **period of time**...
- and the excess is not **driven by uneconomic developments**...



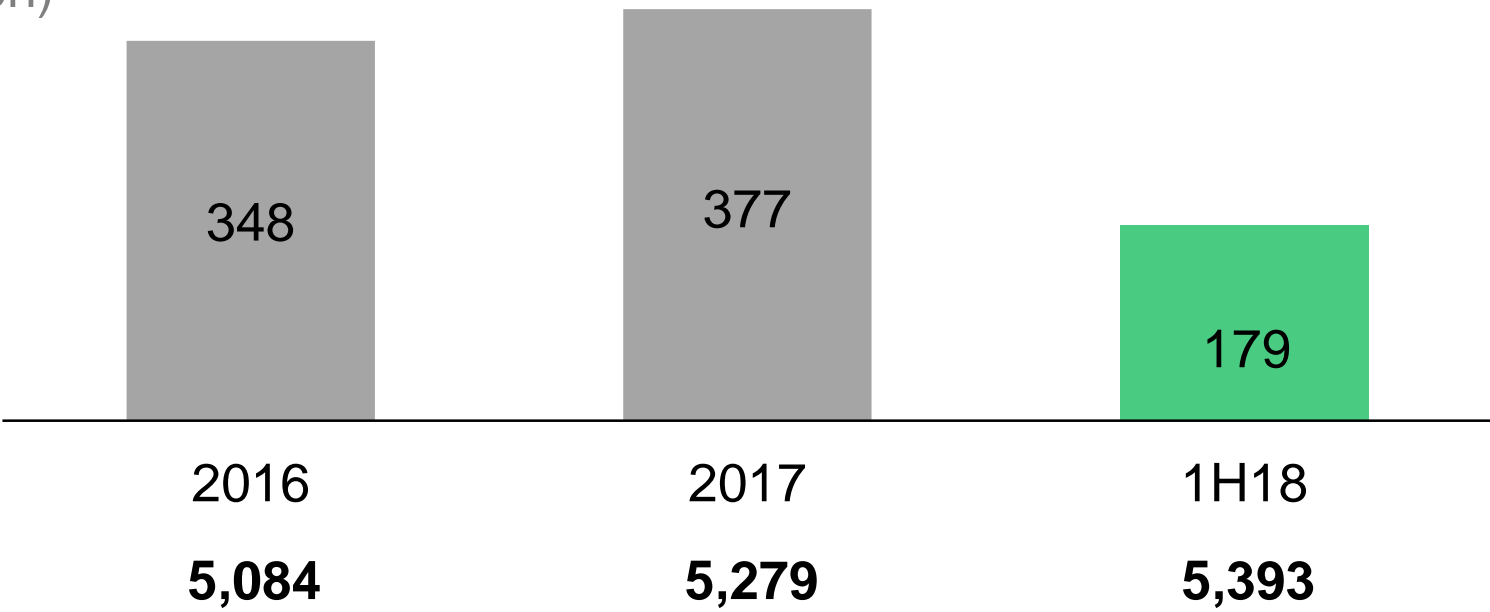
## then...

**a.s.r. will distribute excess capital to shareholders in a form that is most efficient to them**

# Track record in deploying *and* distributing capital

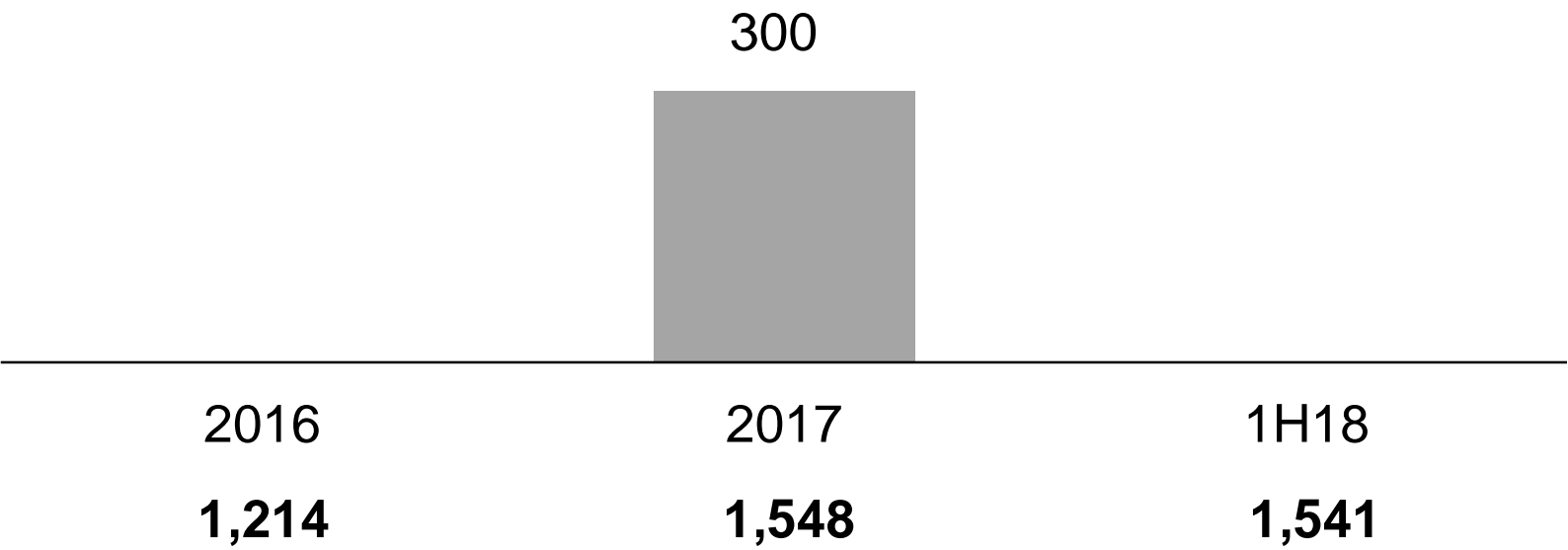
**We generate capital**  
(EUR million)

**OCC**



**We opportunistically raise capital**  
(EUR million)

**Hybrid capital**



*and*

**We deploy capital – examples**  
(% points of SII ratio)

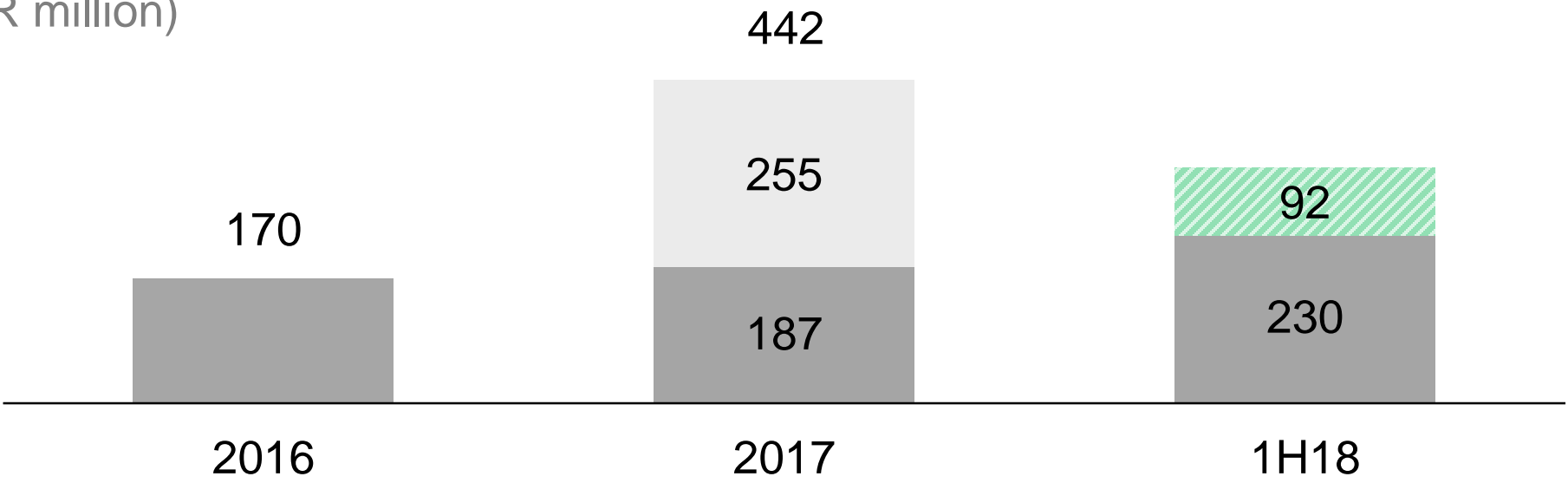
**Rerisking**

2017: -6%pts  
2H18: -5%pts

**Generali NL**

-9%pts

**We distribute capital**  
(EUR million)



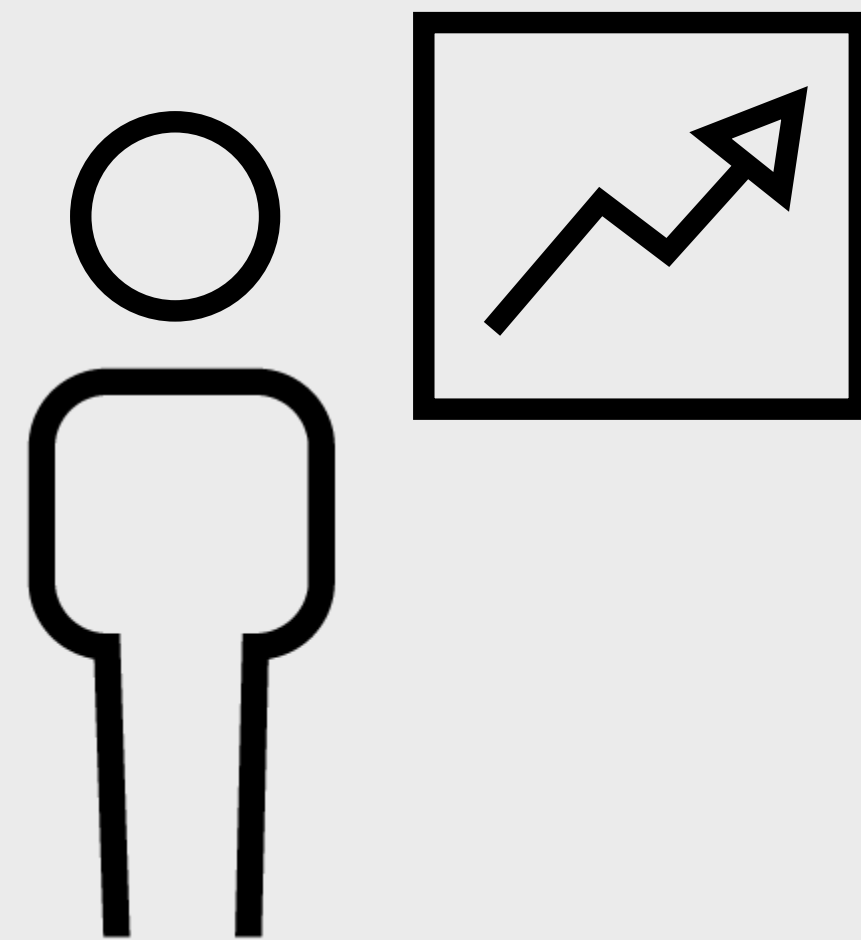
# Conclusion

- ▶ Business driven flow of new capital
- ▶ Strong stock of capital of HoldCo and OpCo levels
- ▶ Strong resilience of Solvency II ratio
- ▶ Focus on capital deployment with clear return objectives and disciplined execution



a.s.r.  
de nederlandse  
verzekerings  
maatschappij  
voor alle  
verzekeringen





# Business domains in Non-life with growth potential

**Michel Verwoest**

Chief Operating Officer

# Overview of Non-life



## What is in there?

### Non-life insurance:

- P&C
- Disability
- Health

- Operating result 2017: EUR 172 million

### Distribution & Services

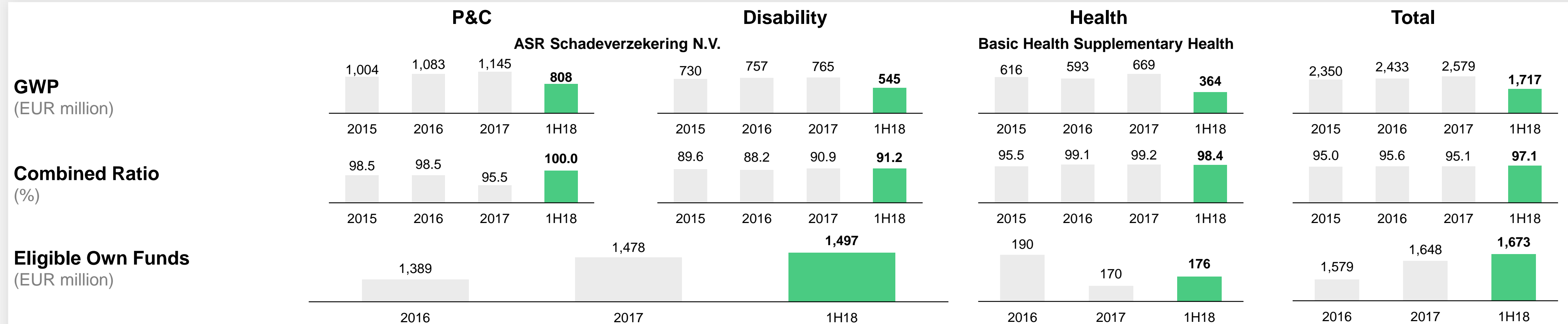
- VKG, Corins, ANAC, ZZP Nederland, Boval/Felison, SuperGarant, Poliservice

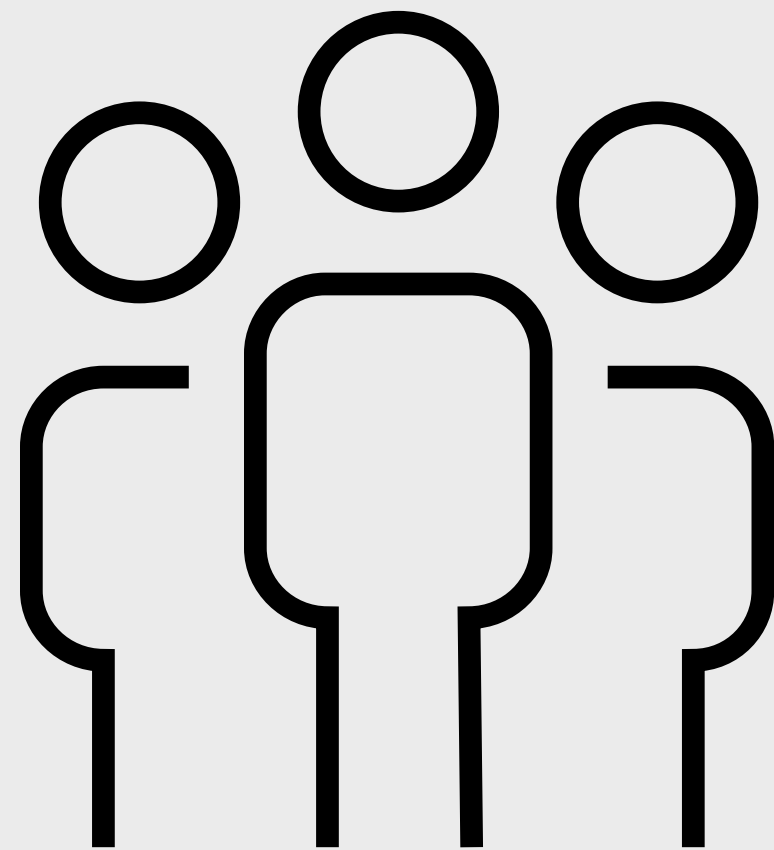
- Operating result 2017: EUR 16 million



## Our focus?

- Leveraging excellent underwriting capabilities
- Organic and inorganic growth opportunities, both insurance businesses (scale) and skills
- 94 -96% combined ratio target (excl. Health)
- Growing premium income (3-5%) profitably (excl. Health)





# P&C

**Leveraging excellent underwriting capabilities**

# Key messages

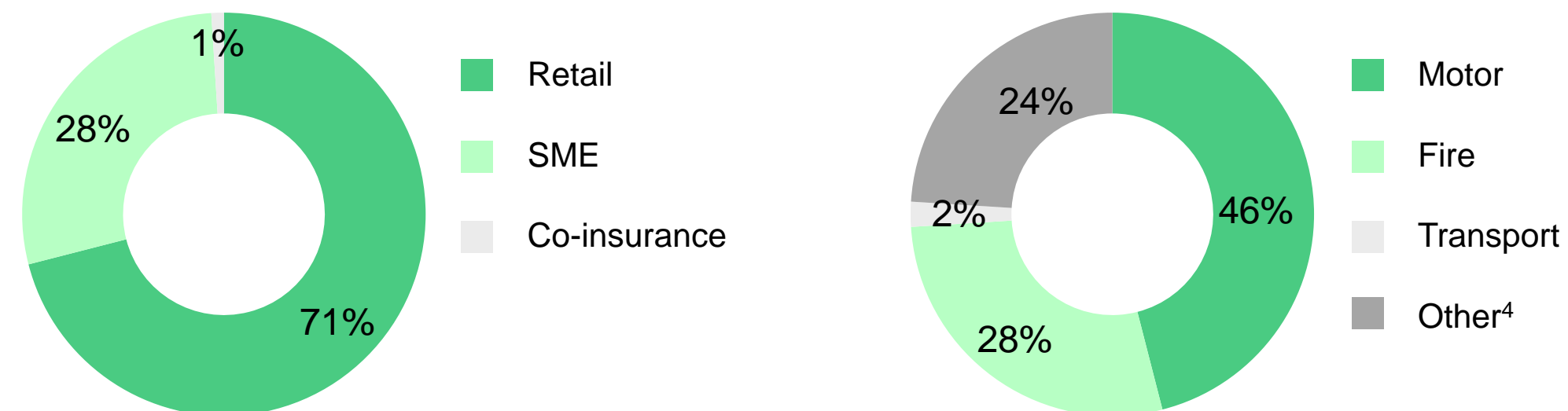
- ▶ Diversified and profitable portfolio with strong positions in the Dutch market
- ▶ Craftsmanship and value over volume strategy leading to best-in-class claims ratio
- ▶ Scalable and cost-effective operation
- ▶ Well positioned to grow, both organically and inorganically

# Strong position in P&C, especially in intermediary distribution

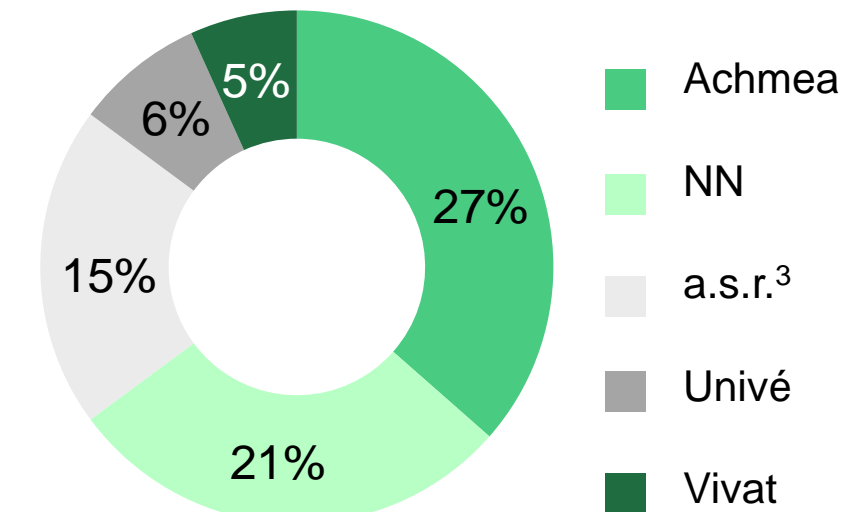
## Observations on distribution and market participants

- P&C market is competitive. Limited presence of foreign insurers
- Low margins and limited organic growth possibilities drive consolidation
- market share of a.s.r. is 15% (including Generali NL)
- Intermediary distribution stable at ~50% in past years (portfolio)
- a.s.r. has a diversified and profitable portfolio
- a.s.r. is a leading player in the advisory channel
  - > 33% market share<sup>1</sup> of new retail production in the advisory channel

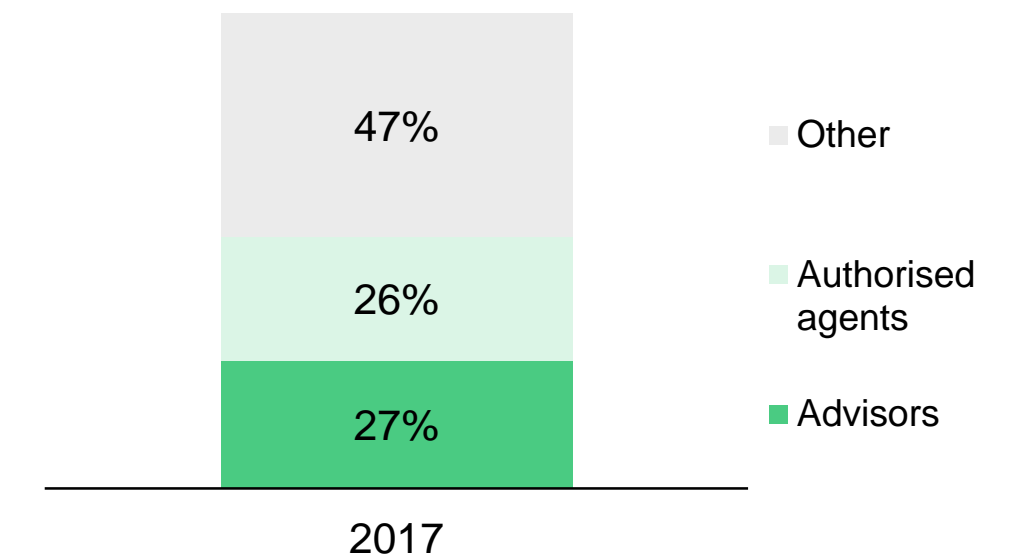
**a.s.r. P&C portfolio**  
(2017 GWP, %)



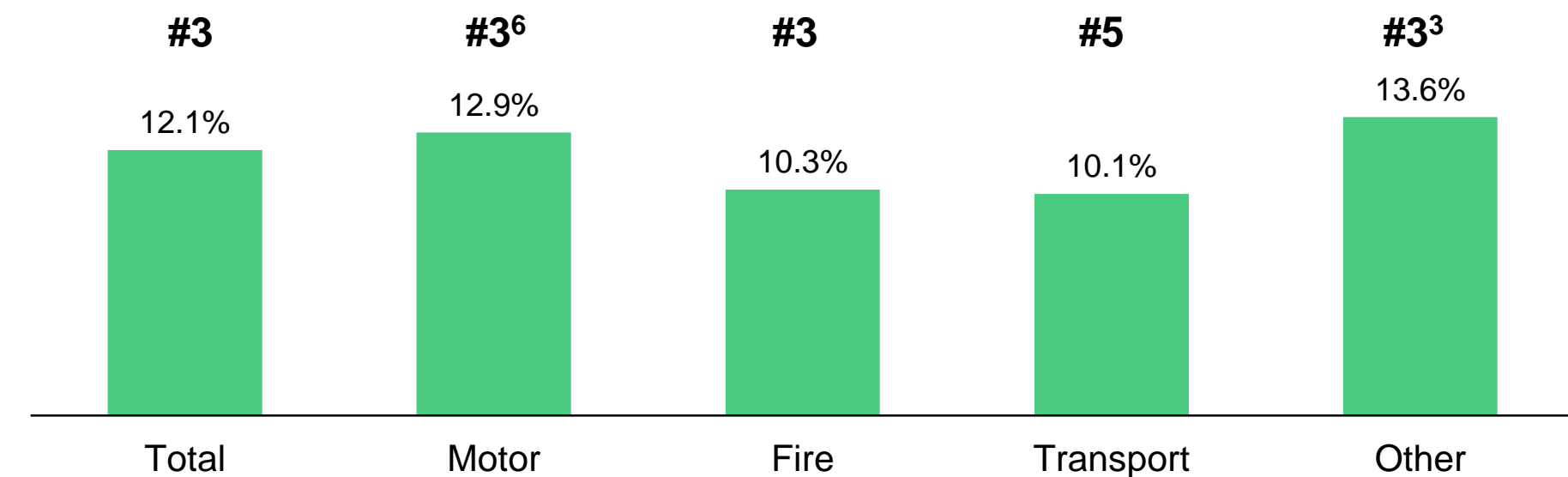
**Top 5 P&C market**  
(2017)



**Dutch P&C market distribution channels<sup>2</sup>**



**a.s.r. market shares**  
(2017 GWP, %)<sup>5</sup>



<sup>1</sup> Source IG&H, <sup>2</sup> Source IG&H and DNB, <sup>3</sup> Including Generali NL, <sup>4</sup> Other includes liability and legal assistance  
<sup>5</sup> Excluding credit and bail insurance – excluding Allianz, <sup>6</sup> Market position in motor, excluding Allianz



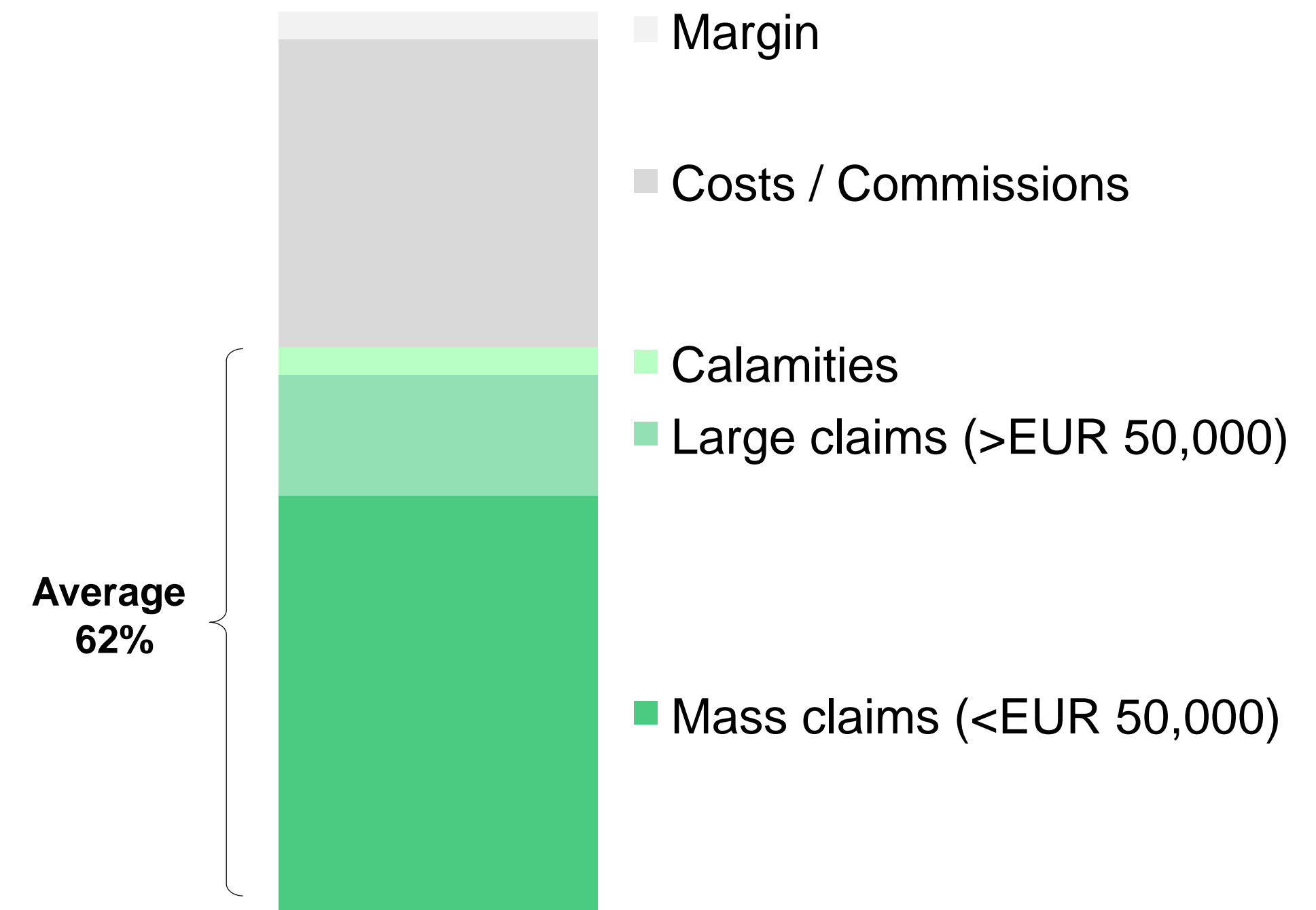
# Key components of our combined ratio

## Premium to cover claims, costs and commission

### Pricing based on target claims

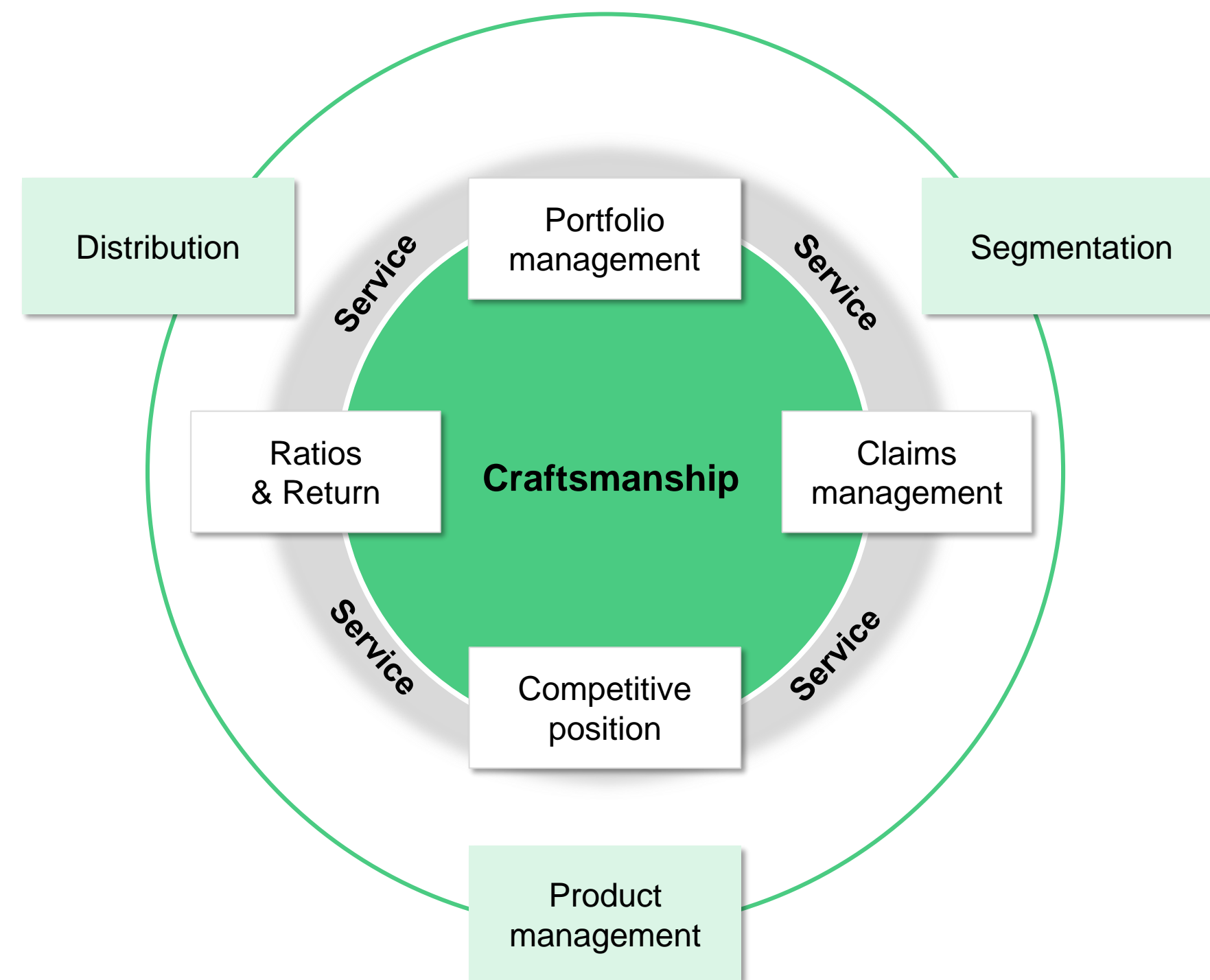
- Proven ability to control the claims ratio - average since 2015: 62%
  - Strong capabilities managing mass claims ratio
  - Limited volatility in large claims ratio due to risk appetite and reinsurance programme
  - Volatility in COR mainly driven by calamities

Breakdown of a.s.r.'s combined ratio by component



# Disciplined pricing, underwriting and claims management

## Focus on craftsmanship and service



## Portfolio management

- Disciplined (re)assessments
- Learning cycle on underwriting, claims management and fraud detection
- Single SME market underwriting

## Claims management

- Optimised claims handling process
- Best in class in bodily injury claims handling
- Expense discipline

## Competitive position

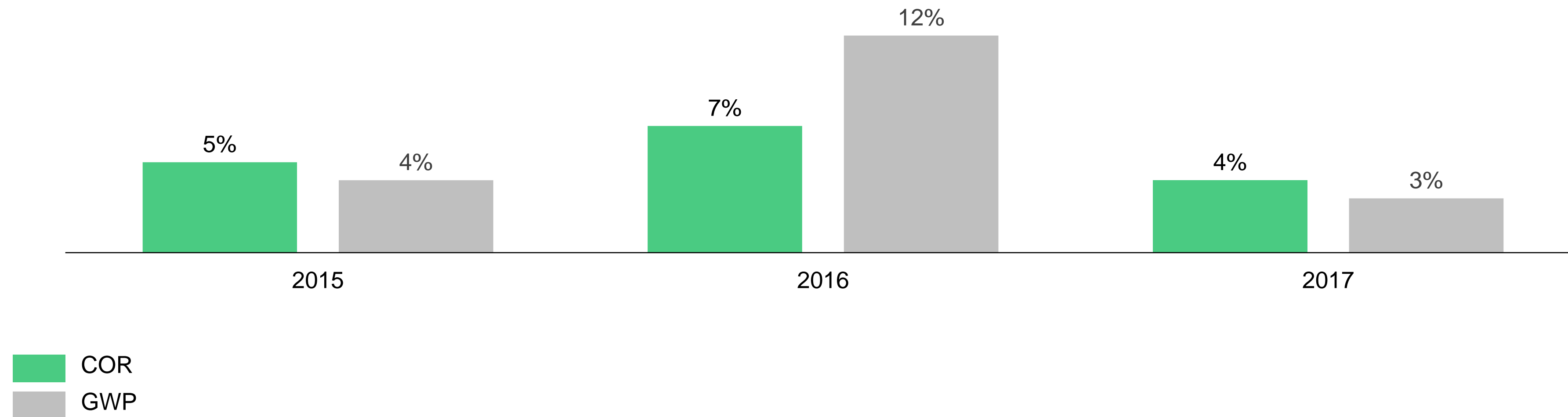
- Data mining
- NPS score
- Scalable IT platform (SaaS)
- Competitive pricing

## Ratio & Return

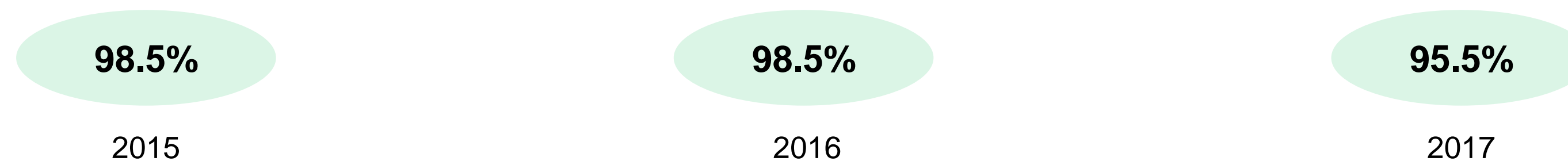
- Tracking COR performance of intermediaries
- Selection and optimisation of distribution partners' portfolios
- Cost optimisation

# COR outperformance driven by craftsmanship and value over volume

Performance relative to market (DNB data) <sup>1</sup>  
(%-pts)

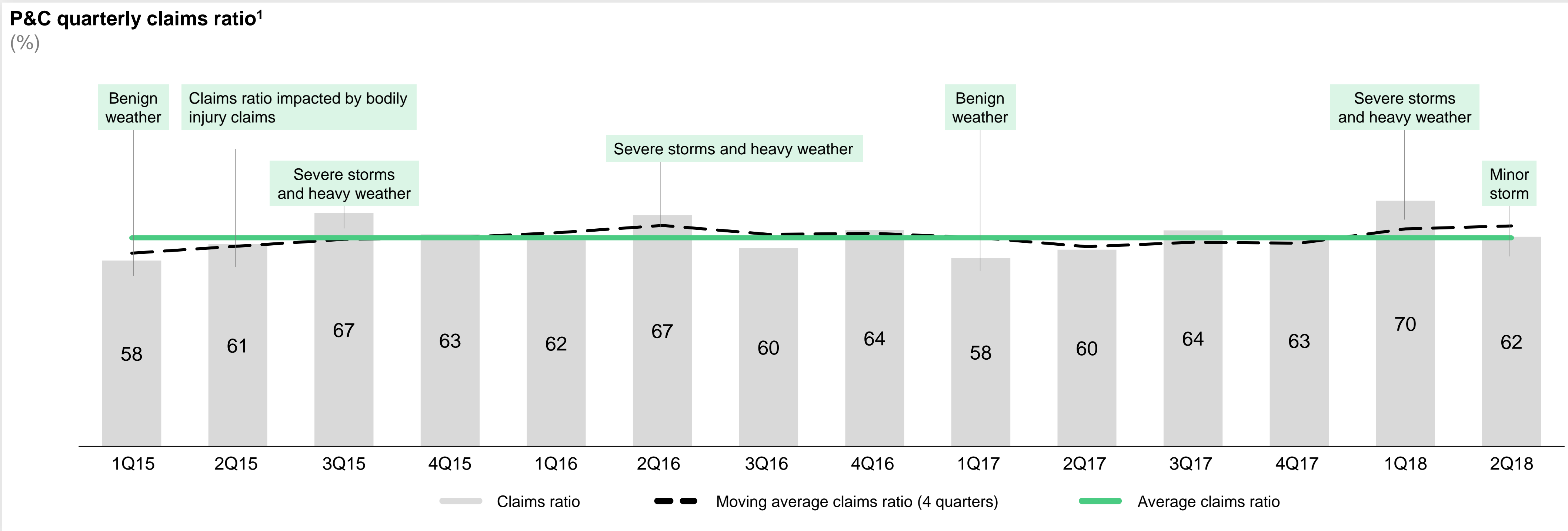


a.s.r. reported P&C COR



<sup>1</sup> Source DNB, market GWP excl. credit and bail insurance

# Strong claims track record



*Average claims ratio since 1Q15 is 62%*

<sup>1</sup> Excluding Ditzo, Europeesche and Generali NL

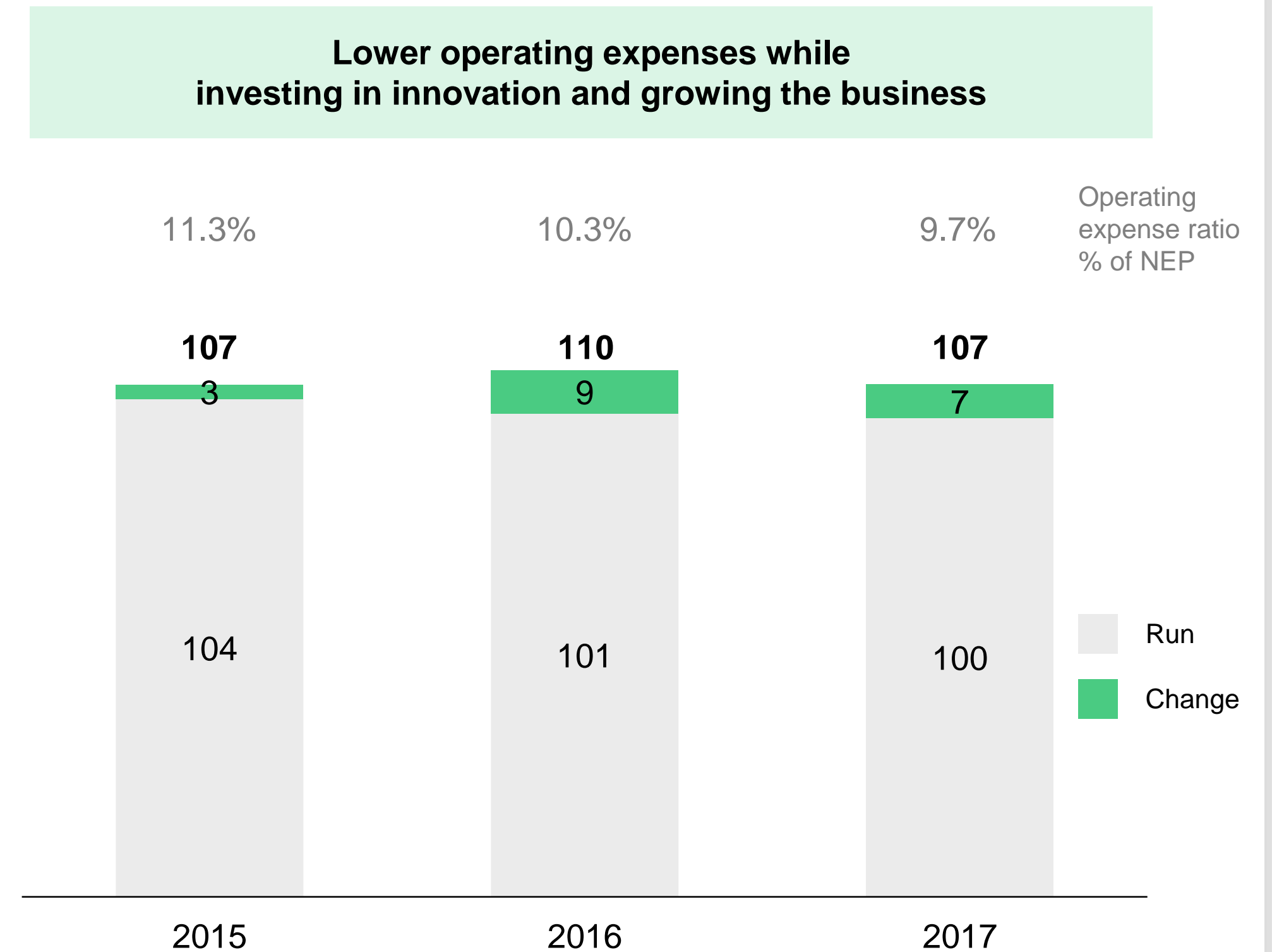
# Cost effective operation result of implementing new IT platform and systems rationalisation

## Finalising implementation and conversion of IT platform

- Quinity Insurance Solution - administration / claims handling platform
- SaaS platform with proven technology
- Improving digital services to clients and intermediaries
- Connecting with new business partners and ecosystems
- Using / enhancing portfolio data
- Product portfolio rationalised with simplified operations
- Lower running costs post completing

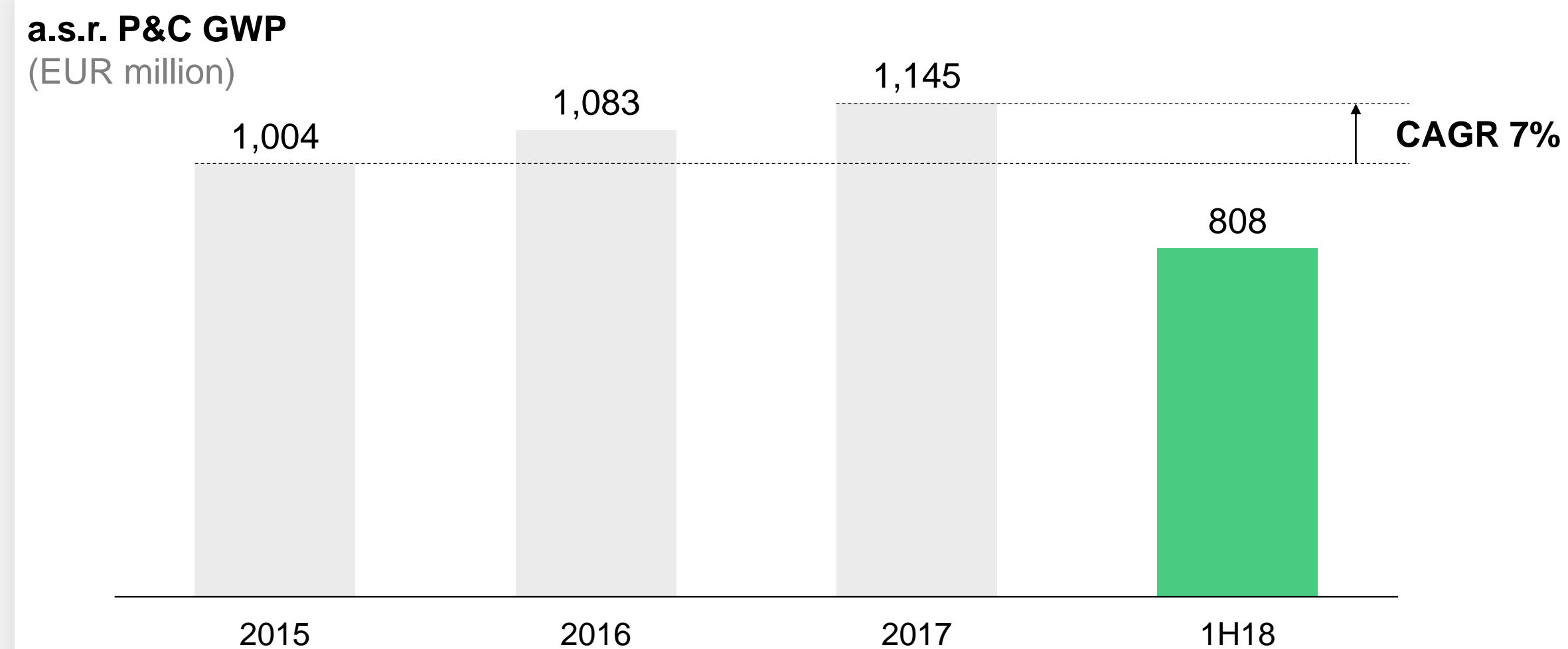
**Finalisation end of 2020 - decommissioning current legacy systems**

Operating expenses a.s.r. P&C  
(EUR million)

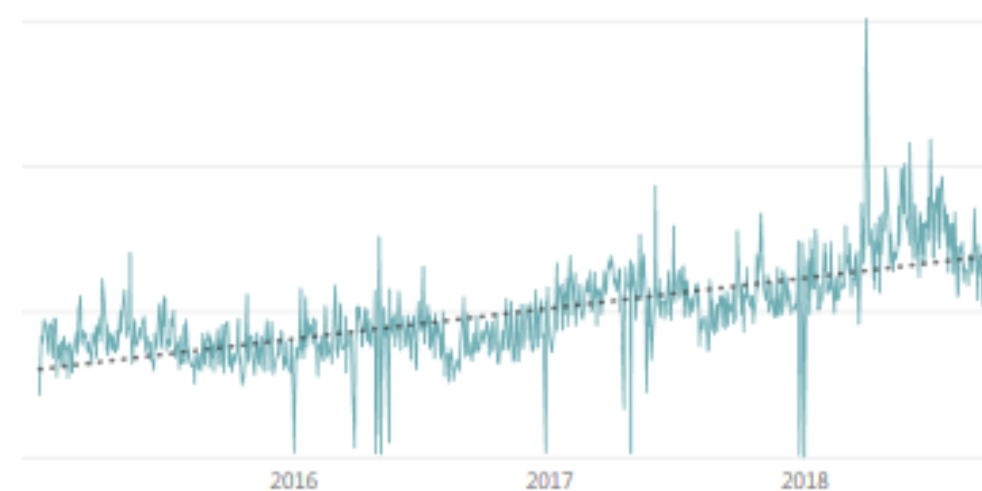




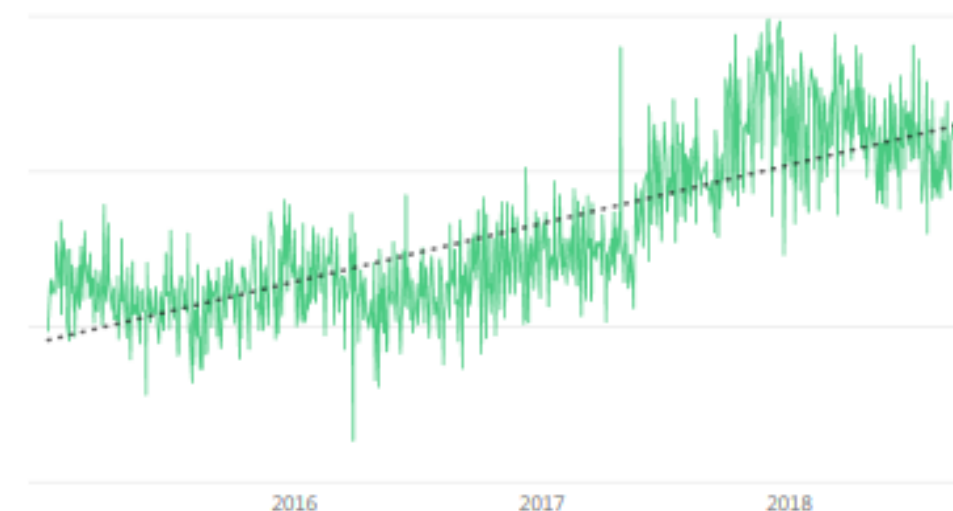
# Organic growth driven by intermediary distribution and packaged products



**No. of VVP packages sold per day**



**Average premium per VVP package**



- Growth of P&C portfolio a.s.r. above market
- Positive momentum packaged product in retail market
  - Average premium per package increased
  - Increasing number of packages sold per day
- Selective growth in SME market - capturing 'fall-out'
- Benefit from economic recovery / hardening of the market
- Further increased share of advisory channel
- Selective growth in co-insurance channel

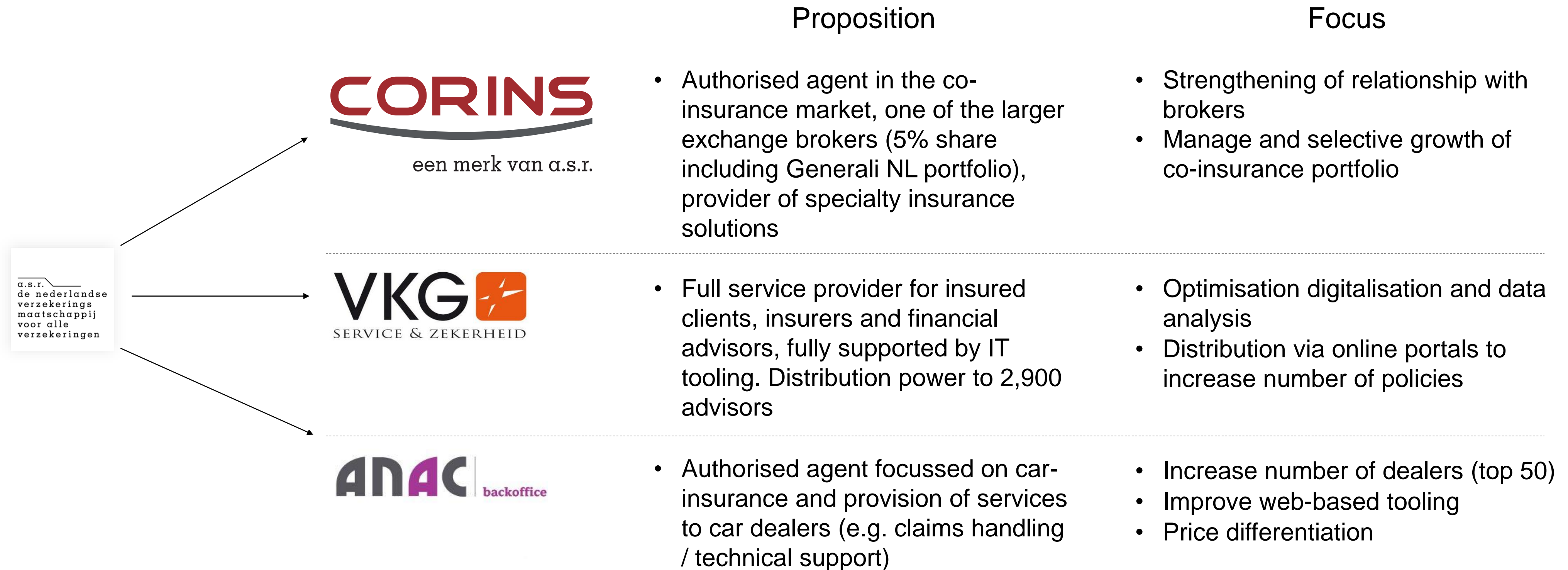
Market leading position

High retention of clients in advisory channel (circa 10 years on average)

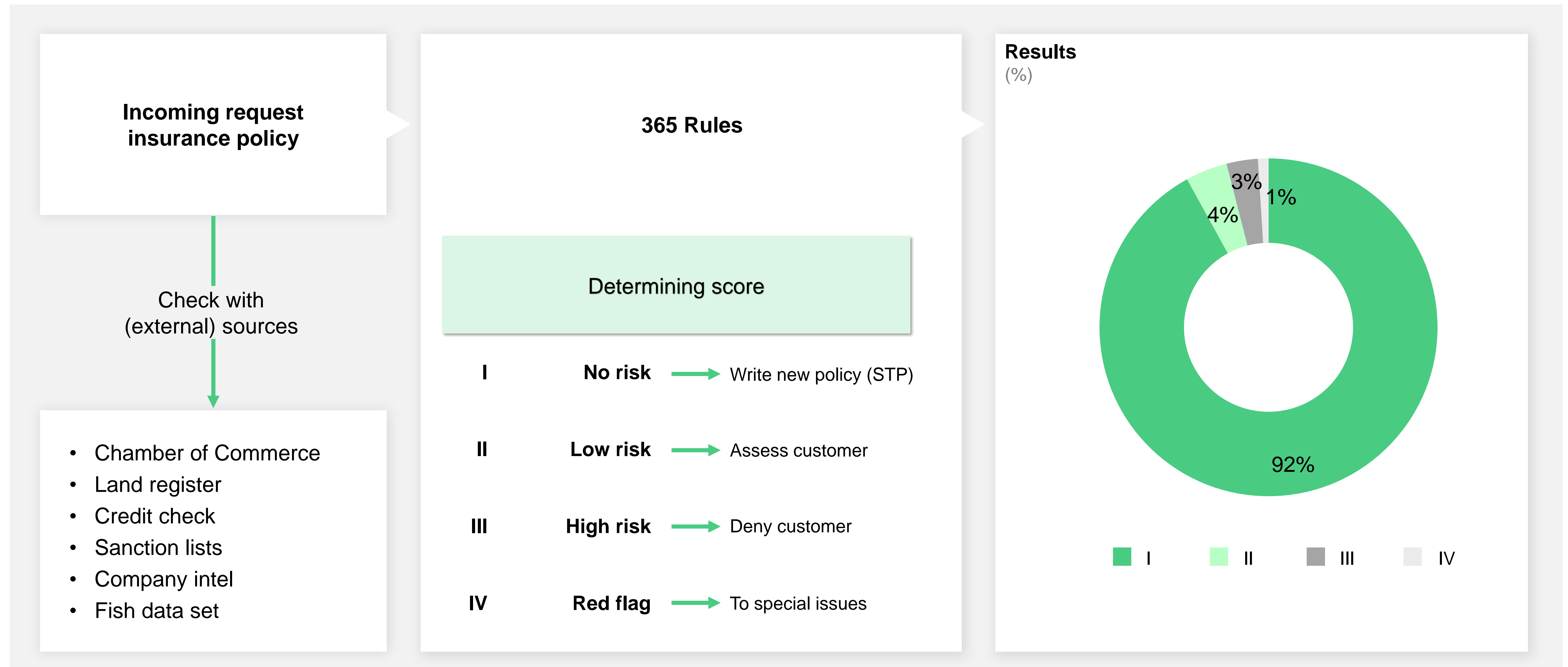
Able to grow premiums at stable cost base

Top-line growth despite termination of non profitable volume of EUR 77 million (value over volume)

# Added value of our service entities – enhancing product development and shortening time to market



# Use of external data sources to improve underwriting



# Consolidation of Generali NL strengthens market position

## Integration of Generali NL

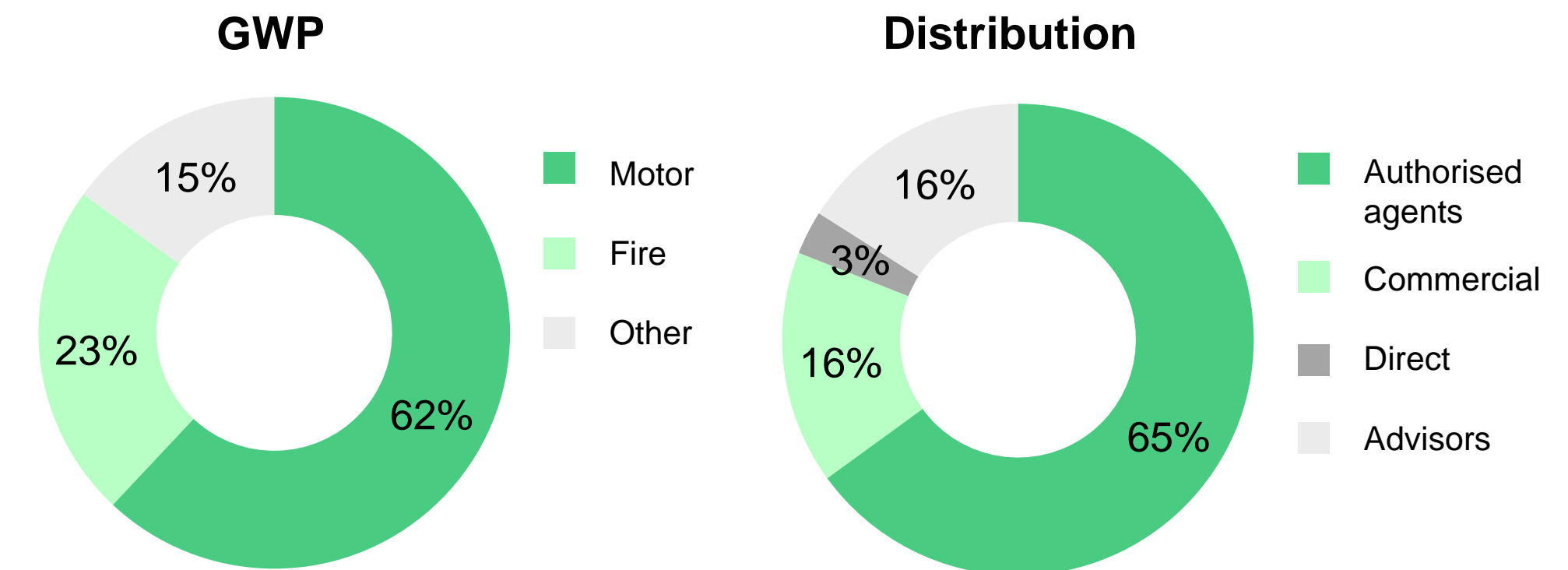
- Integration into operating model of a.s.r.
  - legal merger of Non-life completed
  - co-insurance migrated to Corins
  - authorised agent portfolio to be integrated at end of 2018
  - direct Generali NL portfolio migrated to Ditzo portfolio before end of 2019.
- Use of robotics for commercial migration of provincial broker portfolio - completed before year end 2019
- New business exclusively with a.s.r. P&C products
- Generali NL Non-life workforce decreased from 127 to 78 FTEs on October 1<sup>st</sup>, 2018, management functions reduced

## Strategic value co-insurance

- In 2016, we acquired Corins to enter the co-insurance market (> EUR 1 billion GWP)
- Through the acquisition of Generali NL, a.s.r. has grown in the co-assurance channel. The goal is to selectively grow to a more dominant market position (value over volume)

**We will continue to pursue opportunities for inorganic growth comparable to Generali NL**

P&C portfolio Generali NL 2017



Non-life results Generali NL 1H18<sup>1</sup>

**EUR 176 million**  
GWP

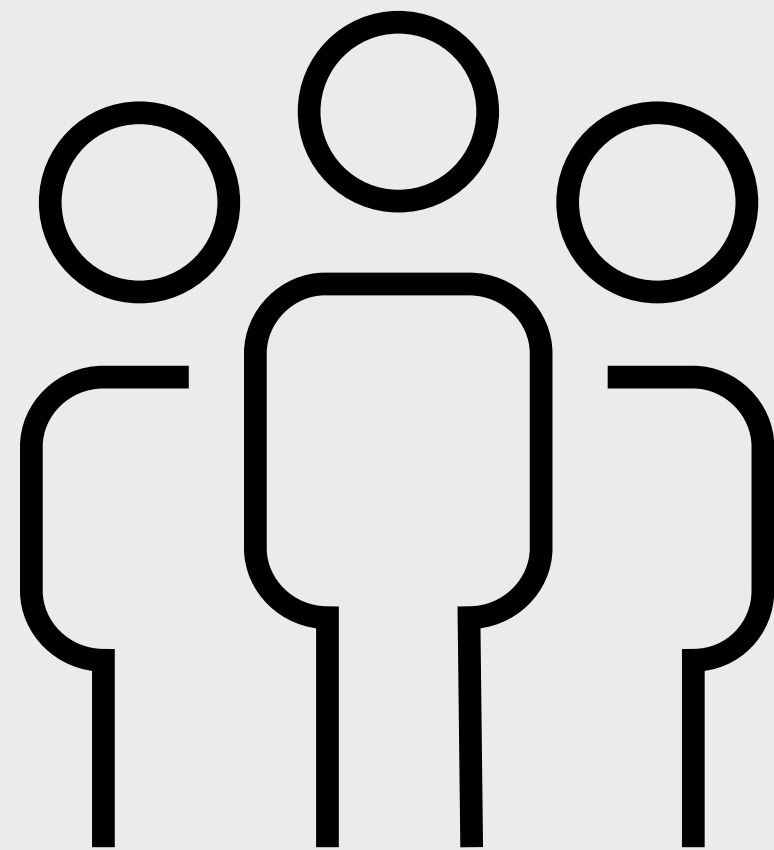
**101.4%**  
COR

<sup>1</sup> Generali NL Non-life consists of P&C and Disability

# Conclusion

- ▶ Diversified and profitable portfolio with strong positions in the Dutch market
- ▶ Craftsmanship and value over volume strategy leading to best-in-class claims ratio
- ▶ Scalable and cost effective operation
- ▶ Well positioned to grow, both organically and inorganically





# Disability

**Disability platform servicing the growing demand for sustainable employability**

# Key messages

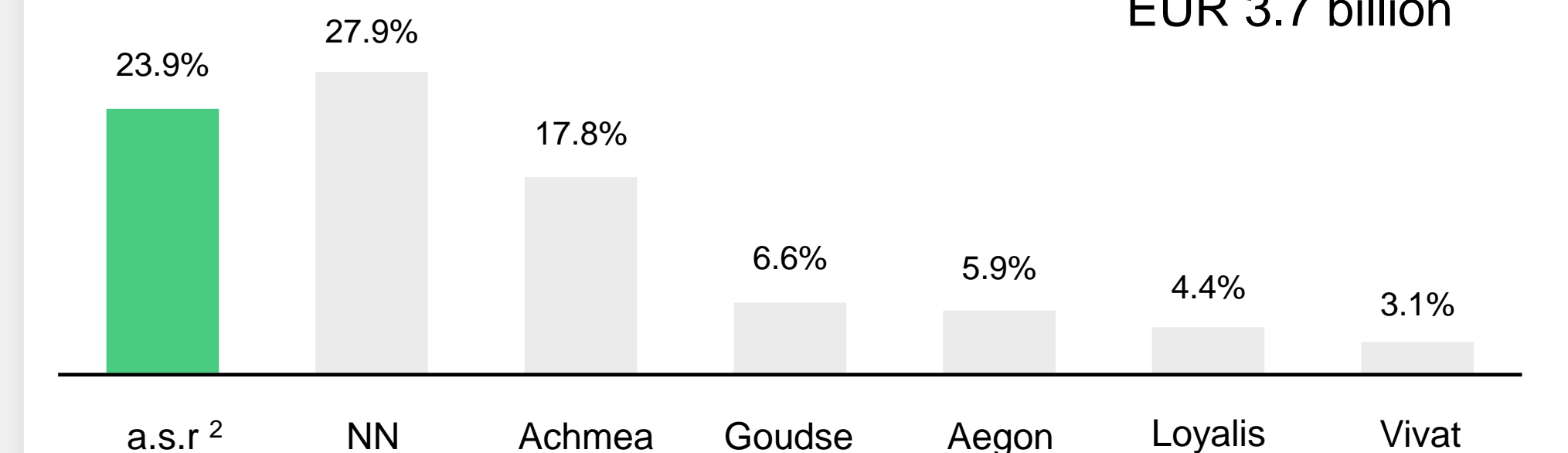
- ▶ Longstanding top performer in the disability insurance market
- ▶ Multi-disciplinary approach drives excellent performance
- ▶ Clear value over volume strategy, delivering strong combined ratio
- ▶ Access to unique platform of businesses, covering the sustainable employability value chain
- ▶ Well positioned for further growth both organically and inorganically

# a.s.r. has a strong position in the disability market

## Market observations

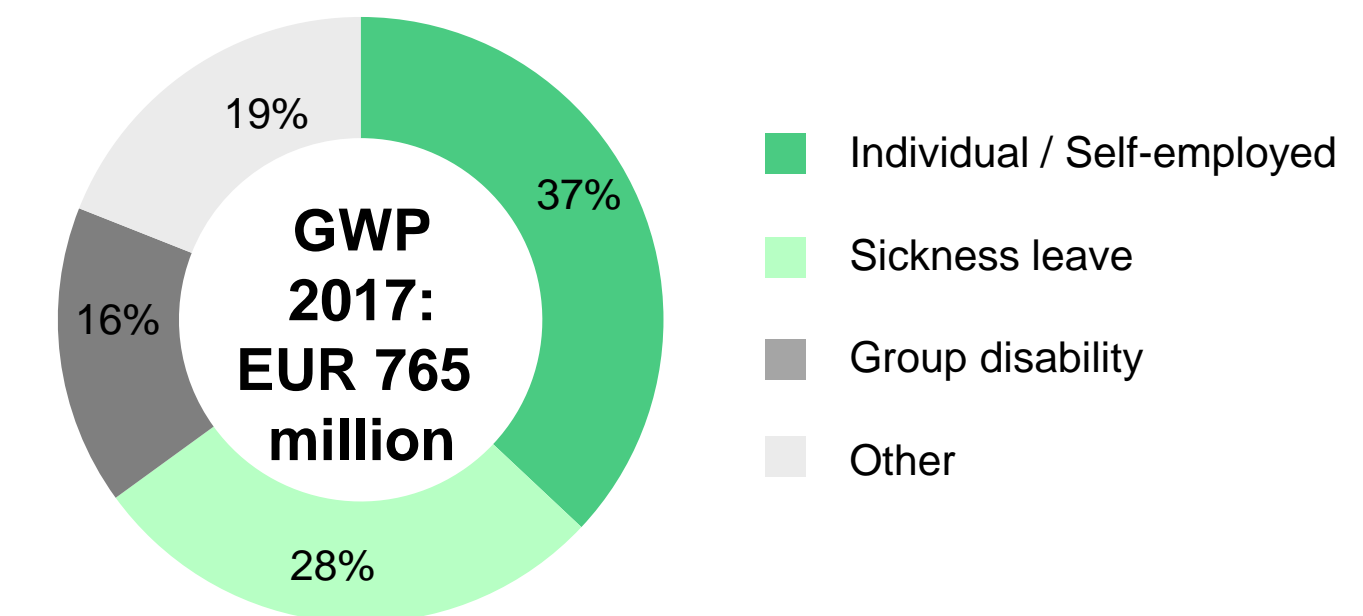
- a.s.r. has a no. 2 position
- Stable market shares with top 3 participants covering ~70%
- Complex products sold primarily through intermediary channel
- Macro trends (e.g. flexibilisation, increasing retirement age) drive sustainable employability
- Increasing focus on preventive measures and productivity enhancing services
- Future growth of the market is driven by:
  - Economic recovery, growing self-employed workforce
  - Withdrawing of the government

Market participants<sup>1</sup>  
(%)



Total market GWP 2017  
EUR 3.7 billion

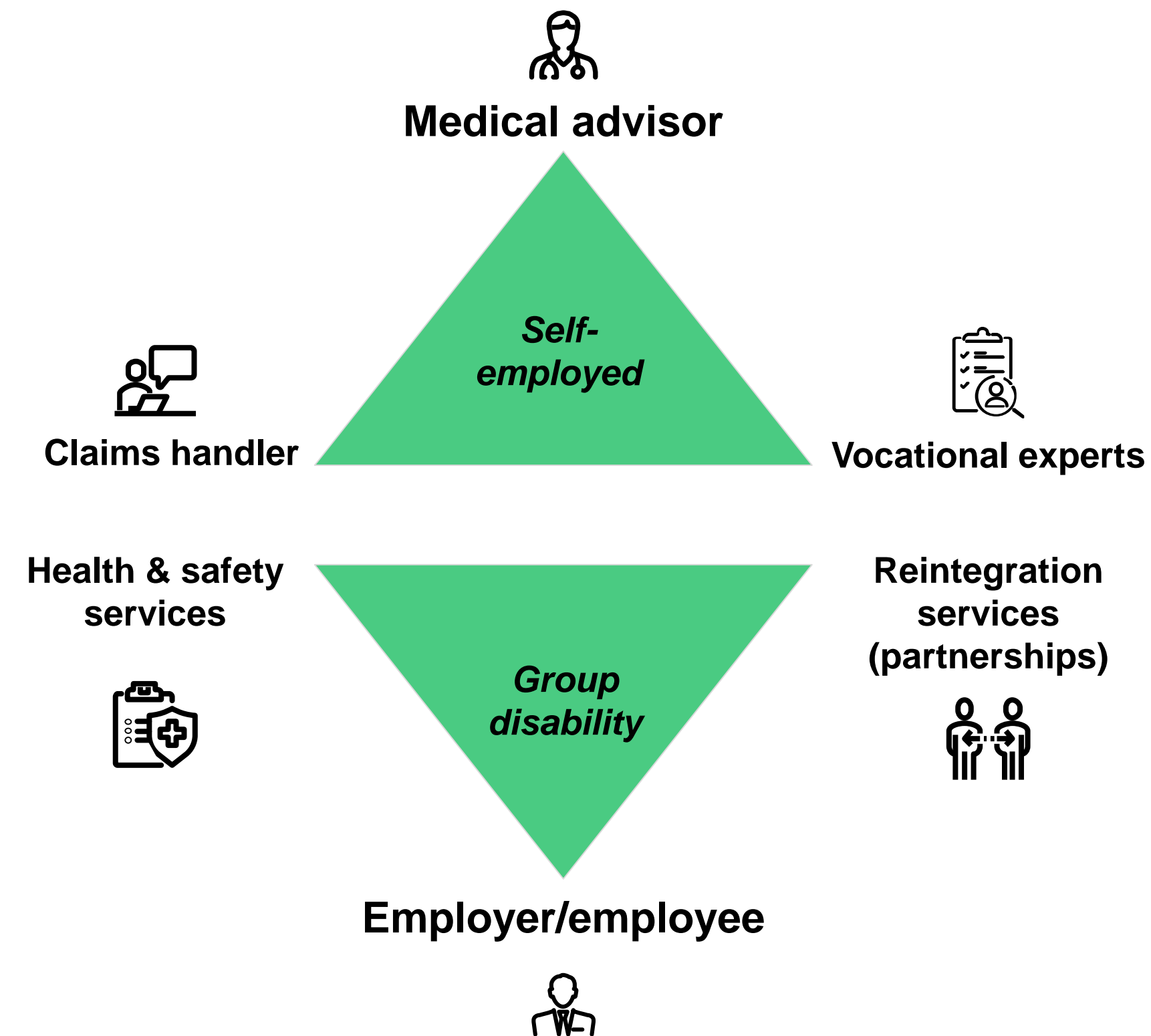
a.s.r. Disability portfolio  
(EUR million, %)



<sup>1</sup> Source: DNB, 2017 excluding Allianz as is is no longer reported as a separate entity in the Dutch market. <sup>2</sup> Including Generali/'Europeesche' accident and health.

# Unique in-house claims management and reintegration processes

## Disability Triangle & Claims Chain Management



## Portfolio management

- Disciplined (re)assessment of portfolios
- Benchmarking of risk profiles

## Claims management

- Excellent in-house claims handling and reintegration expertise
- Reducing/preventing absenteeism
  - Self-employed – 'De Amersfoortse disability triangle'
  - Group –specialised teams / third-party specialists

## Competitive position

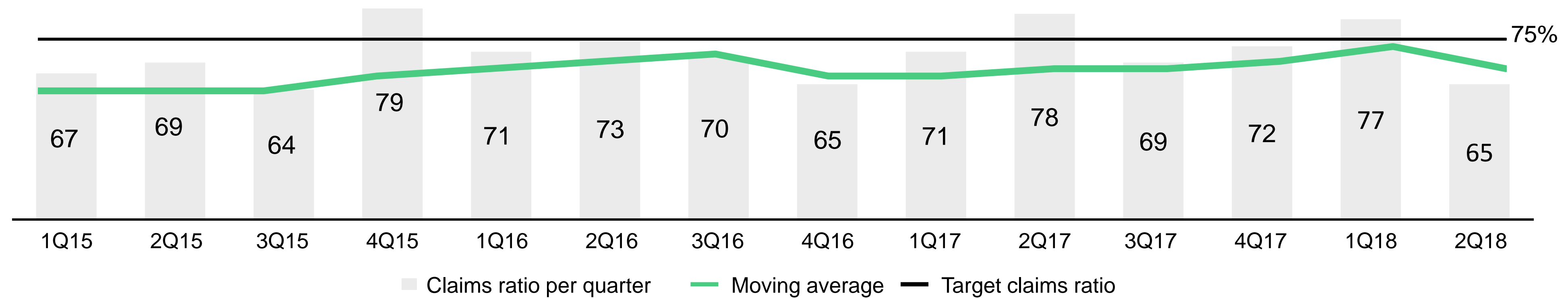
- Extensive customer data from over 30 years of experience
- Excellent service to our customers
- Multi-disciplinary approach to claims handling

## Continuously monitoring of our combined ratio

- Constant monitoring of claims ratios per risk category
- Monitoring of claims development per distribution channel
- Disciplined cost management

# Strong claims track record

Disability quarterly claims ratio  
(%)



Out of past 14 quarters, 11 quarters well below 75%

Seasonality is primarily due to periods of flu leading to increases in short-term sickness leave



# Clear value over volume approach – willing and able to act decisively

## BeZaVa case<sup>1</sup>

- Government liberalised disability cover for temporary workers in 2016
- UWV (government) then offered relatively low prices
- a.s.r. deliberately did not follow this pricing level – value over volume principle



## Sickness leave case

- Sickness leave underperformed in 2016 / 2017
- Ex-post actions proved insufficient
- Actions taken in Q4 2017
  - Strong price increase (10 - 20% on average)
  - Discontinuation of loss-making contracts



## Disability case

- Significant claims differentials between different risk classes
- Strong focus on products with value for customers and for a.s.r.
  - Strong position in classes 1-3 (>70% of portfolio)
  - Classes 4-5 ('blue collar') selectively targeted



<sup>1</sup> BeZaVa is part of the Dutch WGA/WIA-act

# ‘Doorgaan’ proposition for self-employed individuals is a unique combination of Health and Disability business

## Offers several opportunities:

### **Best of both worlds:**

- Aimed at reducing absenteeism for the self-employed and employees
- Early detection of (the risk of) disability and the use of interventions
- Results in improved underwriting results

### **Successful cross-selling**

- 41% of our Amersfoortse Health portfolio
- 15% of Disability portfolio (expected to double)

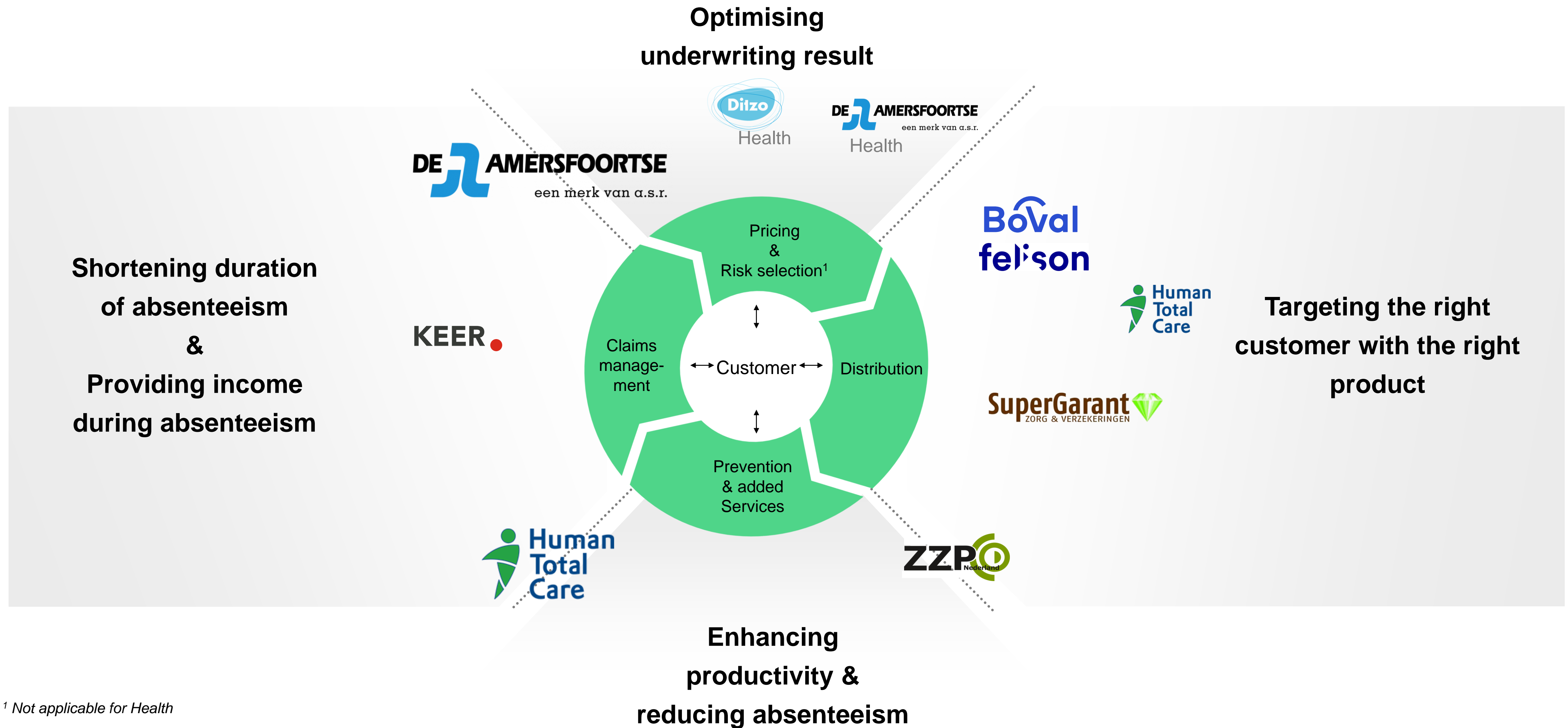
### **Improved retention despite premium pricing**

- Doorgaan customers vs only Disability customers: 3.6% vs 5.9%
- Doorgaan vs only Health customers: 7.7% vs 14.9%

## **Key elements of the ‘Doorgaan’ proposition:**

- Smarter insured: sharp pricing and always someone who provides help and support in getting and staying fit
- Health insurance and Disability insurance at the same company
  - Dedicated Doorgaan expert available to minimise absenteeism
  - Early preventive care (during health coverage period)
  - Reduced chance of long-lasting disability
- Enhanced coverage, leading to peace of mind and focus on work:
  - additional cover for childcare
  - support for home and/or informal care
- Taking good care of our customers benefits both parties

# Unique platform servicing sustainable employability demand





# Conclusion

- ▶ Longstanding top performer in the disability insurance market
- ▶ Multi-disciplinary approach drives excellent performance
- ▶ Clear value over volume strategy, delivering strong combined ratio
- ▶ Access to unique platform of businesses, covering the sustainable employability value chain
- ▶ Well positioned for further growth both organically and inorganically

# Appendix



# Disability insurance in the Netherlands

The market is centered around income protection and is divided into two major categories

- **Disability of the self-employed** (the entrepreneurs): do not have social security concerning disability and can insure disability risk up to retirement age
- **Group disability** (employers and their employees): sickness leave (short term, 2 years), disability insurance in addition to Dutch social legislation

## 1. Market for disability of the self-employed

- No social security in case of disability caused by sickness or an accident
- In case of disability, claims depend on the amounts and insured periods, the degree of disability and excess periods (>14 days)
- Return to work programmes and skilled claims handling processes are key for insurers in managing COR and profitability

## 2. Market for group disability

### Sickness leave

- Employees are responsible for salary payments (max. two years)
- Employers can insure this risk on the private market
- Disability insurers can differentiate themselves in their support for reintegration
- After two years of sick leave, employers are no longer responsible for salary payments and employees can be laid off

### Disability insurance

- After two years of sickness, employees may appeal to the WIA
- Insurers have developed several products to cover this risk
- Employers usually offer these products to employees as fringe benefits
- In addition, employers may choose to either bear the risk themselves or transfer the risk to an insurer (WGA ERD – self-insurer)



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# Life – robust and predictable service books

**Karin Bergstein**

Chief Operating Officer

# Key messages

- ▶ Low cost operation with focus on customer service
- ▶ Robust and predictable service books provide a base for realising investment margin
- ▶ Track record in consolidations and unlocking synergies
- ▶ Well positioned for next consolidation wave

# Overview Life – robust and predictable service books



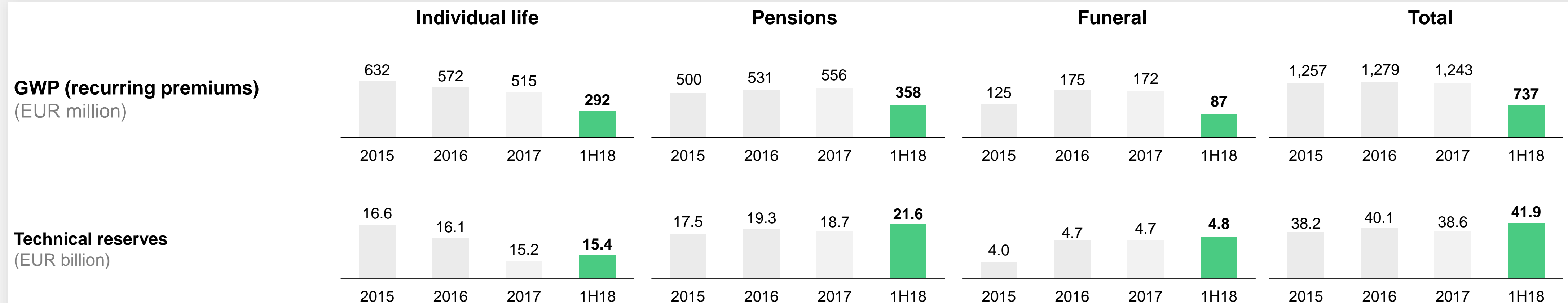
## What is in there?

- Funeral, Individual life and Pensions
- Total SCR 2017: EUR 2,741 million; EOF EUR 5,101 million
- Operating result 2017: EUR 633 million



## Our focus?

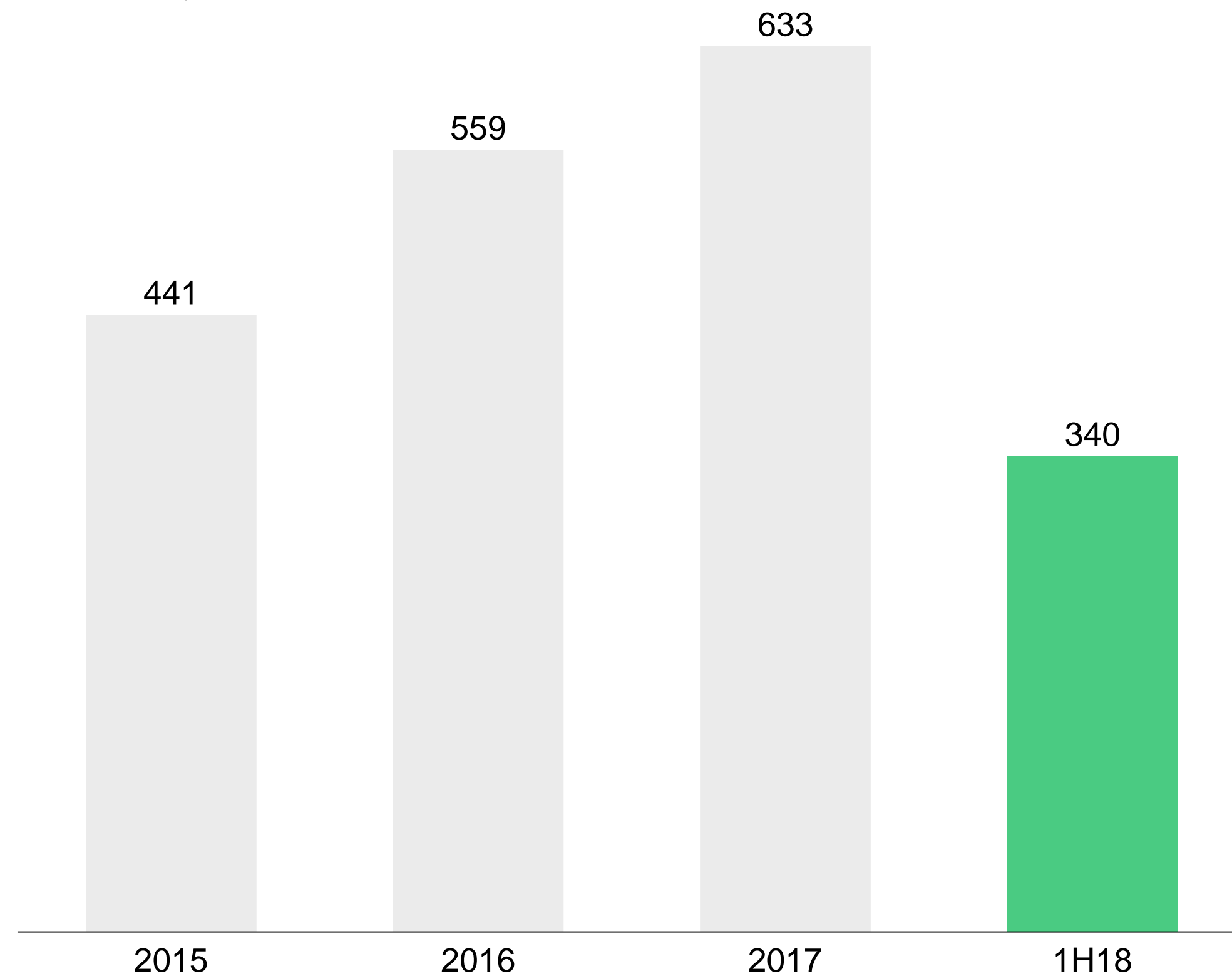
- Consolidation of Dutch closed book market, primary focus on Funeral and Individual life books
- Optimisation of service books through rationalisation of products & systems
- Low cost operation with clear customer focus to create optimal customer value
- Continue to manage unit-linked file



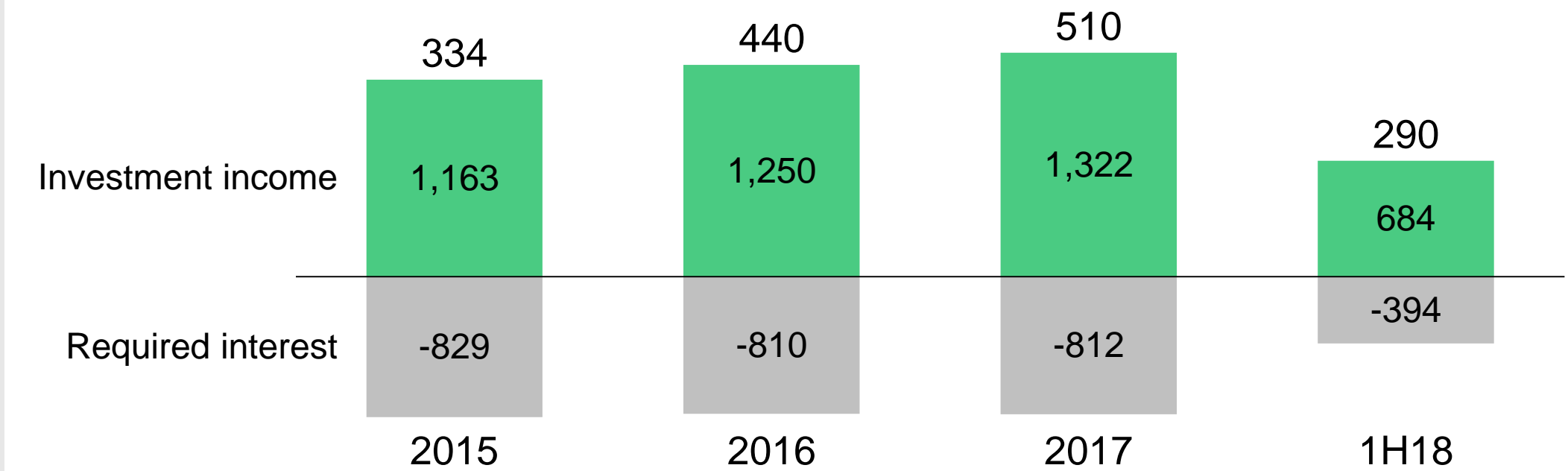


# Strong increase in operating result, driven by investment margin

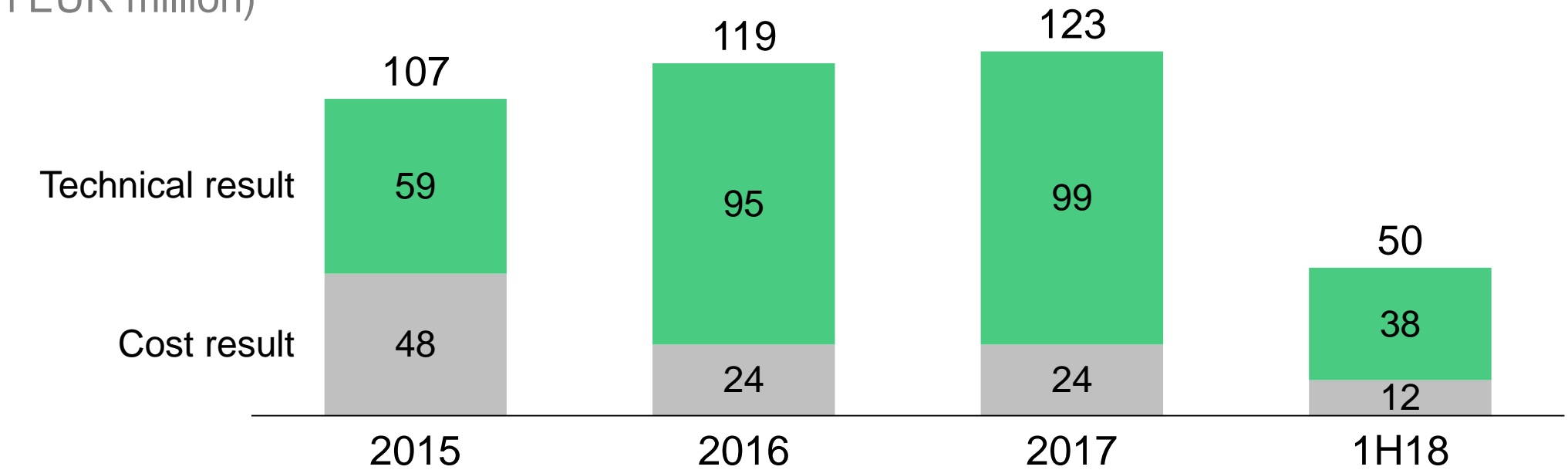
**Operating result**  
(in EUR million)



**Investment margin**  
(in EUR million)



**Technical result**  
(in EUR million)

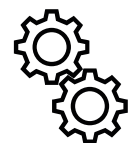


# Digitalisation to improve customer service and enhance efficiency



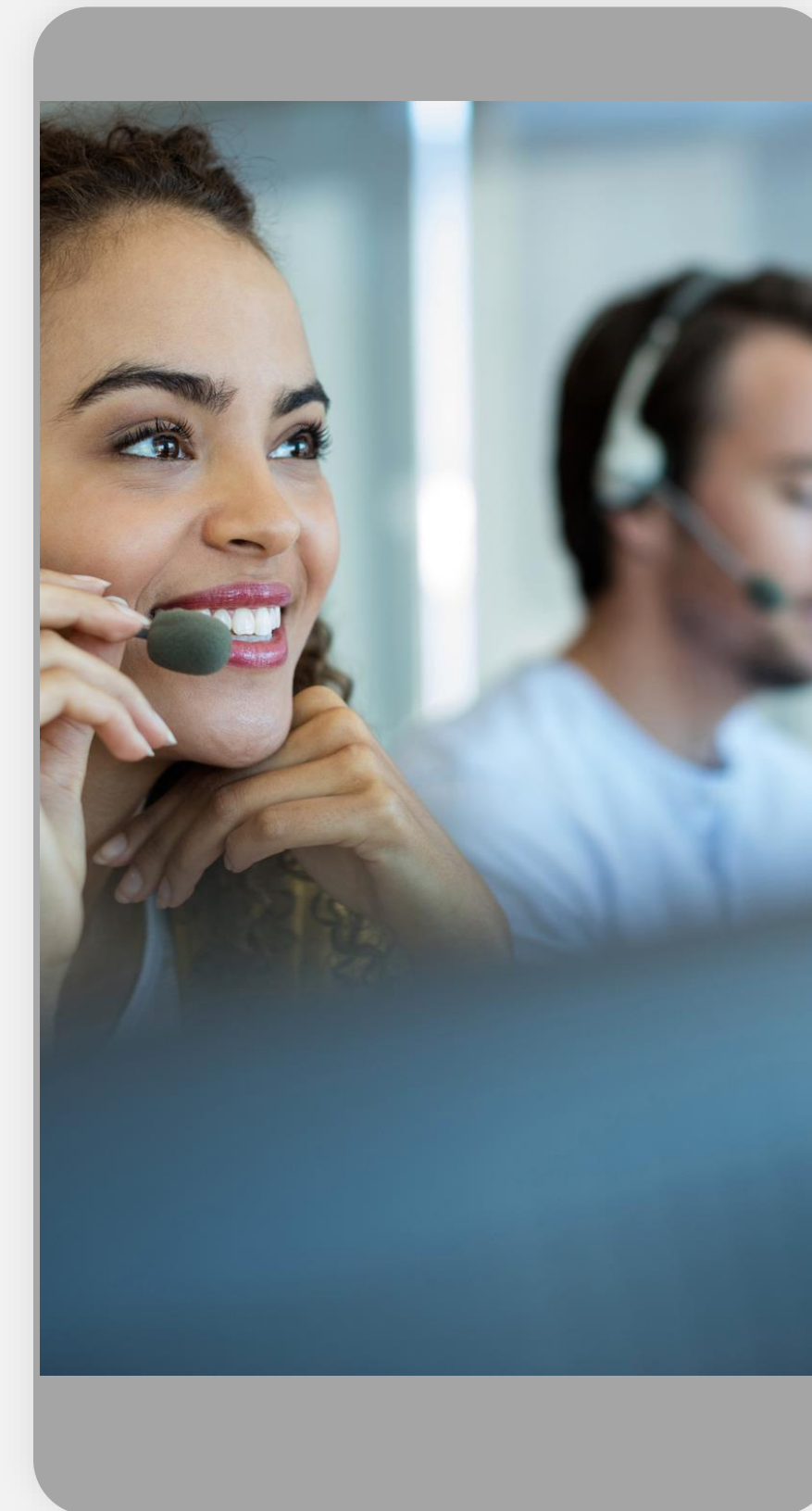
## Customer service

- Client portal with relevant insights into pension prospects
- Digital communication with customers
- Chatbot enables state-of-the-art customer service



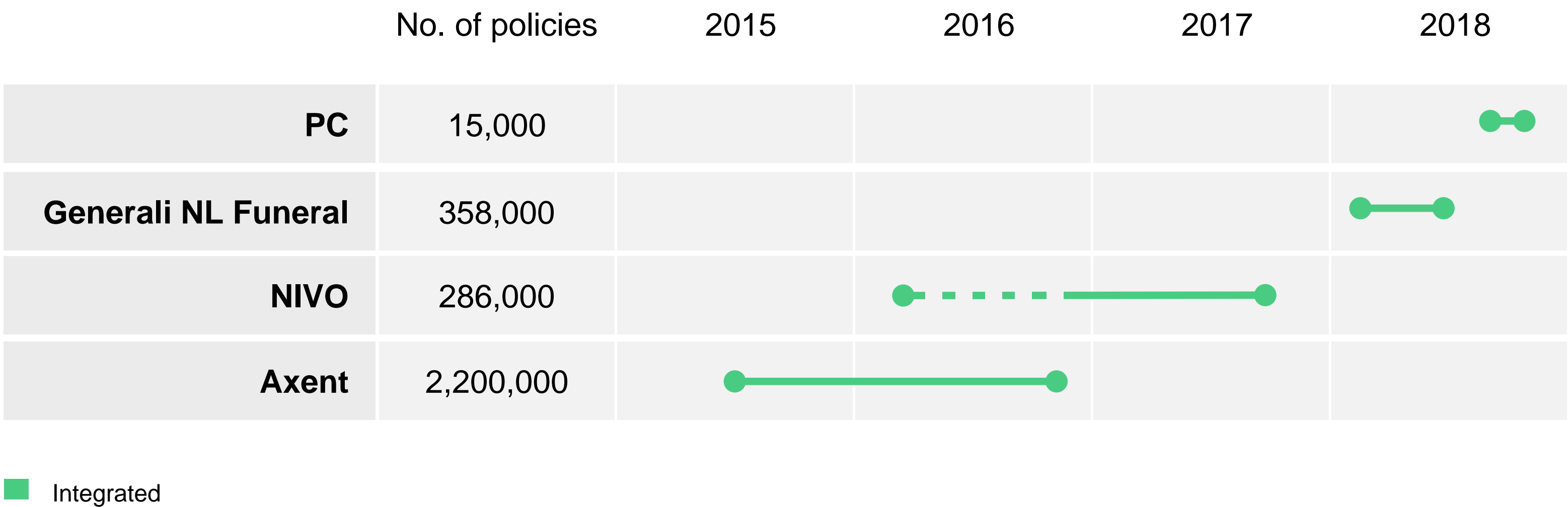
## Operation

- The objective is to realise a high level of straight through processing (STP) to reduce handling cost
- If STP is not an option, the use of robotics is an alternative to reduce processing times for customers while reducing handling costs

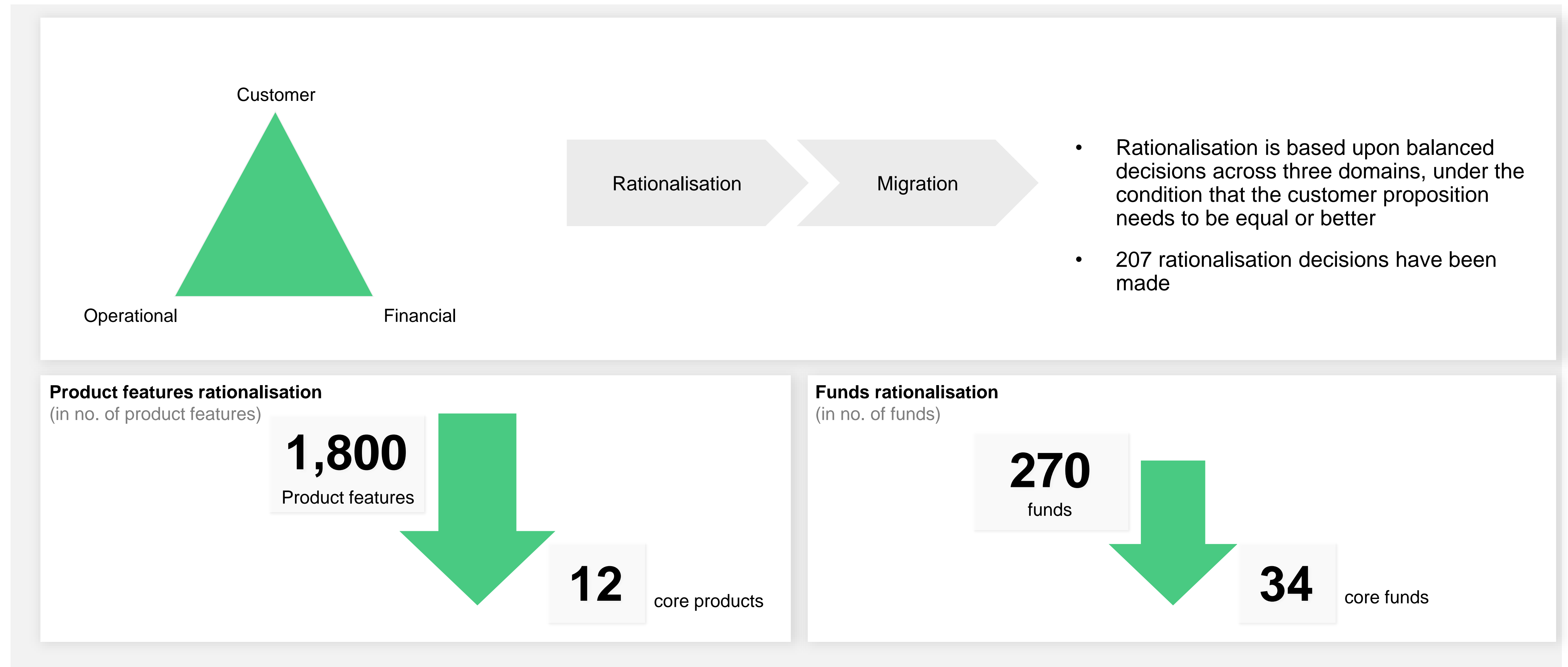


# Funeral: excellent track record in efficient migrations

- Acquired businesses and books have been successfully integrated into the a.s.r. platform
- Strong experience curve in Funeral; efficient process, significantly reducing integration period
- IT costs stable while onboarding five million policies since 2010

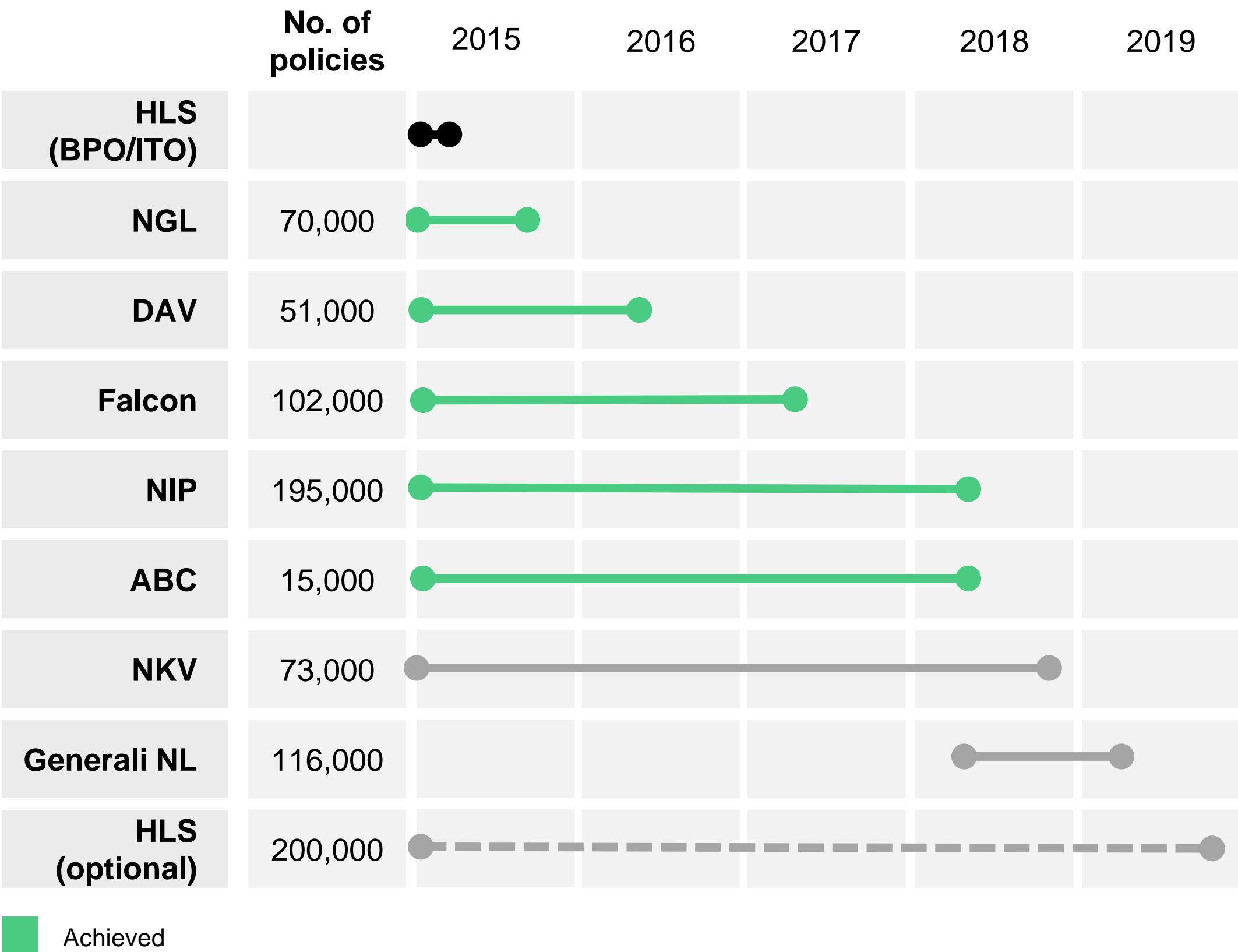


# Individual life: rationalisation is complex and key to successful migrations



# Track record in IT migration in Individual life to SaaS platform

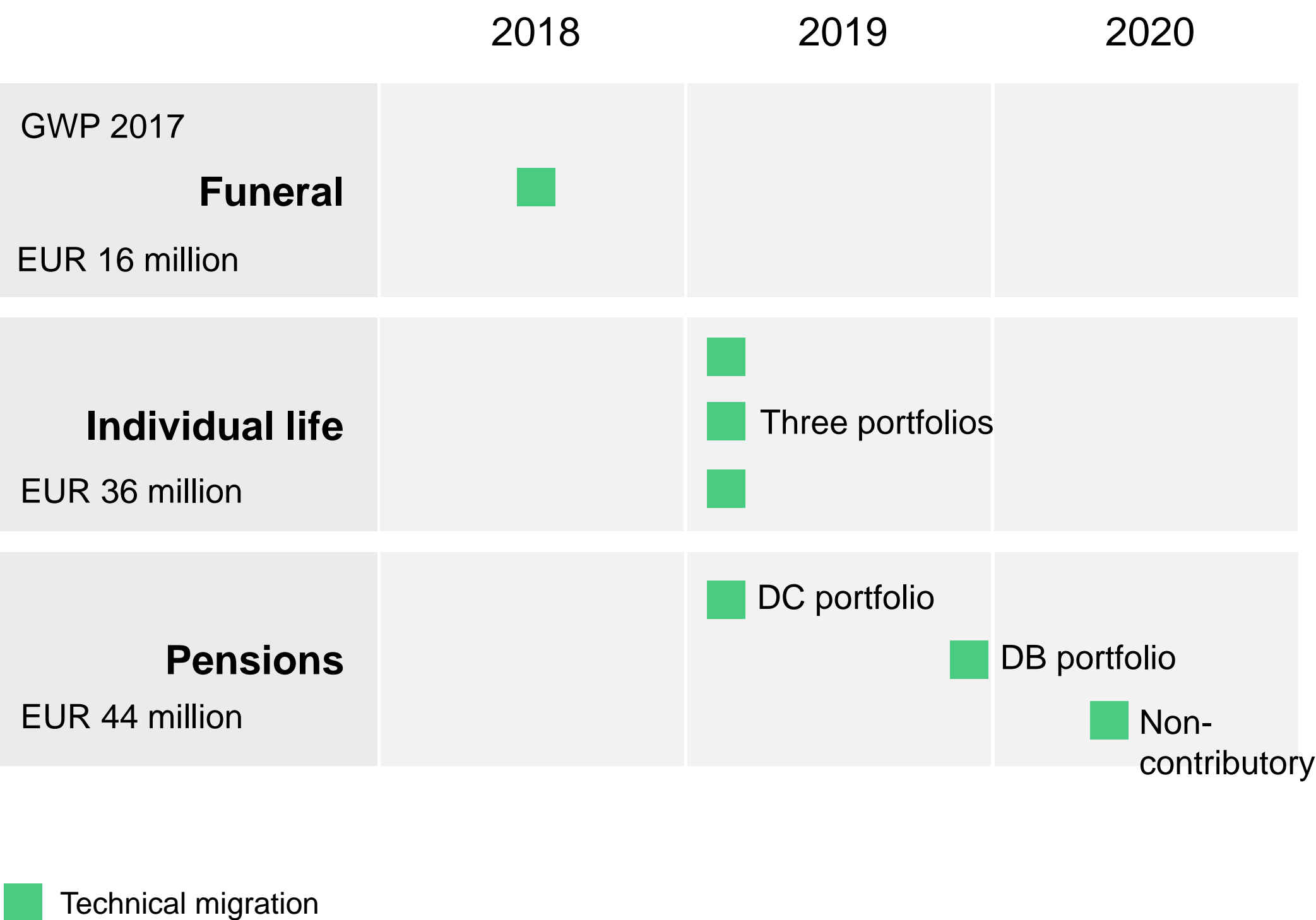
- New target IT platform (SaaS) has variable costs and ensures that IT costs decline in line with the decline of the Individual life book
- Experience curve and rationalisation decisions enable a.s.r. to migrate multiple books per annum
- Planning focusses on migrating the remaining books. NKV book migration planned to be finalised at the end of October 2018










# Generali Life integration proceeding ahead of plan

- a.s.r.'s system and platform is the target operating model for all portfolios
- Eight new rationalisation decisions had to be made, other decisions based on prior decisions
- Funeral integration finalised on 1 July, well ahead of expectations
- Migration of Generali NL Individual life prioritised over existing service books
- IT systems can be shut down once the migration of the portfolio is realised. Hence, financial impact of IT migration is expected to be back loaded

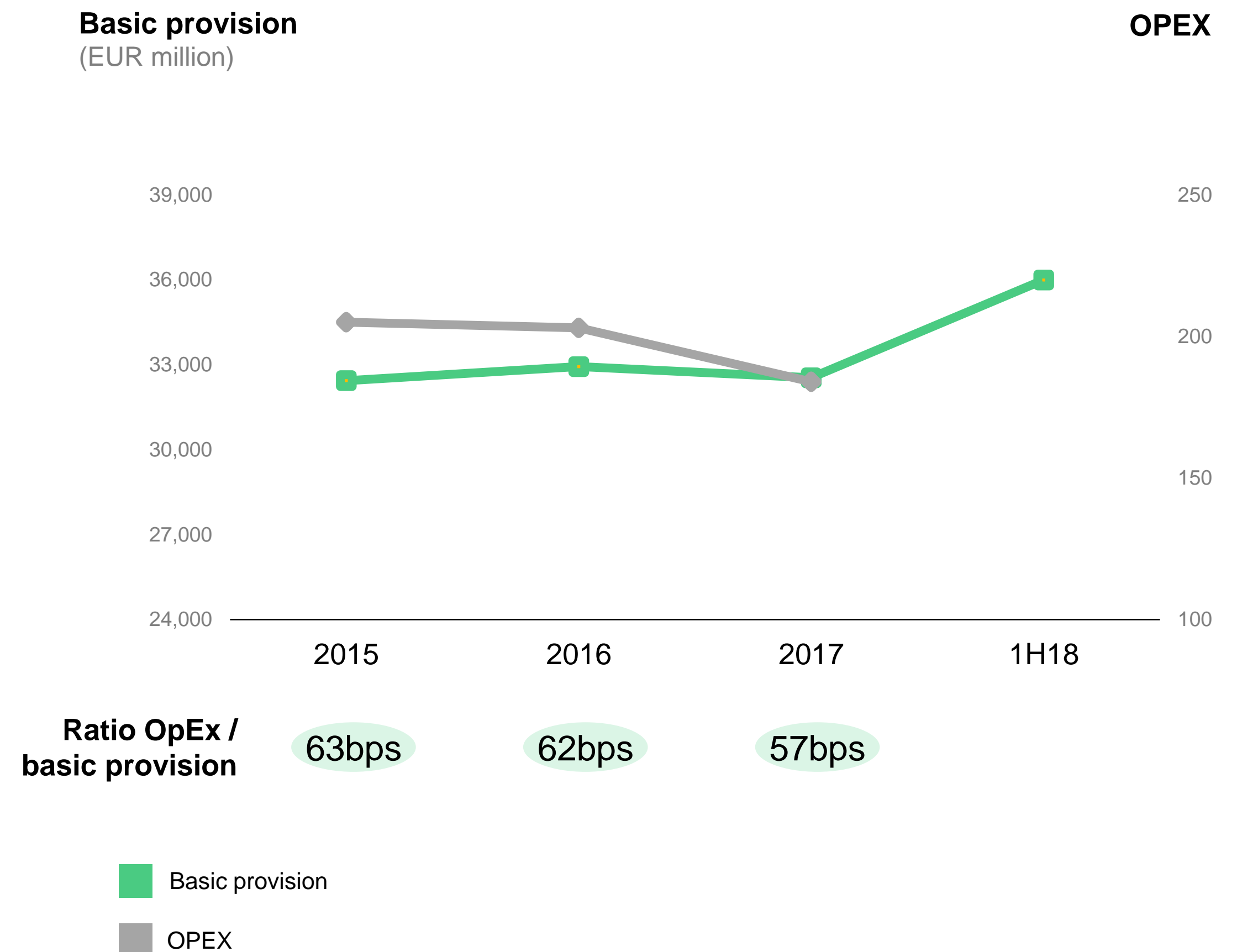


# Track record of value-creating acquisitions and realising synergies

	Business line	Book acquired	No. of Policies	Reserves	GWP
	Funeral	October 2018	15,000	EUR 20 million	EUR 2.2 million
	Individual life / Funeral / Pensions	February 2018	561,000	EUR 3.5 billion	EUR 96 million
	Funeral	March 2016	286,000	EUR 267 million	EUR 24.5 million
	Funeral	August 2015	2.2 million	EUR 1.5 billion	EUR 54.7 million
	Pensions	July 2015	22,500	EUR 1.7 billion	EUR 44 million

# Strong progress on cost reductions while basic provision increased

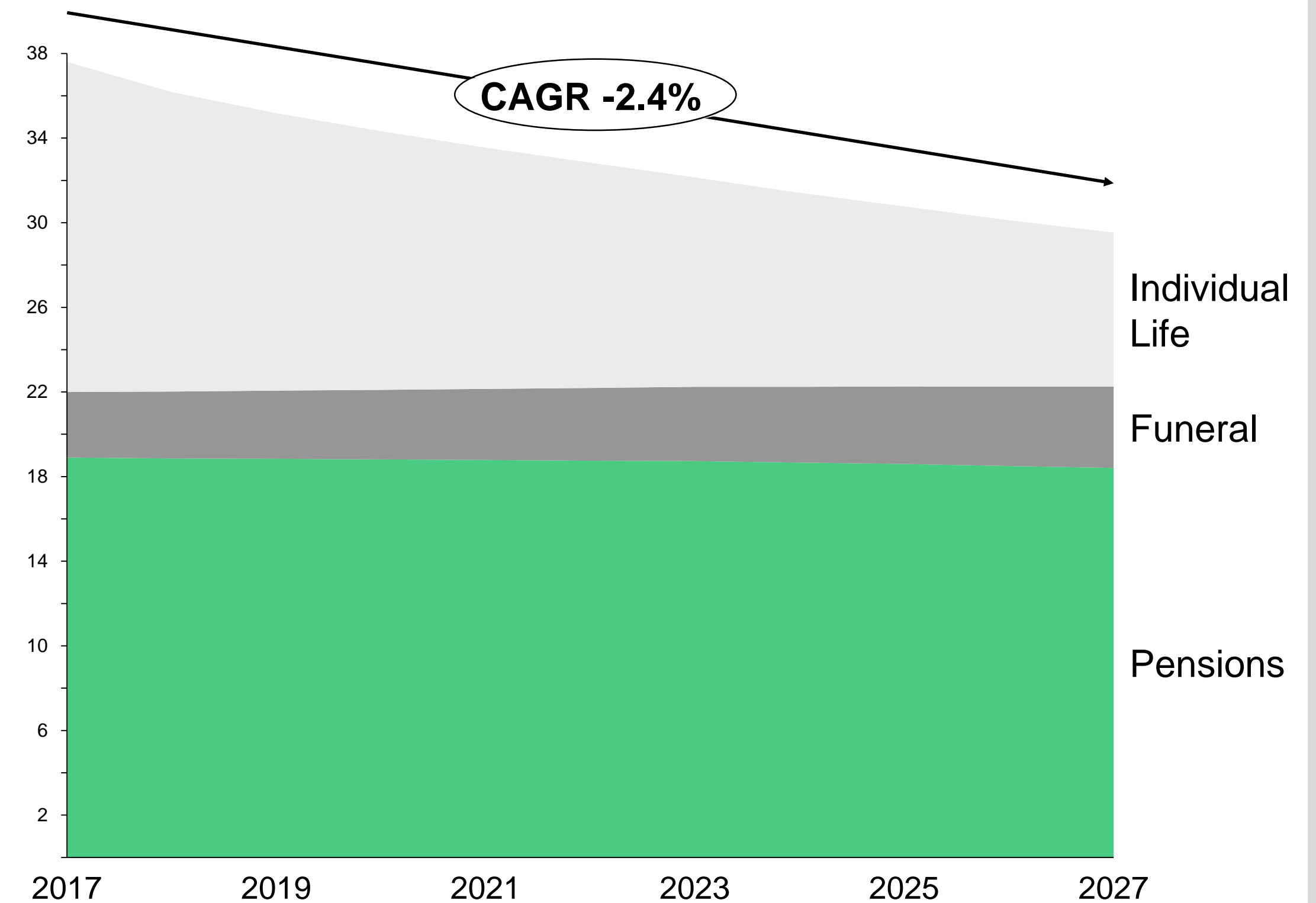
- Due to the acquisitions of De Eendragt, Axent (2015), Nivo (2016) and Generali NL (2018), the basic provision<sup>1</sup> increased
- Cost reductions realised through product rationalisation, migration of systems and FTEs
- Operating expenses for 2018 are expected to increase due to the inclusion of Generali NL (EUR 22 million). Over time, cost synergies are expected to be reflected in operating expenses
- Operating expense target of 45 – 55 bps of basic provision



<sup>1</sup> Basic provision is technical provision minus shadow accounting reserve and realised gains reserve

# Relatively stable best estimate development at Life segment

- Best Estimate Liabilities (BEL) at the Life segment expected to decline by 2.4% per annum<sup>1</sup>
- The Individual life book is expected to decline by circa 50% in the next 10 years
- The Pensions book is expected to be stable in the next 10 years while the Funeral book is expected to show a moderate increase
  - Duration of books
  - Individual life: ~9 years
  - Pensions: ~18 years
  - Funeral: ~36 years



<sup>1</sup> Assumptions: no new production, fixed VA, fixed UFR, use of forward curve

# M&A strategy: opportunities for bolt-on acquisitions

- Despite a high level of concentration in the Dutch Life insurance market, opportunities for bolt-on acquisitions exist in mid-sized market segment
- Within Life circa EUR 20 billion<sup>3</sup> of technical provisions is on the books of mid-market players
  - Of which circa EUR 5 billion at monoline Funeral insurers

## Life (2017)<sup>1,2</sup>

EUR 13 billion  
GWP

Traditional top 5: 86% of the market

13  
insurers

Mid-market: cumulative  
EUR 20 billion provisions

A few small insurers  
Cumulative EUR 0.1 billion

<sup>1</sup> Based on DNB data, which exclude foreign regulated entities operating in the Netherlands

<sup>2</sup> Top 5 consists of a.s.r., Achmea, NN, Aegon and Vivat

<sup>3</sup> Solvency II value of the technical provisions including risk margin and after reinsurance. Source: SFCR reports

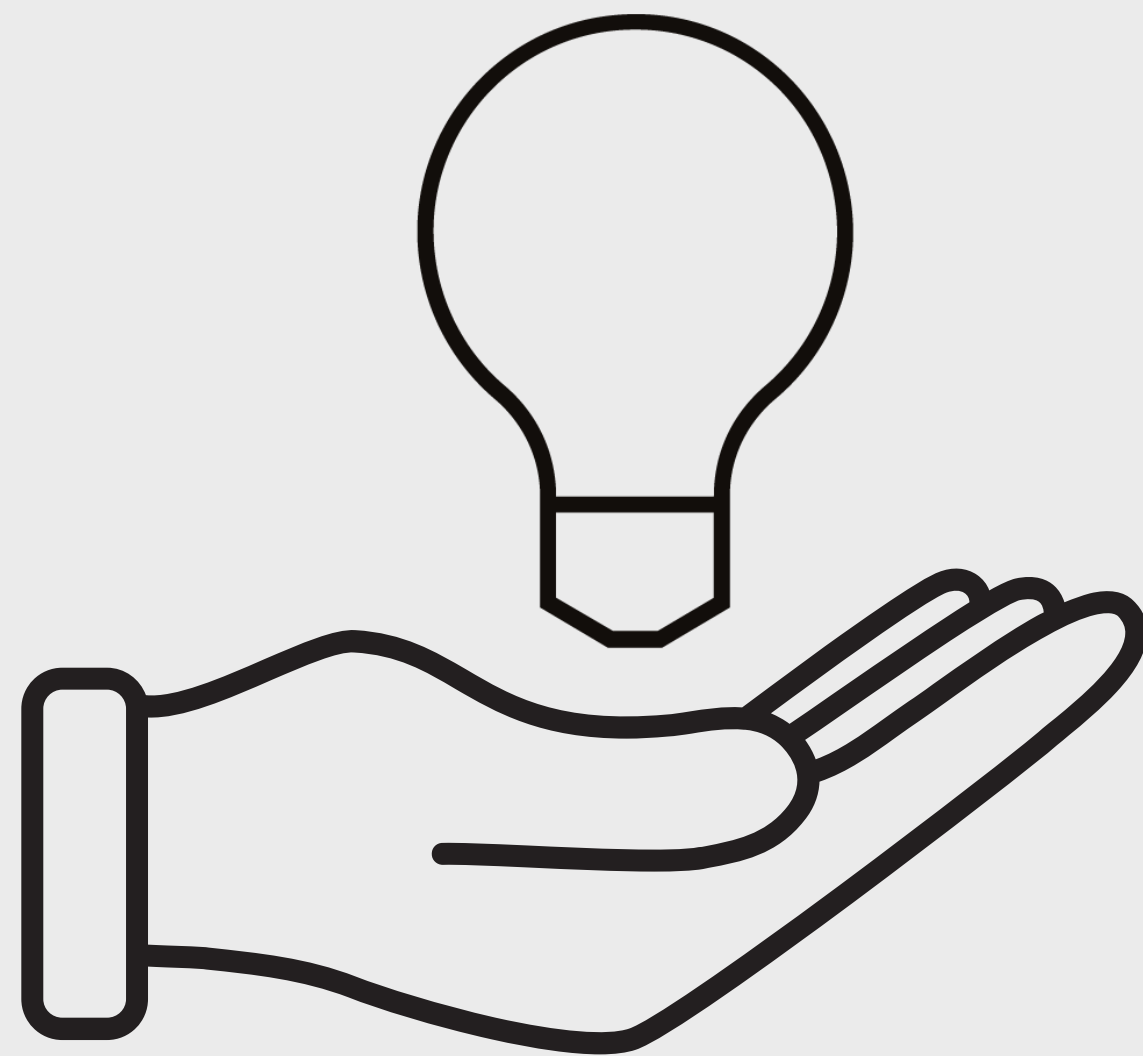


# Conclusion

- ▶ Low cost operation with focus on customer service
- ▶ Robust and predictable service books provide a base for realising investment margin
- ▶ Track record in consolidations and unlocking synergies
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# Innovation based on customer-centric approach

**Philippe Wits**

Chief Innovation Officer

# Key messages

- ▶ Customer-centric approach is core to our digital and innovation strategy
- ▶ Investments are made in a sensible manner and funding is based on stage gate process
- ▶ Partnering with specialised venture capitalists
- ▶ Technology has to be agile, plug and play for future developments

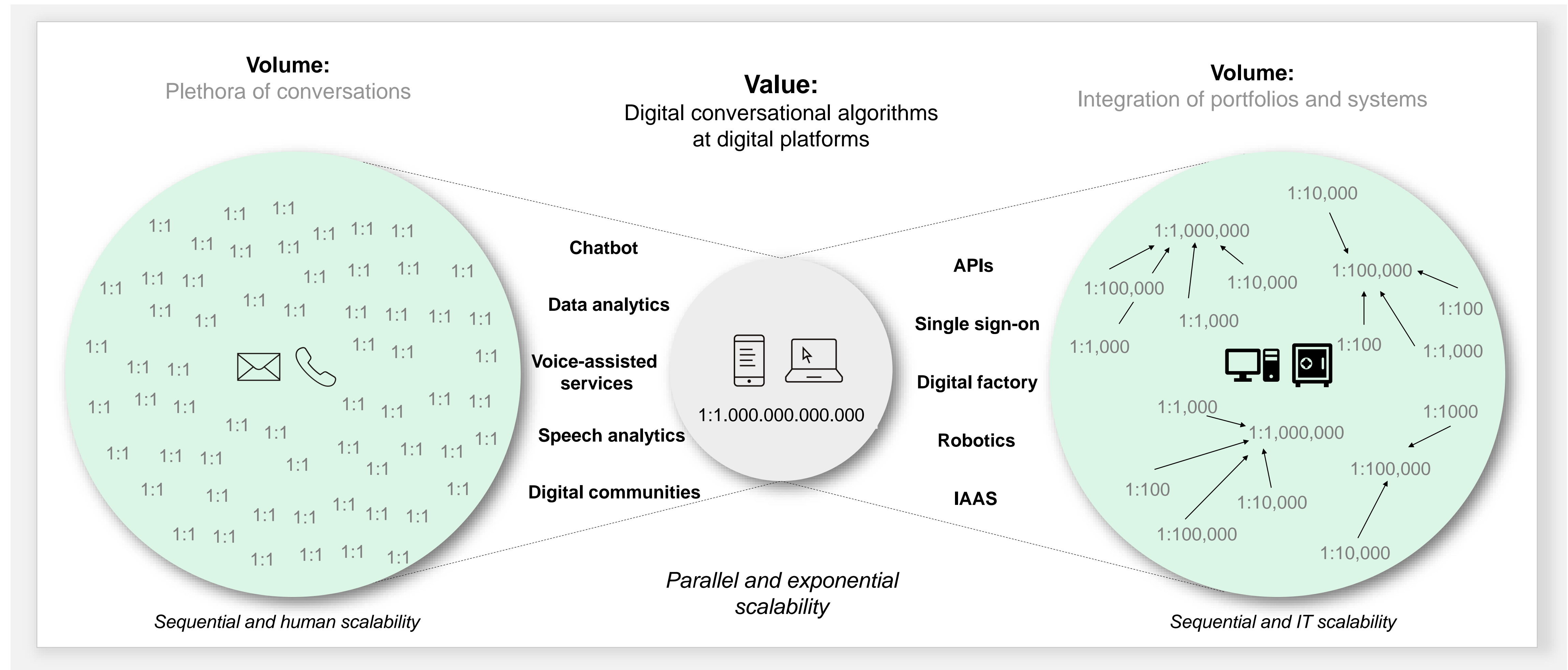
# Taking a customer-centric approach is the central premise



We look at trends  
that will change  
the lives of  
consumers...



# We serve our customers personally, timely and fluently





# Chatbot combines both customer satisfaction and cost efficiency

**25%**  
Increase in site visits  
**2.5 million**  
per year

**73%**  
of visitors find their answers  
(was 50%)

**40**  
NPS increase



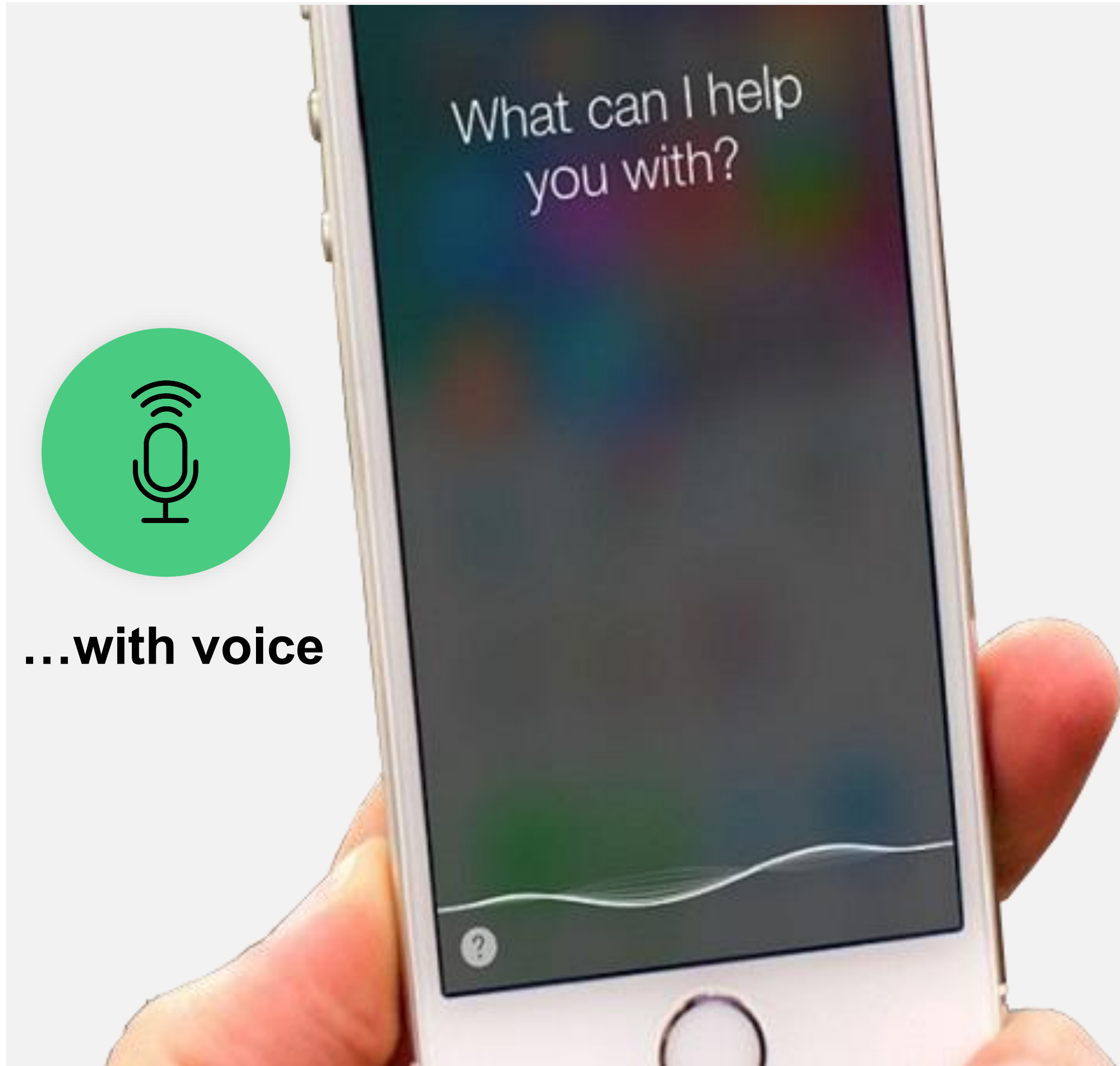
Recognised by internet experts  
through prestigious prizes



**THE  
LOVIE  
AWARDS**

**THE  
WEBBY  
AWARDS**

# We are taking our chatbot one step further ...



What can I help you with?

...with voice

- ▶ We learn about customer behaviours on a daily basis
- ▶ Our chatbot is the foundation for improved and customised services
- ▶ With our dialogues, we are well on the way for the era of voice



# RPA taking over repetitive tasks while saving costs and freeing up time



**P&C example:**  
93% reduction in  
handling time

Building flexible architecture enables  
switch to new robots

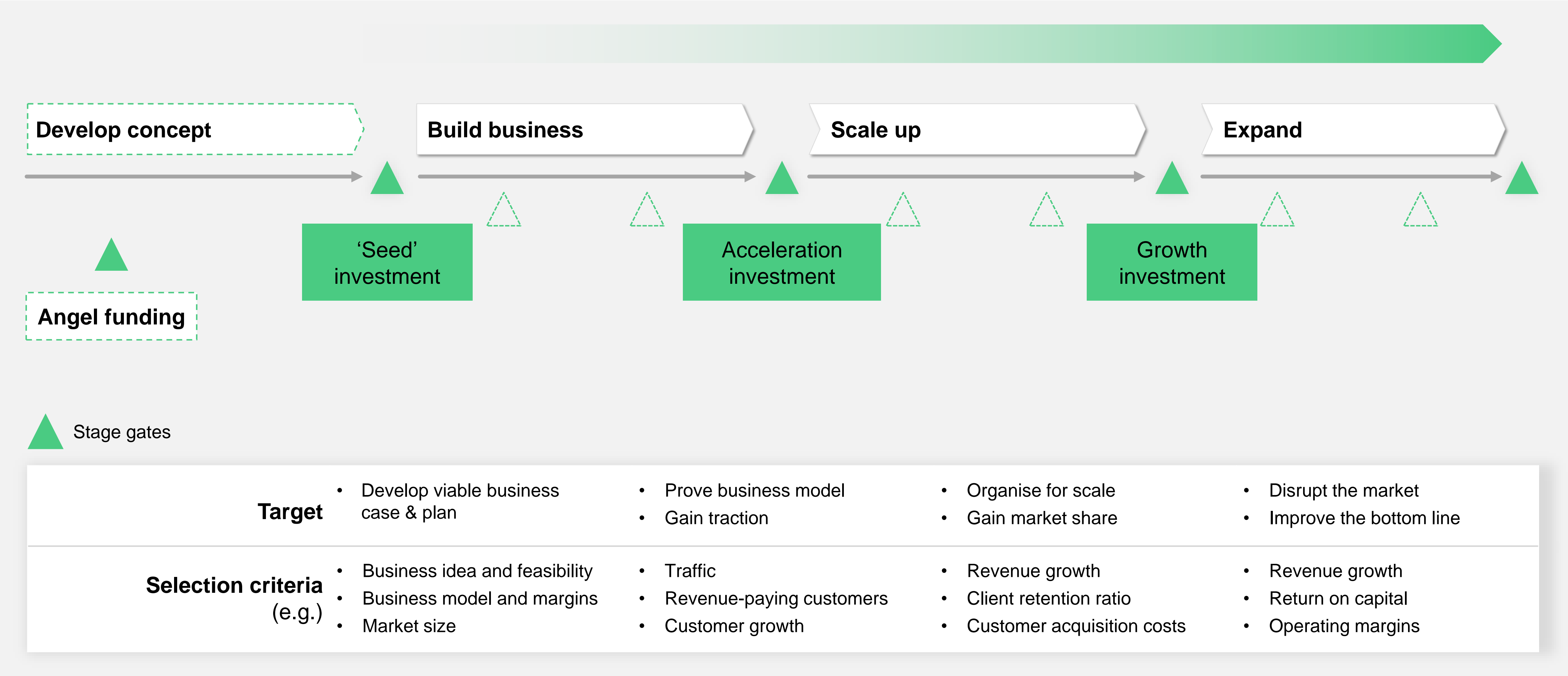




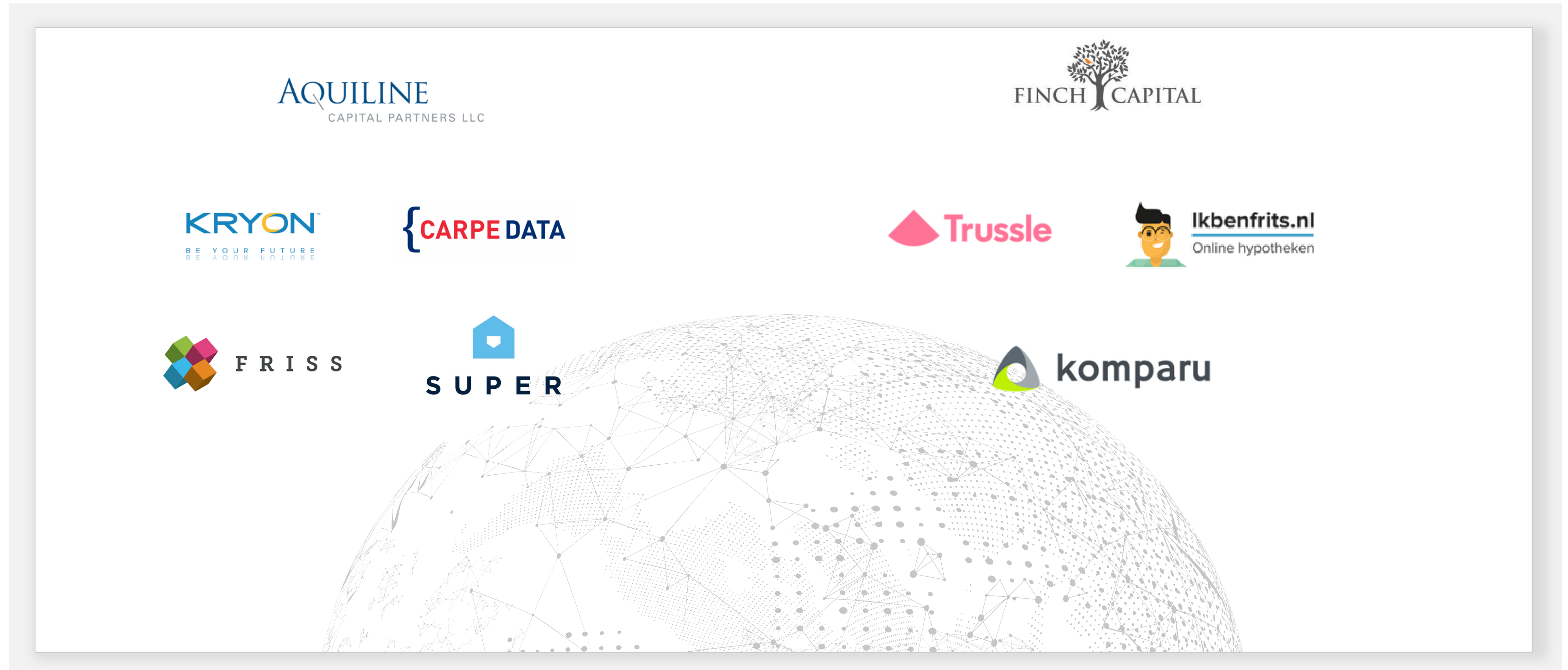
# We focus on two themes where we can add value

	 <b>Living longer</b>	 <b>Prevention</b>
<b>Higher goal</b>	a.s.r. enables people to prepare themselves for having a better life	a.s.r. identifies risks, removing underlying drivers instead of insuring them
<b>Earnings model</b>	<ul style="list-style-type: none"><li>• Existing products</li><li>• New products, e.g. in the field of DNA</li><li>• Paid consultations</li></ul>	<ul style="list-style-type: none"><li>• Lower claims ratios</li><li>• Partnerships with suppliers of prevention tools and wearables</li></ul>
<b>Competences</b>	<ul style="list-style-type: none"><li>• Financial investments</li><li>• Risk estimations</li><li>• Expansion of health-related competences</li></ul>	<ul style="list-style-type: none"><li>• Risk estimations and control</li><li>• Expansion of data and dynamic risk pricing</li></ul>
<b>Connection to mission</b>	<b>a.s.r. helps customers with</b> financial, psychological and/or physical <b>vitality</b>	<b>a.s.r. helps customers to reduce risks,</b> whereas before only financial implications were insured

# Funding: accelerating our value machine by spending wisely

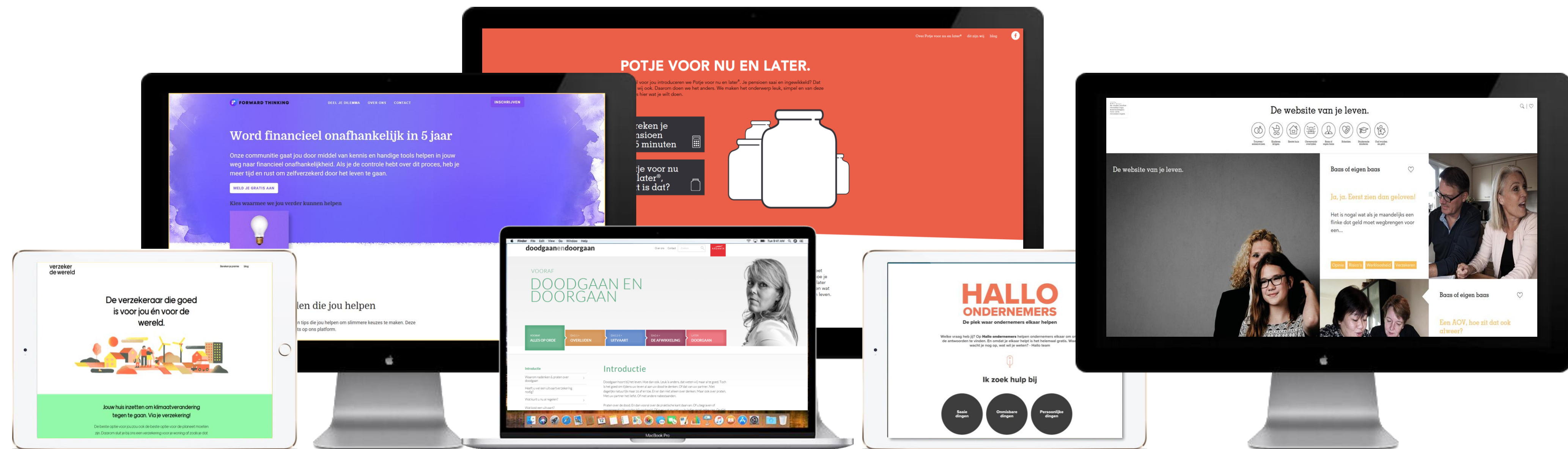


# Leveraging and co-creating with VC funds to find the best opportunities





# Prototyping and building start-ups to drive the future value of a.s.r.

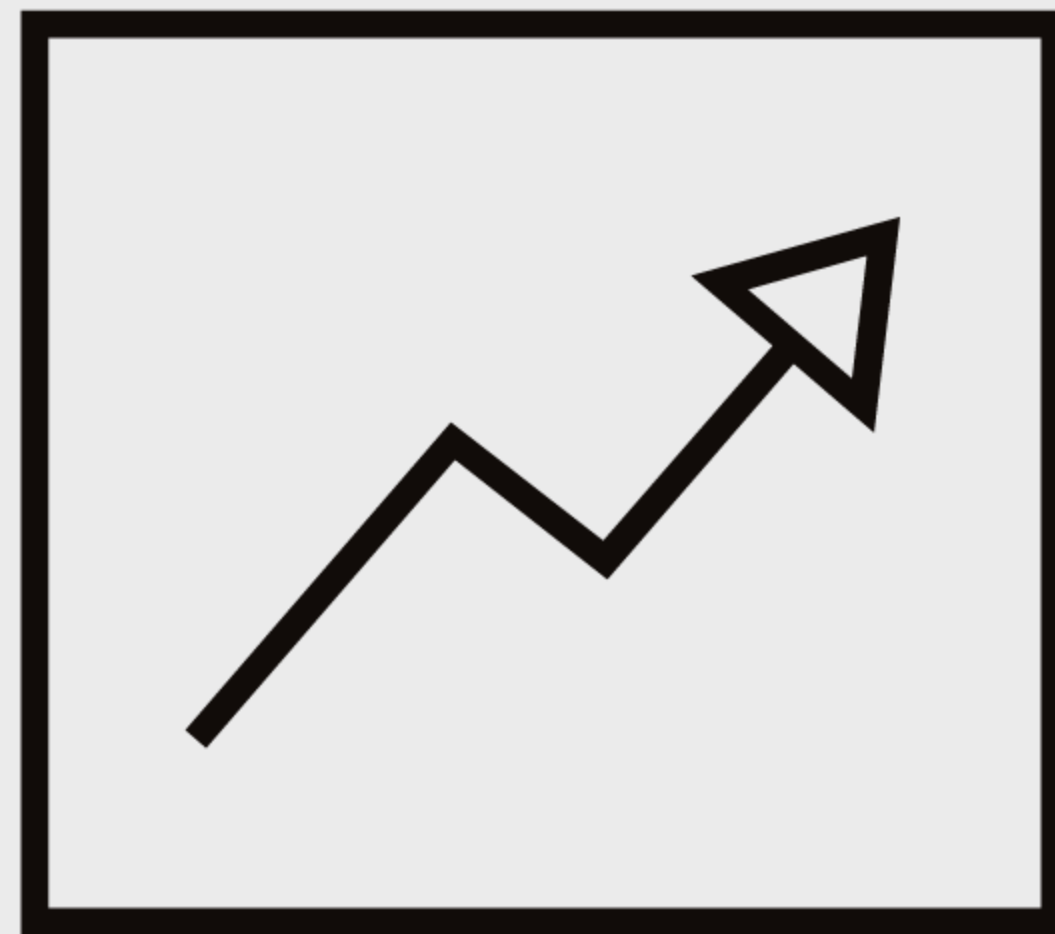


# Conclusion

- ▶ Customer-centric approach is core to our digital and innovation strategy
- ▶ Investments are made in a sensible manner and funding is based on stage gate process
- ▶ Partnering with specialised venture capitalists
- ▶ Technology has to be agile, plug and play for future developments



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# Leverage capabilities for growth of third party investment services

**Jack Julicher**

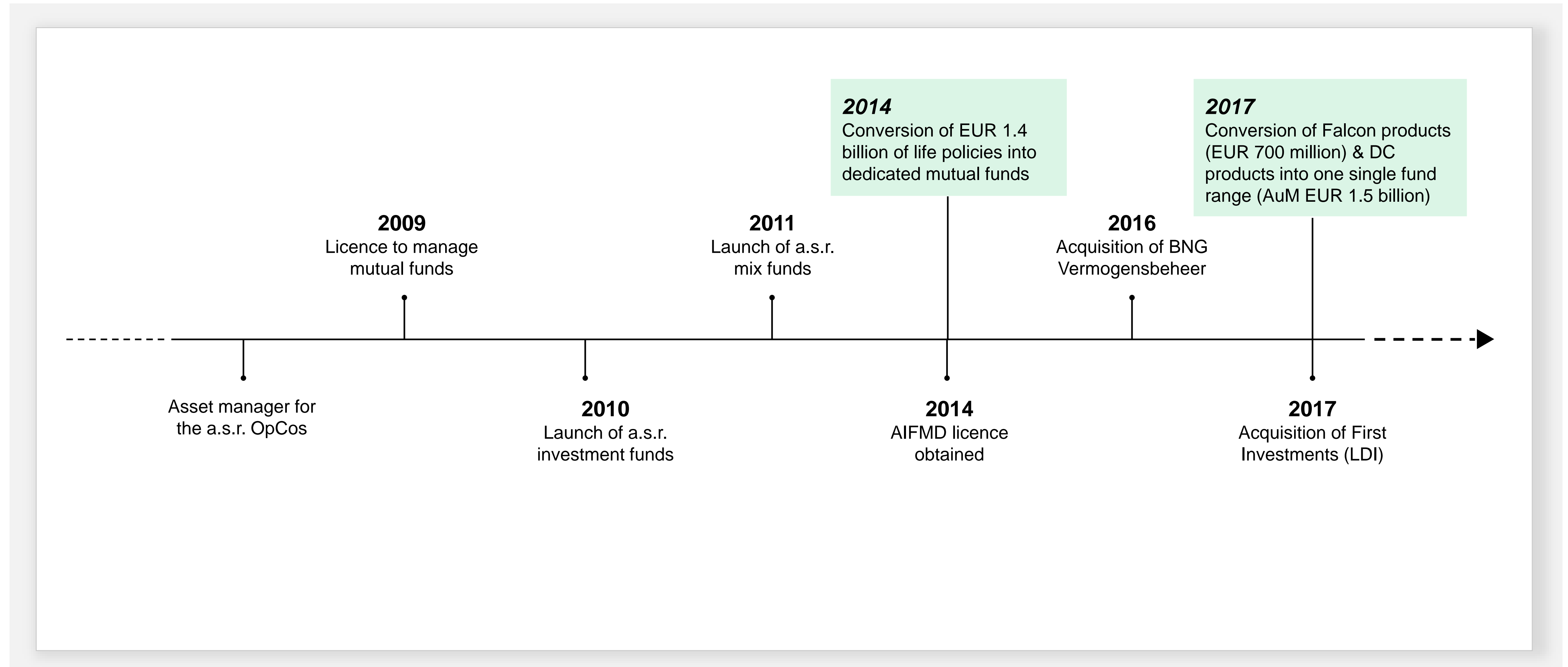
CEO a.s.r. asset management

# Key messages

- ▶ Strong asset manager, using key competences and track record
- ▶ Two unique platforms; growing asset base supporting third-party investments
- ▶ Dutch player focusing on pensions funds, insurers, government-related institutions, charities and family offices
- ▶ Diversified growth with distinctive SRI proposition and a strong position in LDI and mortgages
- ▶ Capturing assets in changing pension landscape

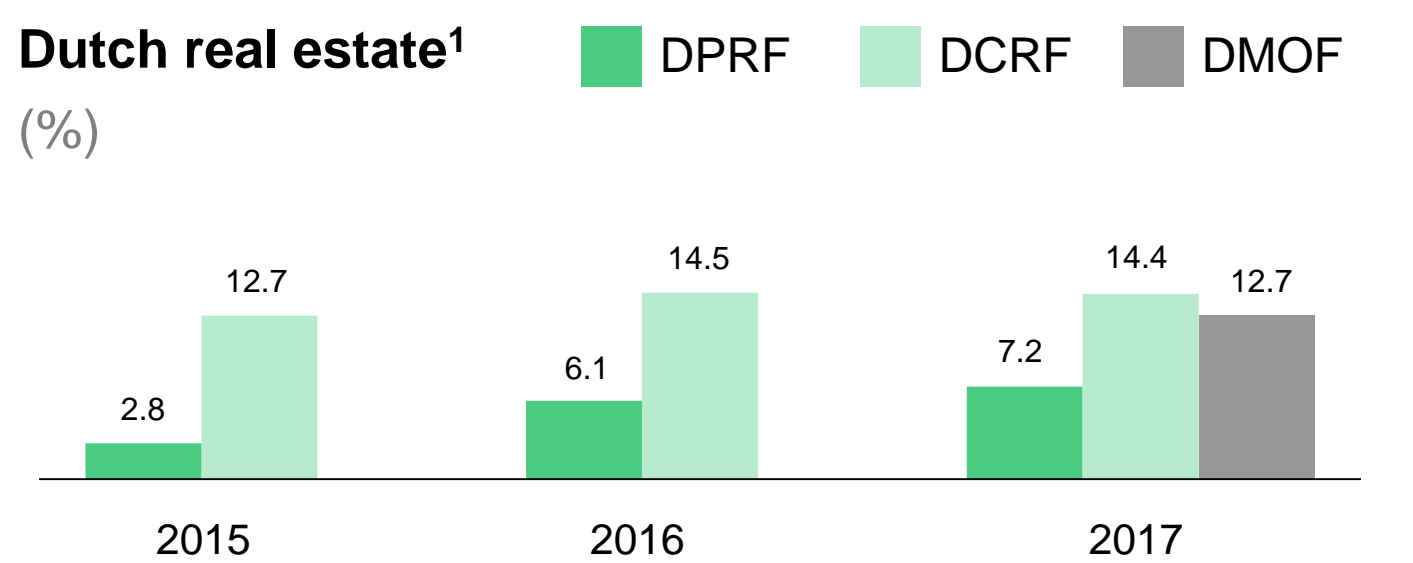
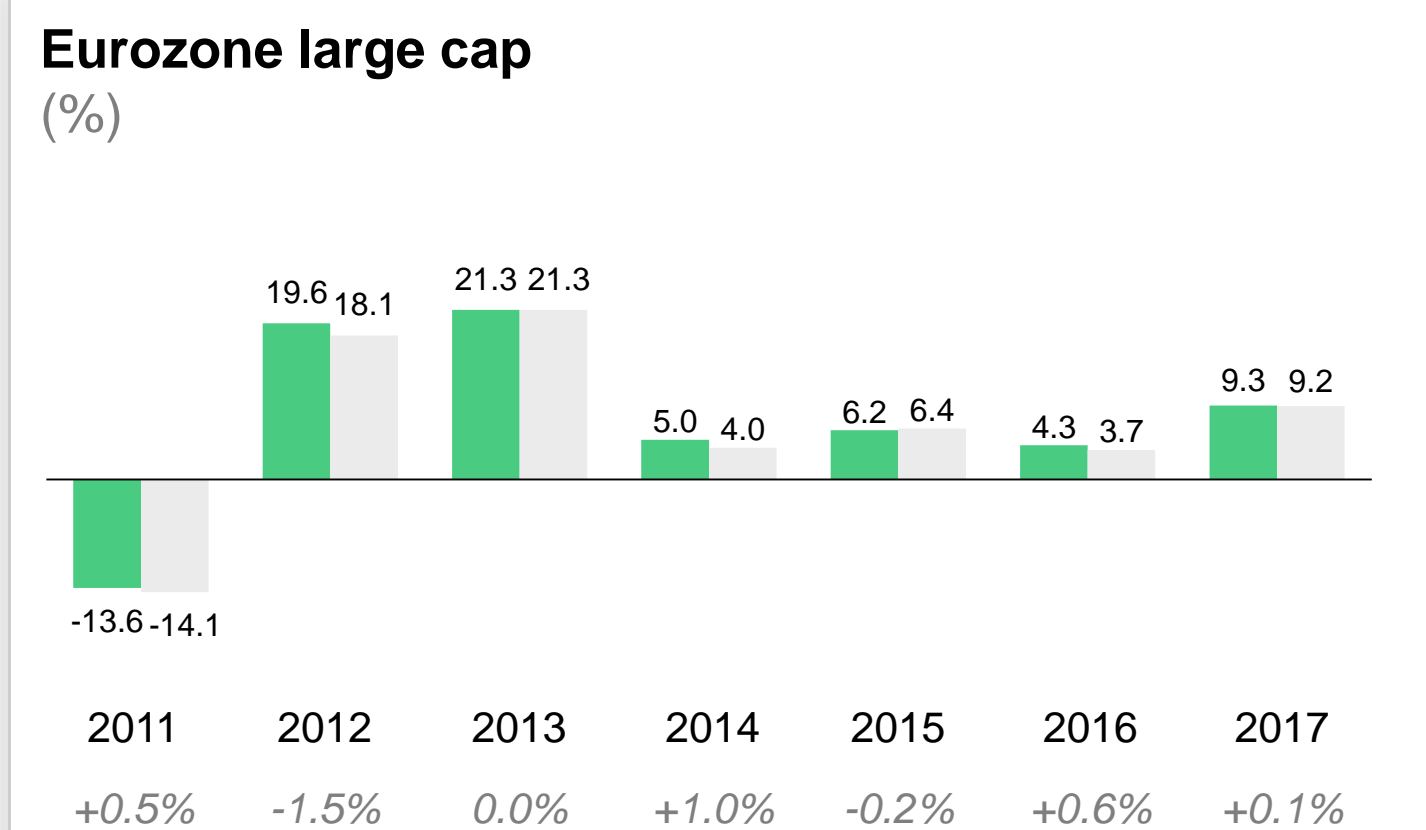
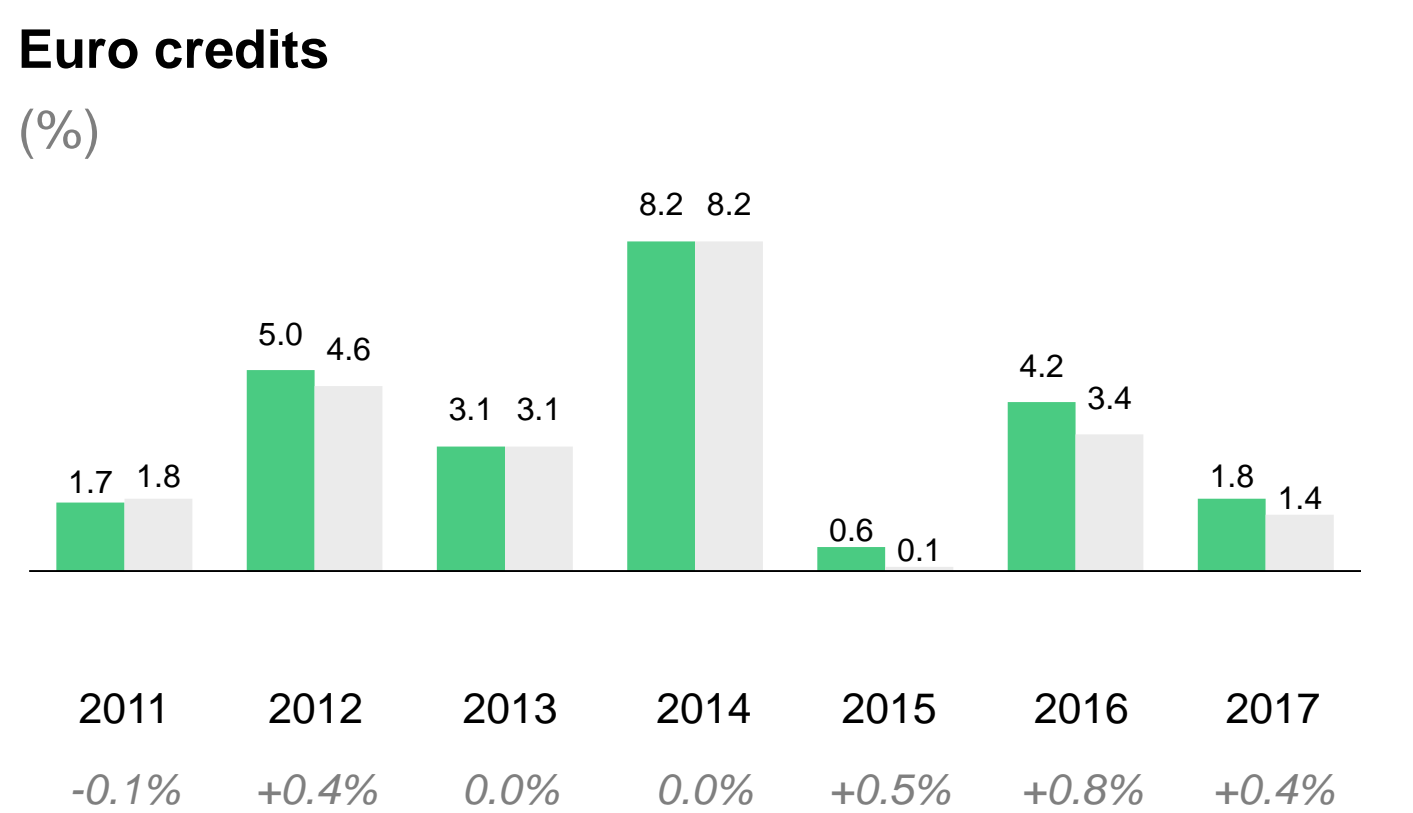
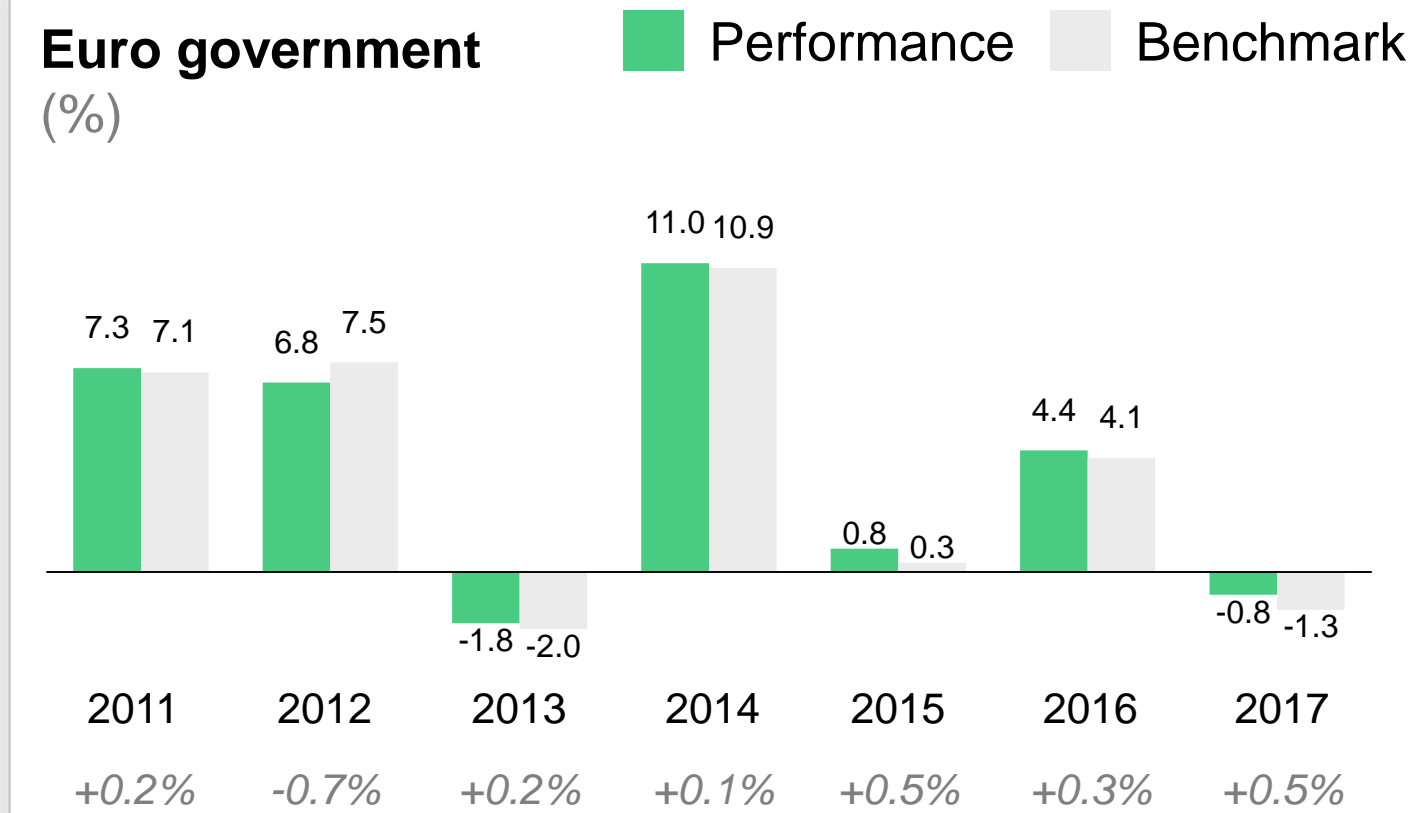


# Skill set has been developed through buy-and-build strategy



# Strong track record and consistent outperformance of benchmarks

## Performance vs benchmarks



**Excess returns on LTIM**

	LTM (bps)	Return on Capital
Equity	330	10%
Real estate	300	15%
Mortgages	110	41%
Corporate credits	70	11%
Sovereign non-core	50	n.a.
Sovereign core	-20	n.a.

<sup>1</sup> No representative benchmark available

# Growing asset base, supporting third party investment services

**Asset base has grown, both internally and for third-parties**

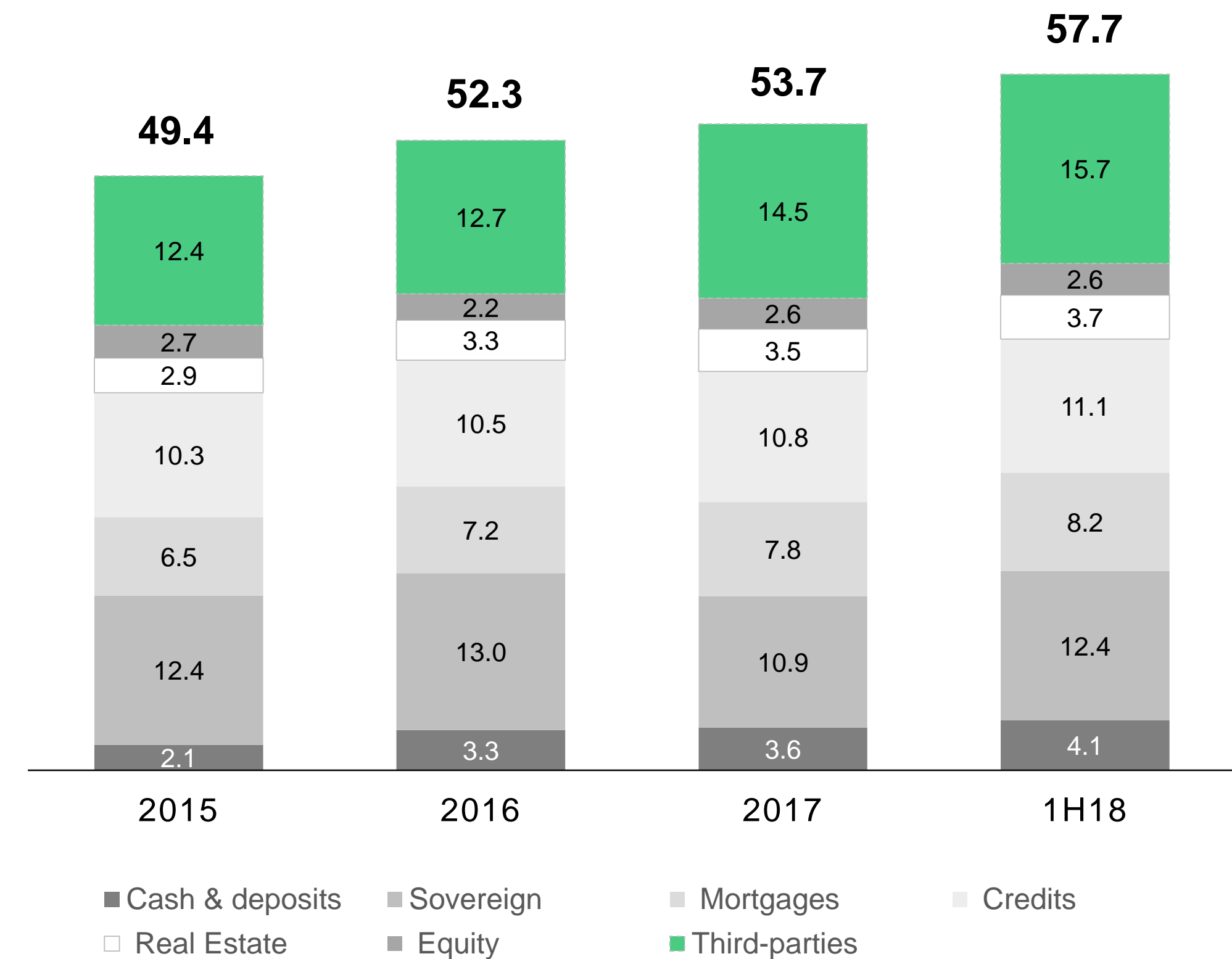
**Internal growth due to acquisitions and market developments**

- Yield improvement by shift towards fewer liquid assets and diversification
  - Harvesting illiquidity premiums
- Return on capital for market risk in line with overall RoE target
- Current market view leads to moderate re-risking

**Third-party growth due to initiation of funds**

**Building third-party asset manager,  
leveraging on key competences and scale**

**Total AuM**  
(EUR billion)



# Two unique platforms, building on competences and track record

Track record of managing assets for a.s.r.

Unique set of competences

## **a.s.r. Asset Management**

AuM EUR 52.5 billion

(EUR 38.3 billion internal, EUR 14.2 billion 3<sup>rd</sup> party)

- LDI & Rates
- Integrated balance sheet management
- ESG Index-plus fund range
- Dutch mortgages

## **a.s.r. Real Estate**

AuM EUR 5.2 billion

(EUR 3.7 billion internal, EUR 1.5 billion 3<sup>rd</sup> party)

- Retail
- Residential housing
- Offices
- Rural
- Investment partners

Attracting third-party AuM

# Growing operating result thanks to growth of third party investments

## Market and business developments

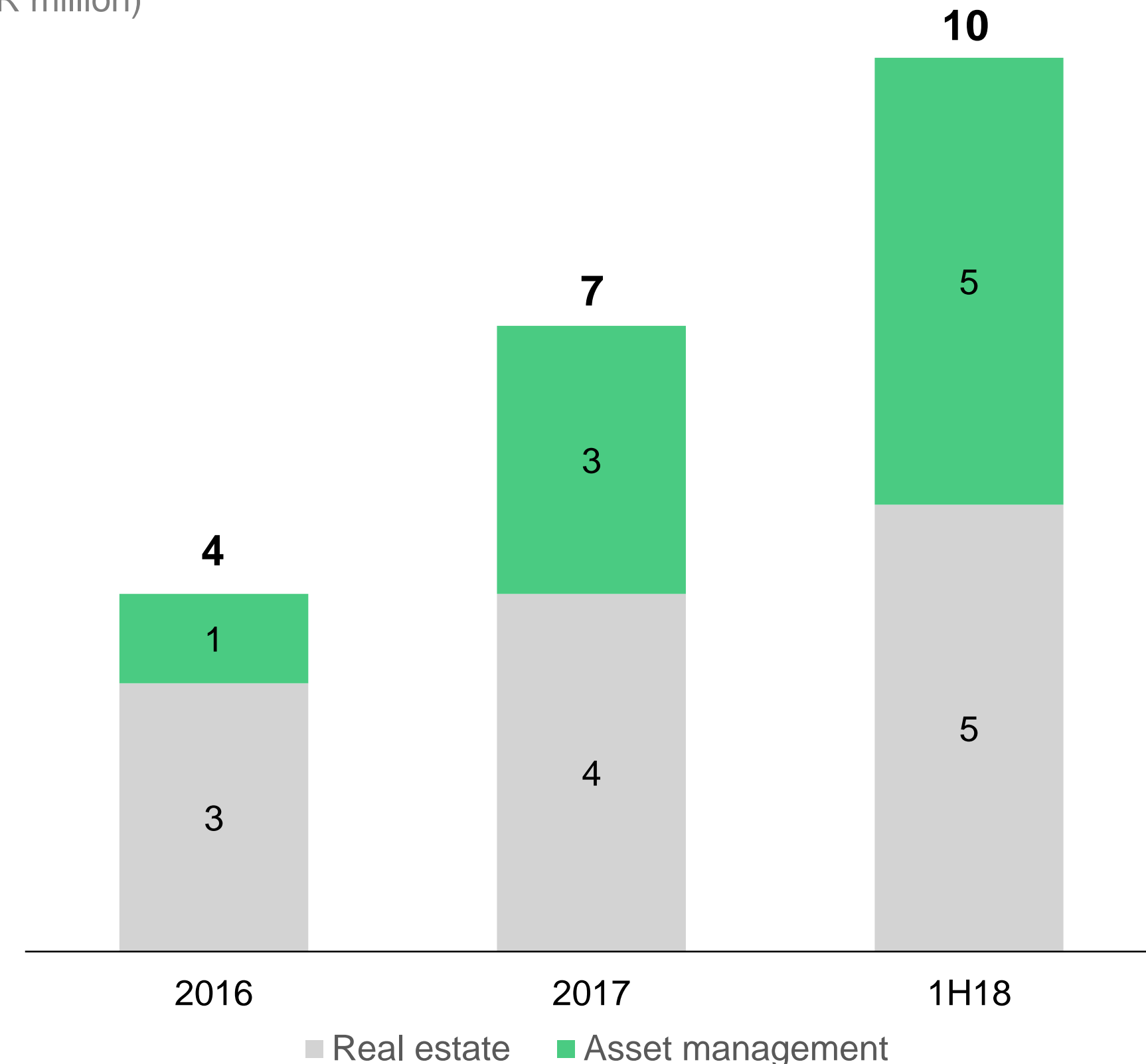
- Increase of profitability by:
  - Realising synergies by integrating internal portfolios into acquired businesses
  - Introduction of new products
  - Insourcing of activities for e.g. policy holders
- Margins on third-party AuM improved to 3.5bp due to economies of scale
- Net inflow of EUR 1.3 billion AuM in 1H18
- Operating result shows steady increase

## Outlook

- Target operating result > EUR 20 million
- 5% growth thereafter

### Operating result

(EUR million)



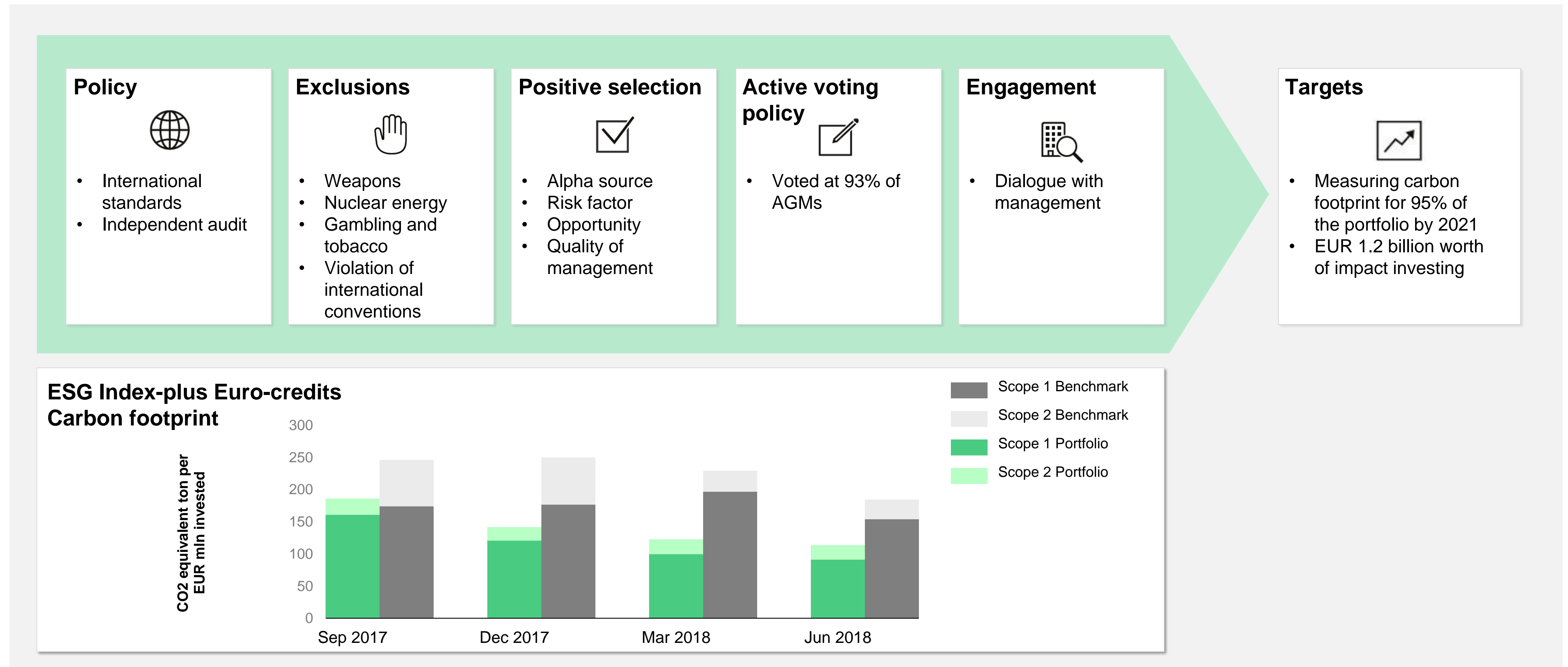


# Local player focusing on pensions funds, insurers, government-related institutions, charities and family offices

	Mortgage funds	ESG funds	Balanced mandates/funds	LDI/Overlay	Real estate funds
Pension funds	✓	✓	✓	✓	✓
Insurance companies	✓	✓	✓	✓	✓
Government related			✓	✓	
Charities/family offices	✓		✓	✓	
Policyholders			✓	✓	
AuM	EUR 1.2 billion	EUR 3.7 billion	EUR 8.2 billion	EUR 1.0 billion	EUR 1.5 billion

Offering expertise to various customer groups via state-of-the-art platforms

# Distinctive SRI proposition interesting for third parties



# LDI matching proposition built on experience as investment manager for a.s.r.

## Unique set of competences

- Determine interest rate hedging strategy
- Investment universe
- Integrated portfolio optimisation
- Transaction execution, including collateral & liquidity management
- Pre- and post-trade compliance monitoring
- Reporting

## Tailor-made LDI mandate and investment guidelines

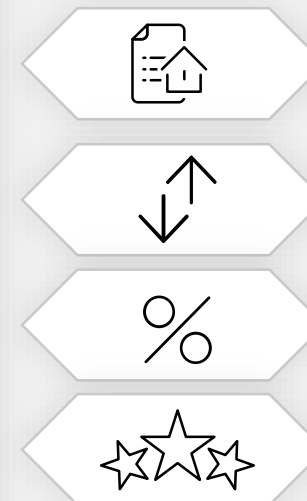
	Insurance	APF	Small and medium-sized pension funds
Regulatory regime	Solvency II	nFTK	nFTK
Investment universe	All available instruments	Cash bonds/swaps	Cash bonds / swaps
Management style	Low turnover	Liability management	Buy & maintain
Derivatives	Yes, flexible	Yes, stable	Yes, stable
Format	Balance sheet	Mandates & funds	Mandates & funds

# Mortgage sourcing and management expertise attractive for third parties

- Leveraging 50+ years of a.s.r. experience in Dutch mortgage loans
- Launched in Q2 2017; EUR 1.2 billion invested within 12 months
  - Guaranteed mortgages subfund and a higher return profile subfund
  - Long term investment profile of 10 years and longer
- Diversified client base with > 30 pension funds and insurance companies
- Attractive returns and diversification effects and beneficial to ALM

## ASR Mortgage Fund subfund NHG

- 100% of mortgages backed by guarantees (NHG<sup>1</sup>)
- **Low risk** profile
- Interest-only mortgage receivables < **25%**
- Credit score **AAA**



## ASR Mortgage Fund subfund non-NHG

- Mortgage receivables without NHG
- **Higher return** profile
- Interest-only mortgage loans < **50%**
- Credit score **AA**

<sup>1</sup> Nationale Hypotheek Garantie (National Mortgage Guarantee Scheme)

# Growth of 'capital light' DC pension business

## Market developments in DC

- Over 60% of DB contracts renewed to DC in 2017
- New legislation as from 2016
- Introducing new product in 2018
- Further shift towards DC expected to go forward

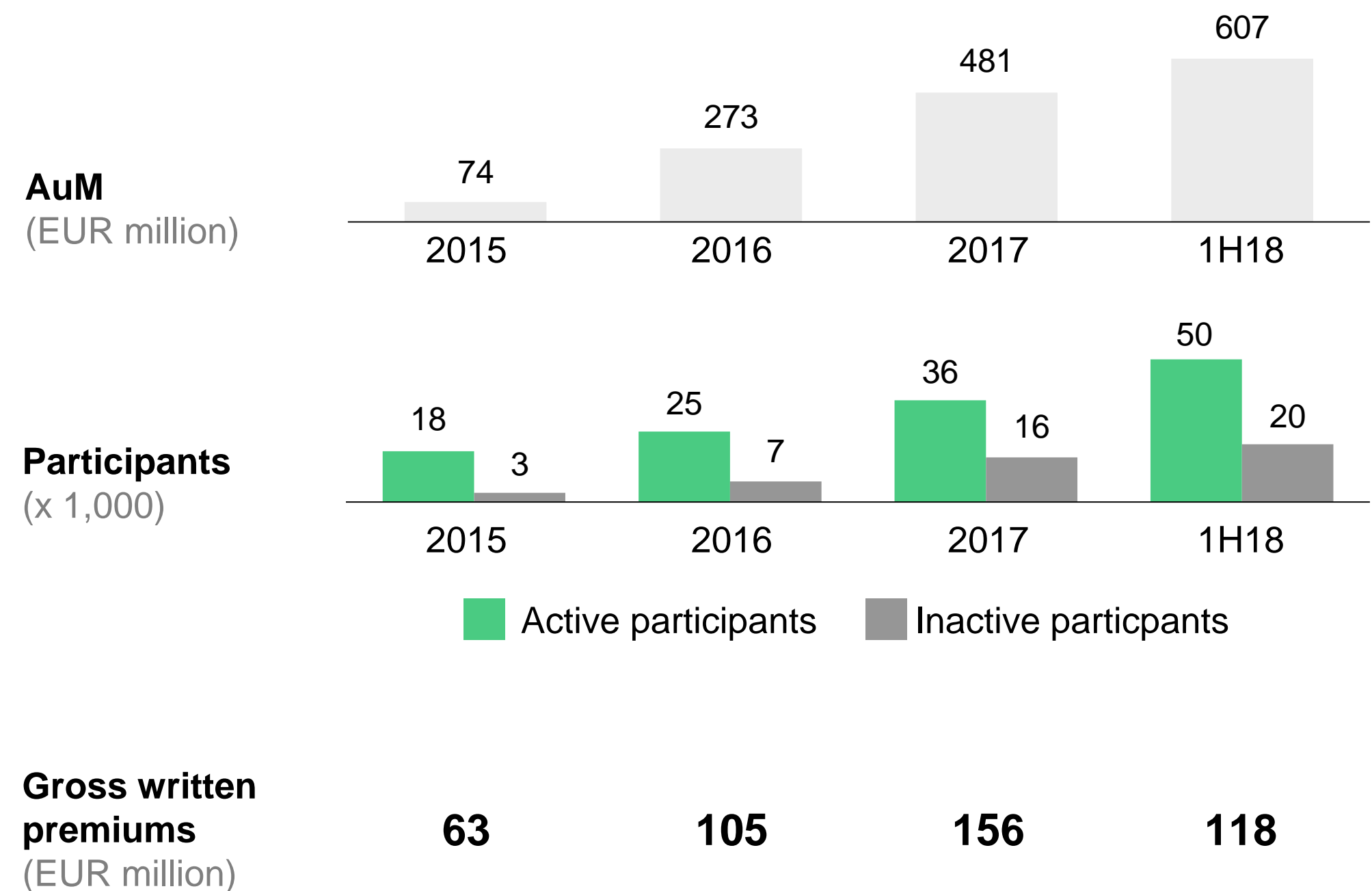
## Capturing AuM in capital light pension market

- a.s.r.'s new pension business is shifting from DB to DC (new premiums: from 30% DC in 2014 to >90% DC in 2017)
- a.s.r. shows faster shift towards DC than market (new premiums: from 65% DC in 2014 to 80% DC in 2017)

## Progress in 2017/2018

- Historical strong focus on SME clients, improved proposition for corporates
- Optimised lifecycles including ESG integration
- Flexibility for various risk profiles
- New customer-orientated portal
- New product for post-retirement annuities

## Developments in new DC



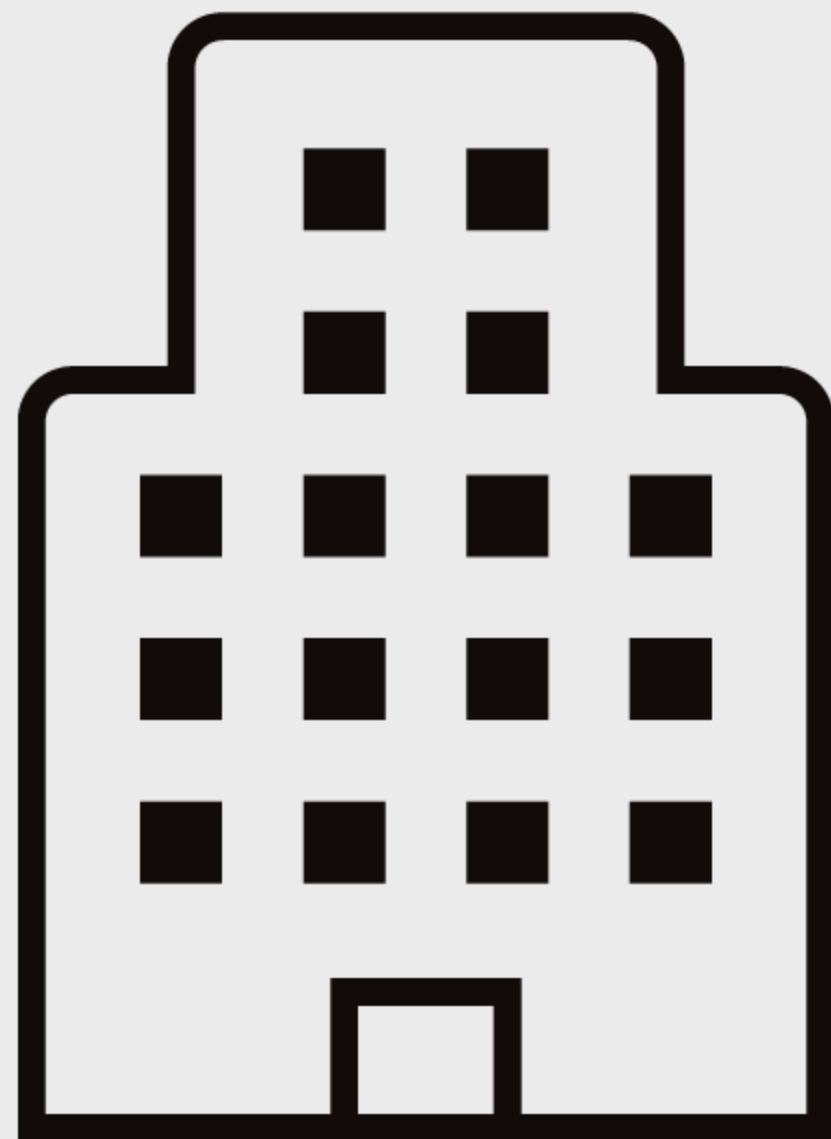


# Conclusion

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- ▶ Diversified growth with distinctive SRI proposition and a strong position in LDI and mortgages
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# a.s.r. real estate

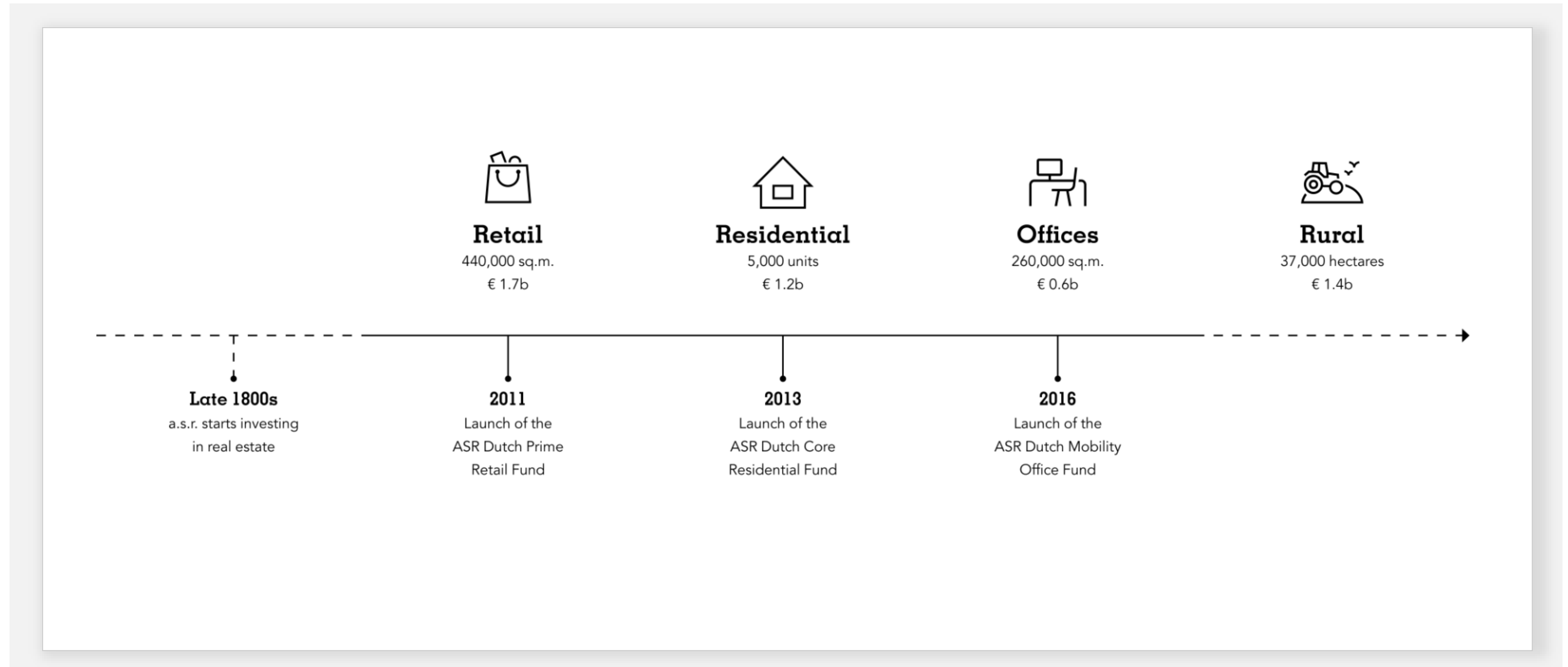
**Dick Gort**

CEO a.s.r. real estate

# Key messages

- ▶ 125 years of experience in investing in real estate, resulting in high-quality EUR 5.2 billion portfolio
- ▶ Unique, low risk, rural portfolio of EUR 1.4 billion with long lasting, inflation indexed leasehold contracts
- ▶ Strong track record of attractive and stable investment income
- ▶ Unique skills acknowledged by large international investor base investing in our funds
- ▶ Reliable and increasing stream of fee income from growing third-party investor base

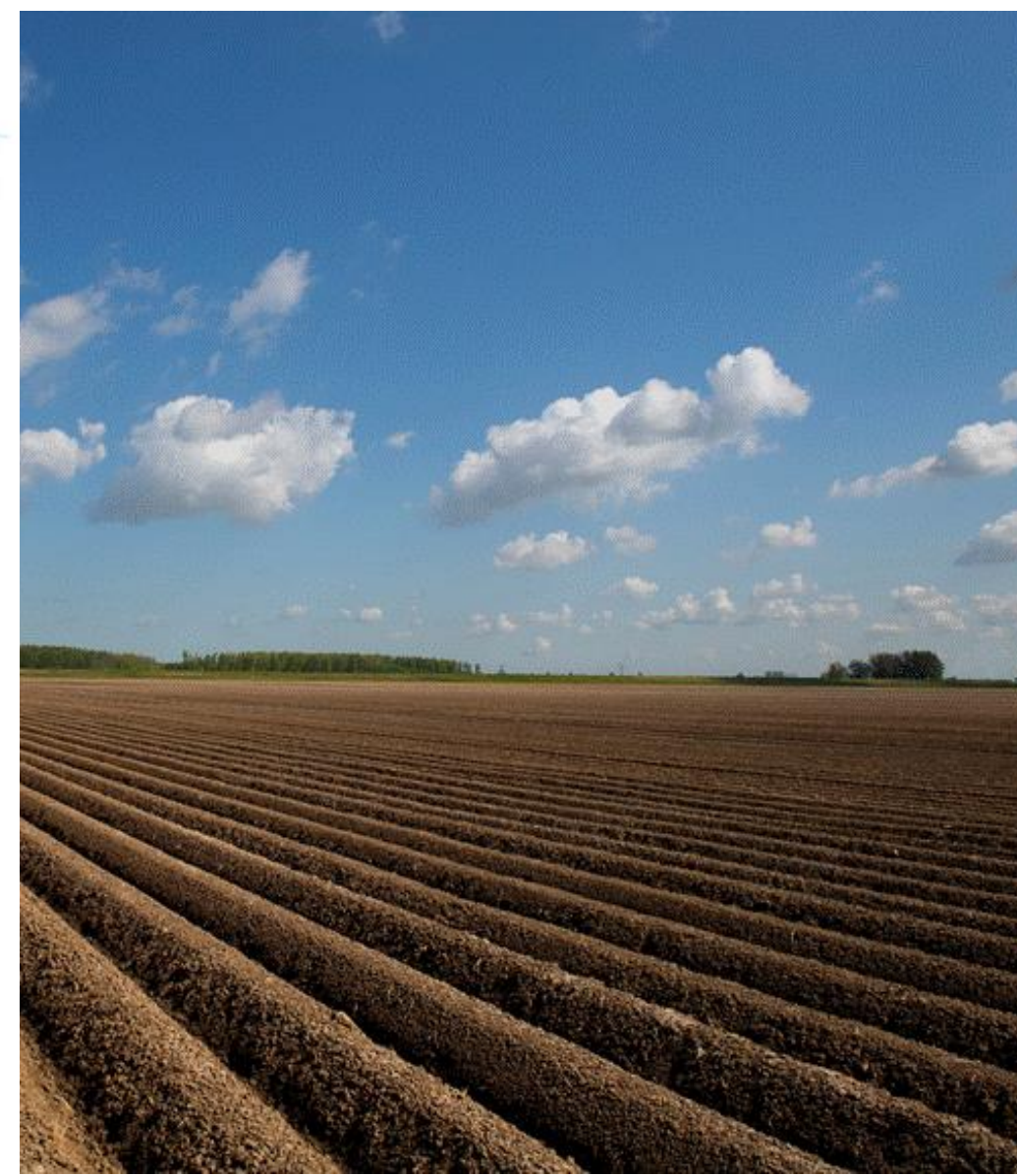
# Real estate platform based on 125 years of experience and expertise



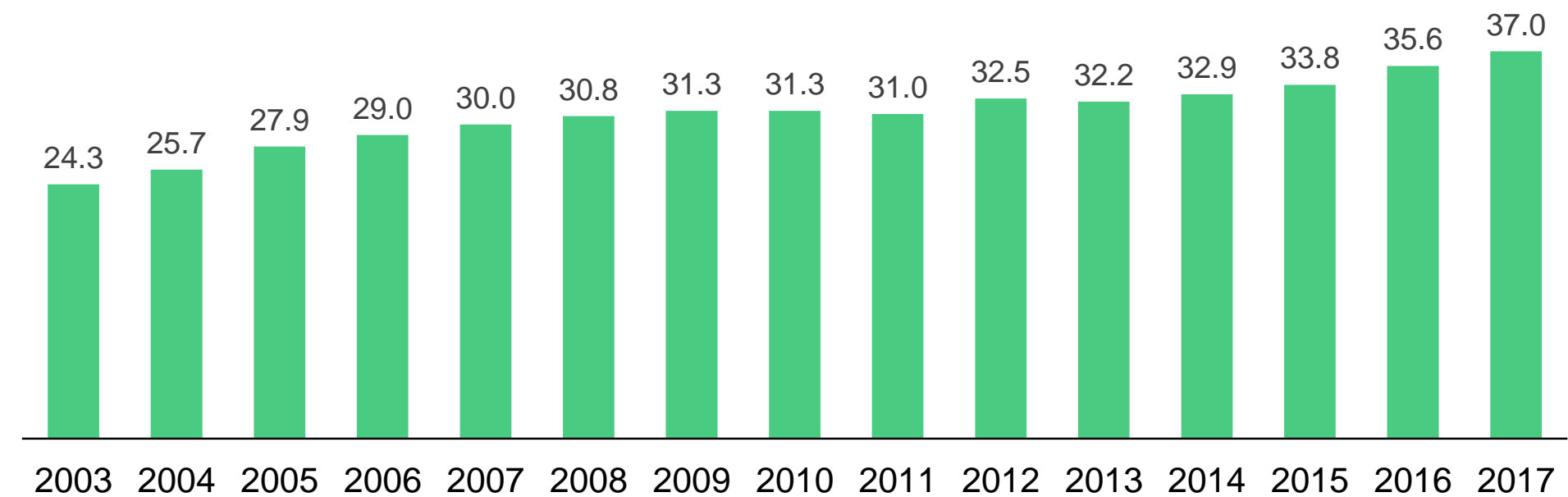


# Unique rural portfolio providing stable rental income

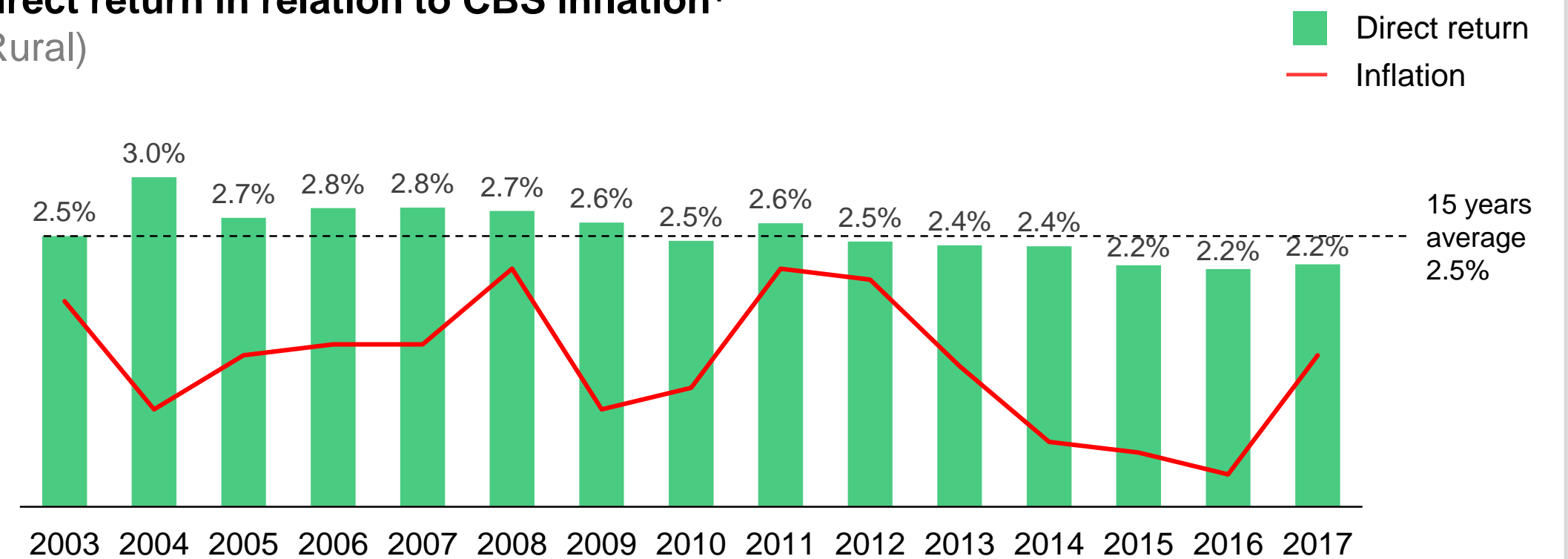
- Well diversified EUR 1.4 billion rural portfolio across the Netherlands
- Long term leasehold contracts
- Stable investment return, augmented by capital appreciation



**Rural portfolio**  
(Ha x 1,000)






**Direct return in relation to CBS inflation<sup>1</sup>**  
(Rural)



<sup>1</sup> Source: CBS, CPI adjusted for product related taxes and subsidies



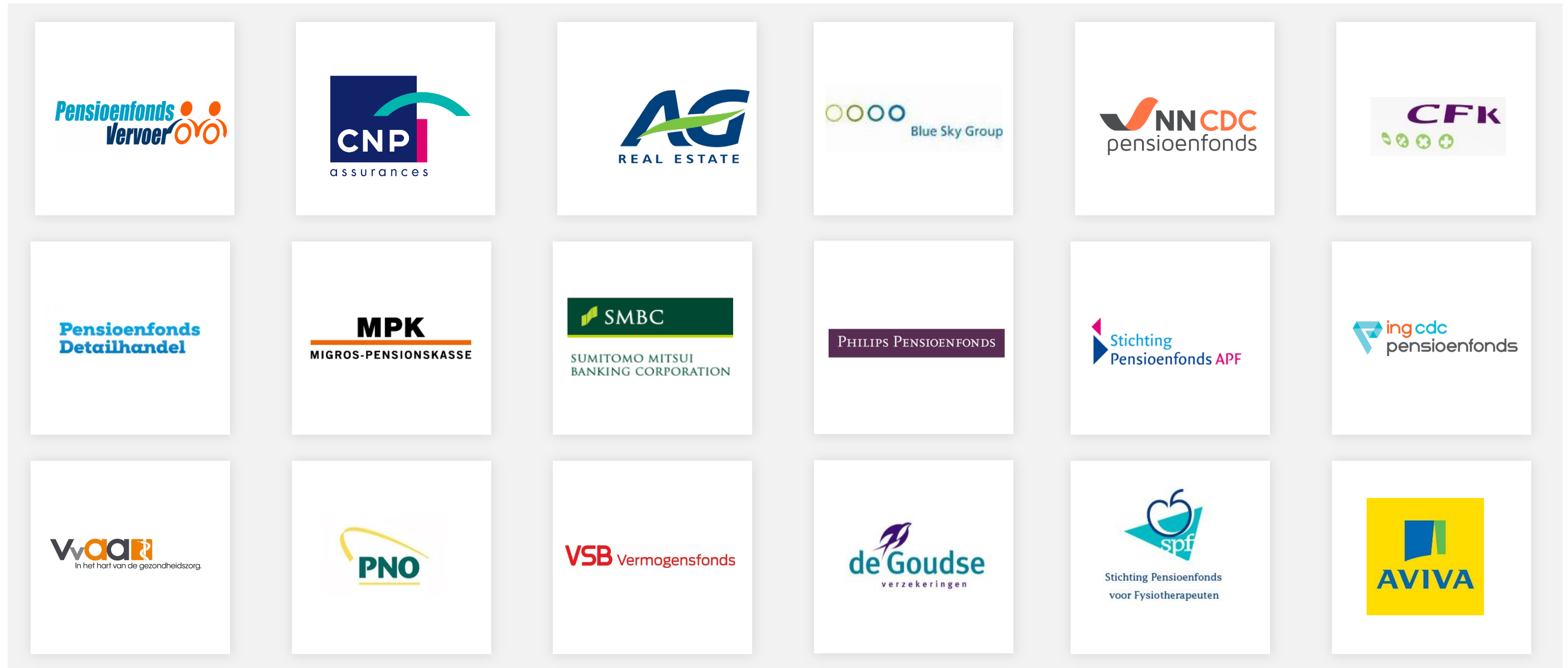
# Core investment portfolios in which 3<sup>rd</sup> party investors can participate<sup>1</sup>

	2011 ASR Dutch Prime Retail Fund	2013 ASR Dutch Core Residential Fund	2016 ASR Dutch Mobility Office Fund
			
	~ EUR 1.5 billion, divided over > 200 assets 13 investors, third-party investors 47%	~ EUR 1.2 billion, divided over circa 5,000 units 12 investors, third-party investors 29%	~ EUR 0.3 billion, divided over > 10 assets 8 investors, third-party investors 64%
Focus on:	<ul style="list-style-type: none"> <li>• Experience: high-street retail in top 20 cities (circa 2/3)</li> <li>• Convenience: district shopping centres and supermarkets (circa 1/3)</li> <li>• Exceptional quality: &gt;95% high-street assets in top 20,</li> </ul>	<ul style="list-style-type: none"> <li>• Well-located and well-performing areas</li> <li>• Product types medium-priced rental dwellings (EUR 710 - EUR 1,250)</li> <li>• &gt;85% located in 12 focus regions</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on high-mobility locations</li> </ul>
Vacancy level:	<ul style="list-style-type: none"> <li>• ~2%</li> </ul>	<ul style="list-style-type: none"> <li>• ~2%</li> </ul>	<ul style="list-style-type: none"> <li>• ~5%</li> </ul>

<sup>1</sup> This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, please refer to [www.asrrealestate.nl](http://www.asrrealestate.nl) for the prospectus.



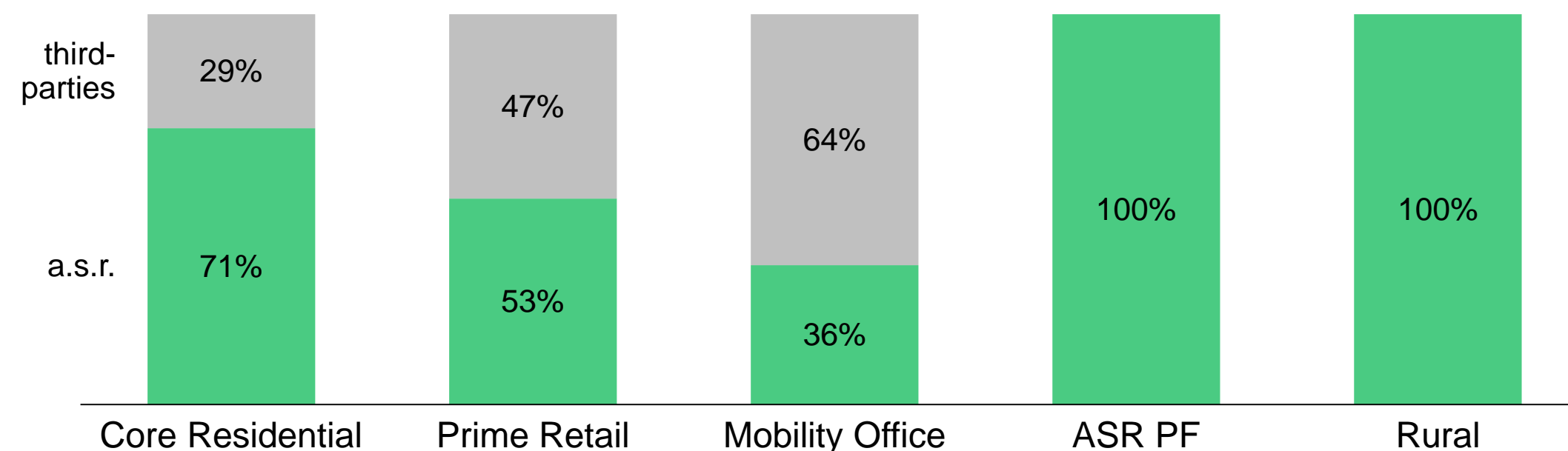
# A reputable international client base, in addition to a.s.r.



# Healthy AuM growth and returns

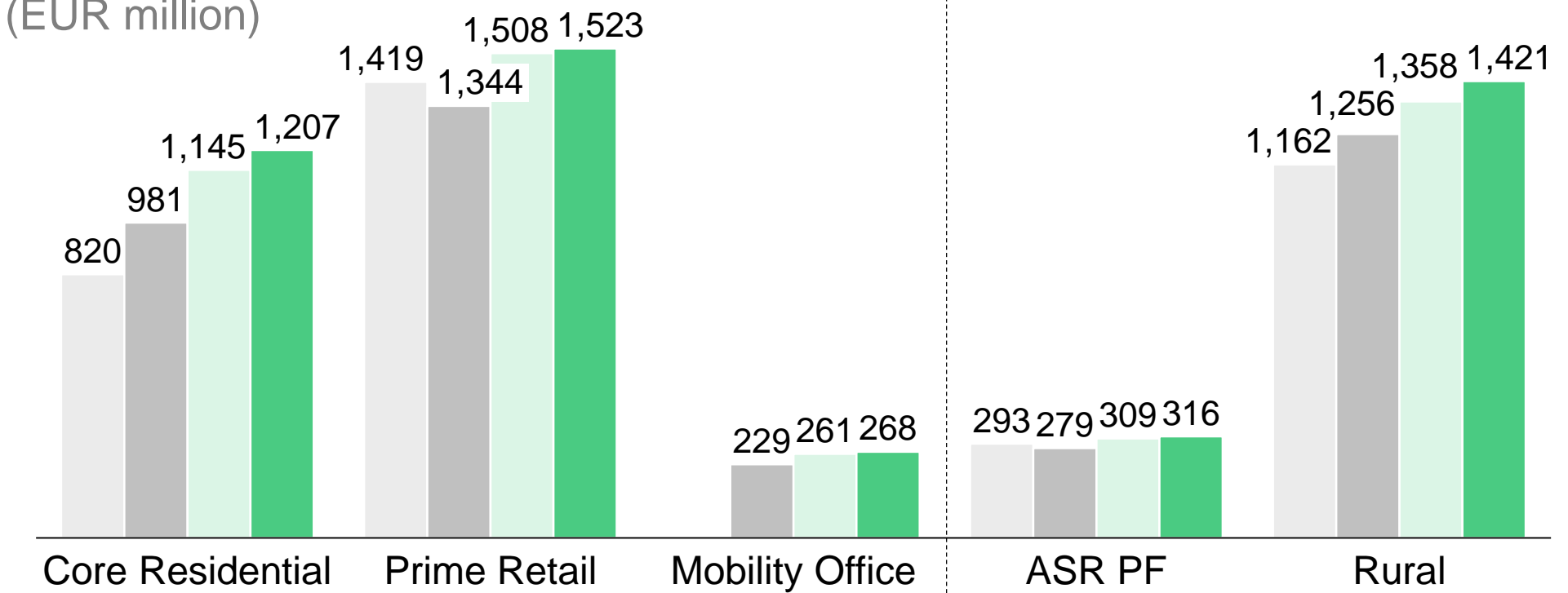
- Income driven core funds, with inflow from new external investors
- Growth in AuM driven not only by revaluations but also by new investments
- Total returns exceed targets
- Development of new investment (fund) initiatives to secure future business growth

**Core asset funds and portfolio**



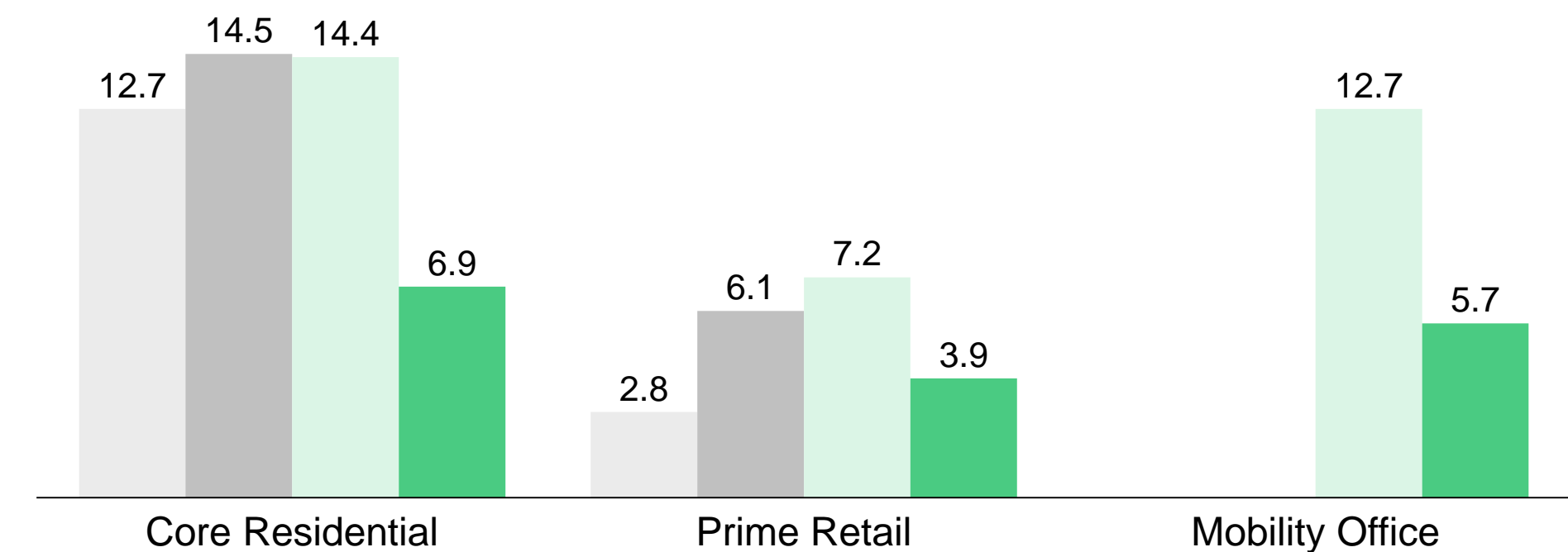
**AuM development 2015 – 1H18**

(EUR million)



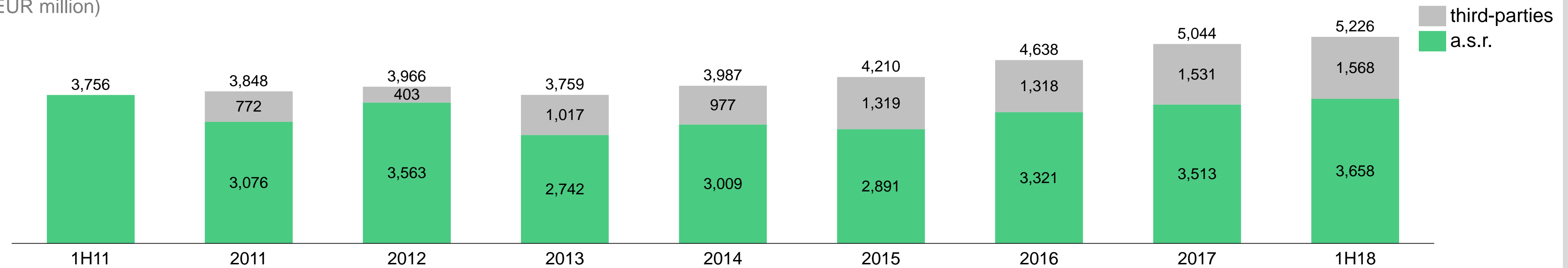
**Total return**

(%)

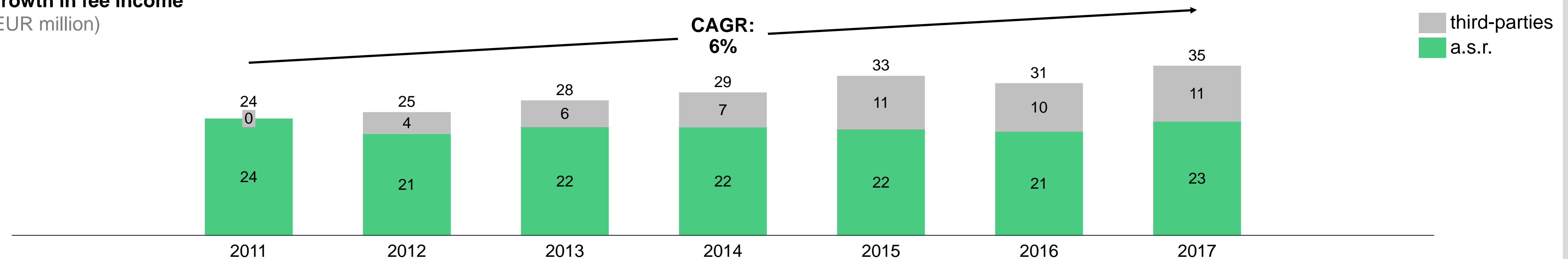


# Increasing AuM and third-party investments drive fee income

**Growth in third party asset management**  
(EUR million)



**Growth in fee income**  
(EUR million)



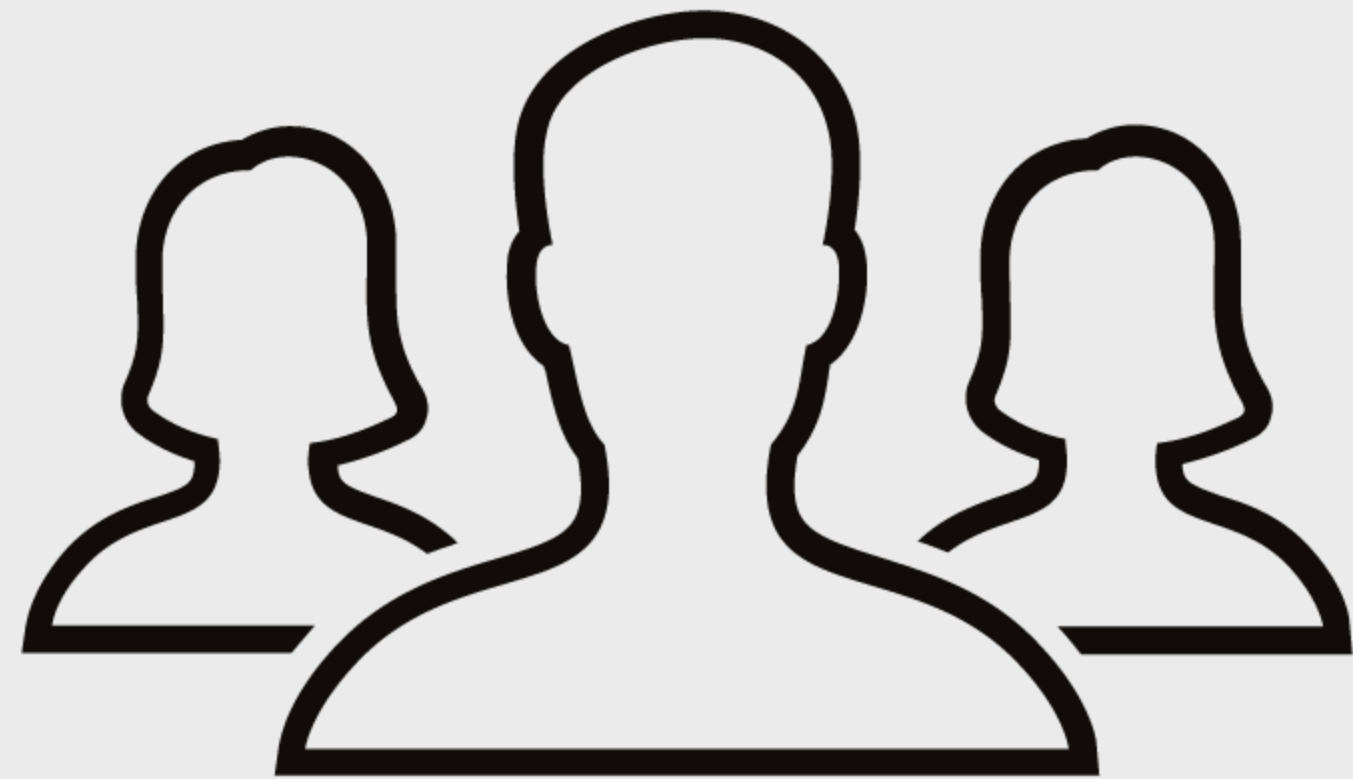


# Conclusion

- ▶ 125 years of experience in investing in real estate, resulting in high-quality EUR 5.2 billion portfolio
- ▶ Unique, low risk, rural portfolio of EUR 1.4 billion with long lasting, inflation indexed leasehold contracts
- ▶ Strong track record of attractive and stable investment income
- ▶ Unique skills acknowledged by large international investor base investing in our funds
- ▶ Reliable and increasing stream of fee income from growing third-party investor base



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verzekerings  
maatschappij  
voor alle  
verzekeringen



# Life disclosures

**Patrick Klijnsmit**

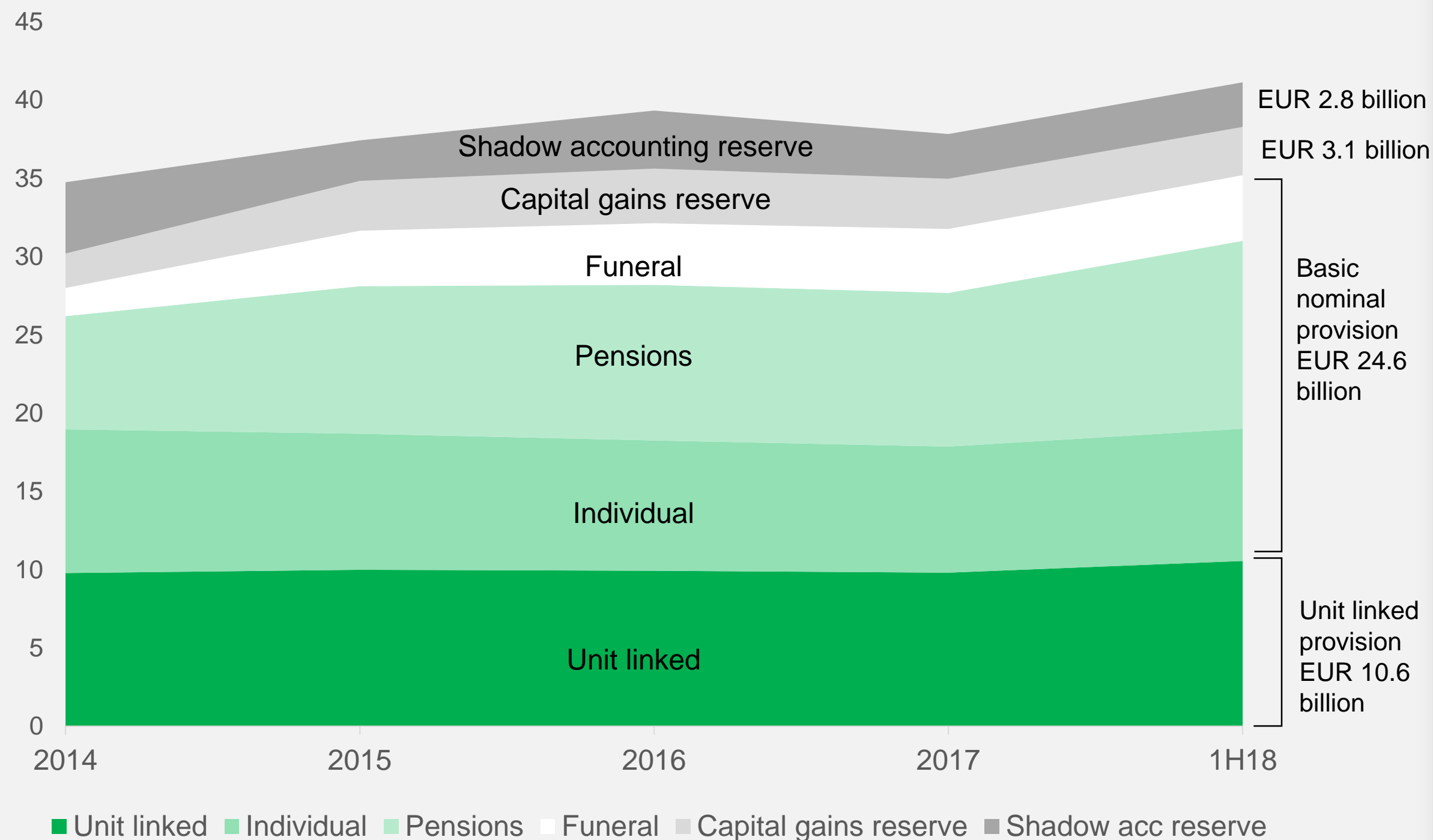
Director Group Accounting,  
Reporting & Control

# Key messages

- ▶ Service book of Life segment offers stable foundation for future profitability
- ▶ Acquisitions counter small underlying decrease in service books
- ▶ Profitability in service books primarily driven by investment margin
- ▶ Other sources of profitability under pressure, but carefully managed

# Life basic provision expanded by acquisitions

**Development of service book (IFRS)**  
(EUR billion)



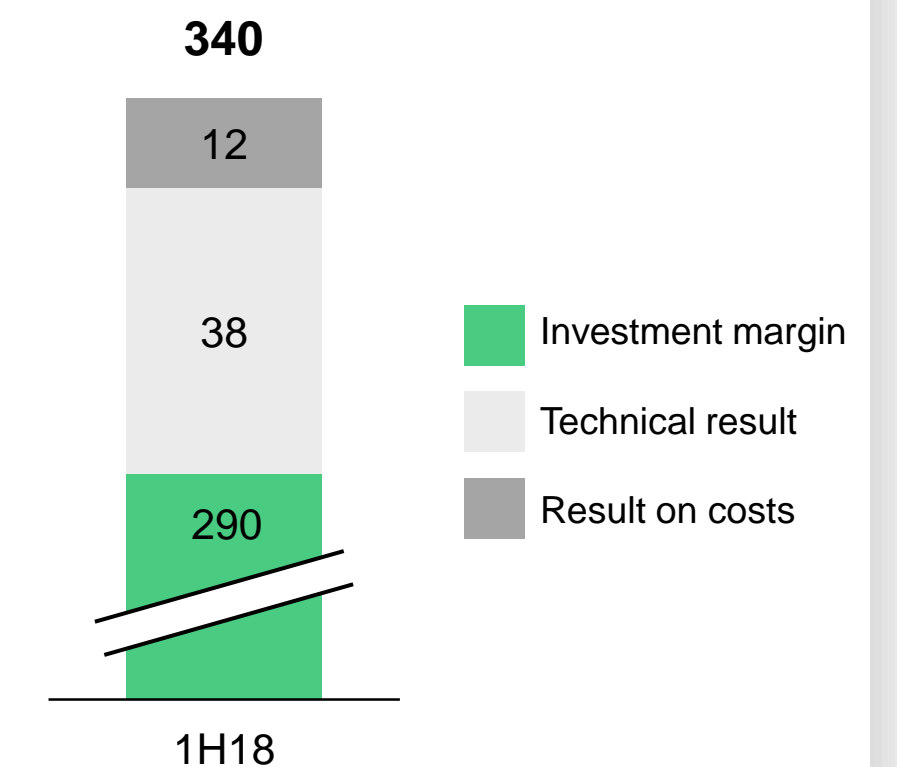
Basic provision increased from EUR 28.0 billion to EUR 35.2 billion (+ EUR 7.2 billion).

## Acquired provision bases

- 2015-2016: total EUR 3.5 billion
- 2018 - Generali NL: EUR 3.5 billion

- **Capital gains reserve** (EUR 3.1 billion) virtually unchanged since 2015 despite releases
- **Shadow accounting reserve** (EUR 2.8 billion) driven by fair value changes of matched book; shift to capital gains reserve when realised

- **Operating result** for large part driven by investment margin
- **Substantial margin** between investment contribution and required interest on basic nominal provision





# Development of Life segment P&L – investment income is key

Operating result (EUR million)	2015	2016	2017	1H18
Direct investment income <sup>1</sup>	1,003	981	1,000	529
Realised gains reserve release	160	269	322	155
<b>Total investment contribution</b>	<b>1,163</b>	<b>1,250</b>	<b>1,322</b>	<b>684</b>
Required interest <sup>2</sup>	829	810	812	394
<b>Investment margin</b>	<b>334</b>	<b>440</b>	<b>510</b>	<b>290</b>
Result on costs	48	24	24	12
Technical result	59	95	99	38
<b>Operating result</b>	<b>441</b>	<b>559</b>	<b>633</b>	<b>340</b>
Incidentals	275	83	298	100
<b>IFRS result</b>	<b>716</b>	<b>642</b>	<b>931</b>	<b>440</b>

<sup>1</sup> This line item differs from "investment income" in the Annual Report due to (i) interest expenses on derivatives and (ii) saving mortgages (offset through technical provisions)

<sup>2</sup> Including other components such as profit sharing

## Operating result driven by:

Strong and relatively stable investment income, despite low interest rate environment

- Strong solvency providing room for market risk; search for yield (e.g. expansion in mortgages)
- Additional AuM from acquired businesses
- Historical profitability locked-in through capital gains reserve, providing stability in earnings of matched books for the coming years
- Annual release capital gains reserve estimated at EUR 300 million until IFRS17

Technical result supported by acquisitions, but under pressure due to run-off in Individual Life book

## Future operating result can be modelled by:

- Basic provision excluding Unit linked for investment margin
- Basic provision including Unit linked for other sources of income
- Investment margin likely to be broadly stable at 2.3%
- Expected pressure on technical result due to shift from active to inactive policies, decrease in cost coverage and lower mortality result in Individual Life as the book is shrinking

On medium-term, Life earnings expected to be broadly in line with 2017 with a shift from technical result to investment margin

# Conclusion

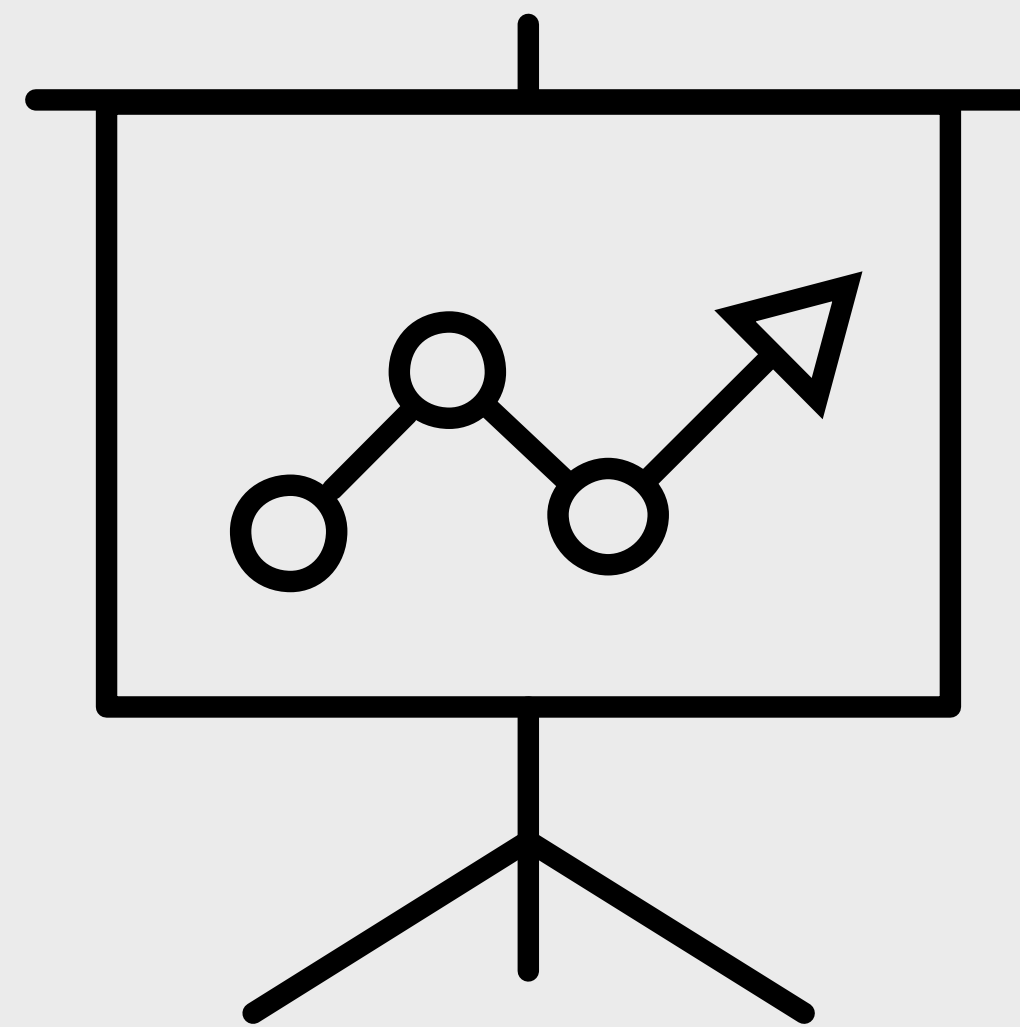
▶ Service book of Life segment offers stable foundation for future profitability

▶ Acquisitions counter small underlying decrease in service books

▶ Profitability in service books primarily driven by investment margin

▶ Other sources of profitability under pressure, but carefully managed

*Historical data will be made available on our website*



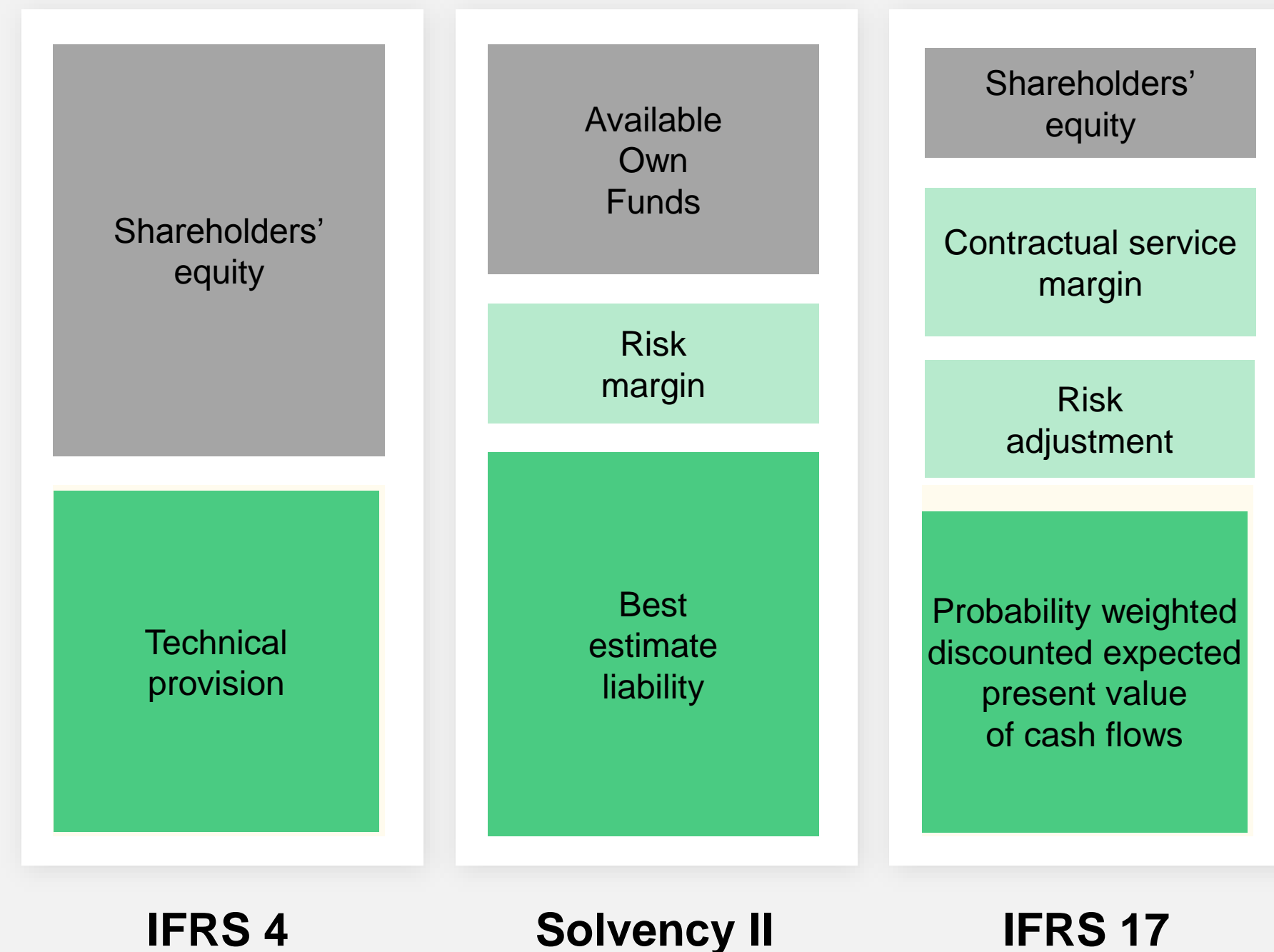
# Implementing IFRS 17

# Key messages

- ▶ Introduction of IFRS 17 implies a complete overhaul of insurance reporting
- ▶ Future earnings determined by transition strategy, contractual service margin and discount rate setting
- ▶ a.s.r. opts to implement IFRS 9 (assets) and IFRS 17 (liabilities) simultaneously
- ▶ a.s.r. project at full speed, many reporting choices yet to be made
- ▶ Some unclarity surrounding EU-endorsement process – postponement possible

# IFRS 17: radically changing external reporting

## Comparing balance sheets (liability side)



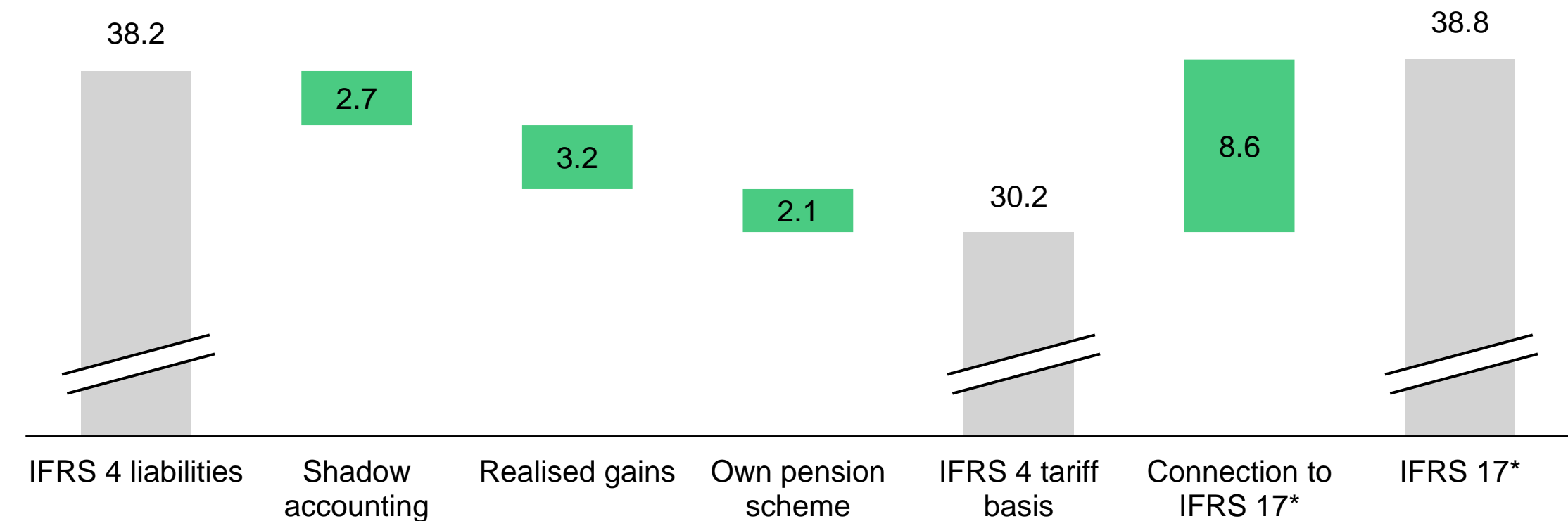
## Complex reconciliation between metrics

Multiple differences between IFRS 17 and Solvency II:

- Discount rates applied
- Other assumptions applied
- Risk adjustment vs risk margin
- Expected future profits in own funds (Solvency II) or in liabilities (IFRS 17 CSM)

## Expected change in insurance liabilities 2015







(EUR billion)



Note: The relative size of the diagramme is purely for illustration purposes



# Choices to be made – measurement approach

		General Model	Premium Allocation Approach	Variable Fee Approach
	Why is it needed?	The <b>default model</b> for all insurance contracts	To <b>simplify for short-term contracts</b> with little variability	To deal with <b>participating business</b> which meets certain criteria including a contractual link to underlying items (such as assets)
	Types of contract	<ul style="list-style-type: none"><li>• Usually long-term insurance, protection business</li><li>• Annuities</li><li>• Long-term general insurance contracts</li></ul>	<ul style="list-style-type: none"><li>• Usually Non-life insurance, short term</li><li>• Short-term Life and certain group contracts</li></ul>	<ul style="list-style-type: none"><li>• Individual unit-linked contracts</li><li>• Group unit-linked contracts</li></ul>
	Mandatory?		 Optional	

# Choices to be made – transition approach

## Available transition approaches:

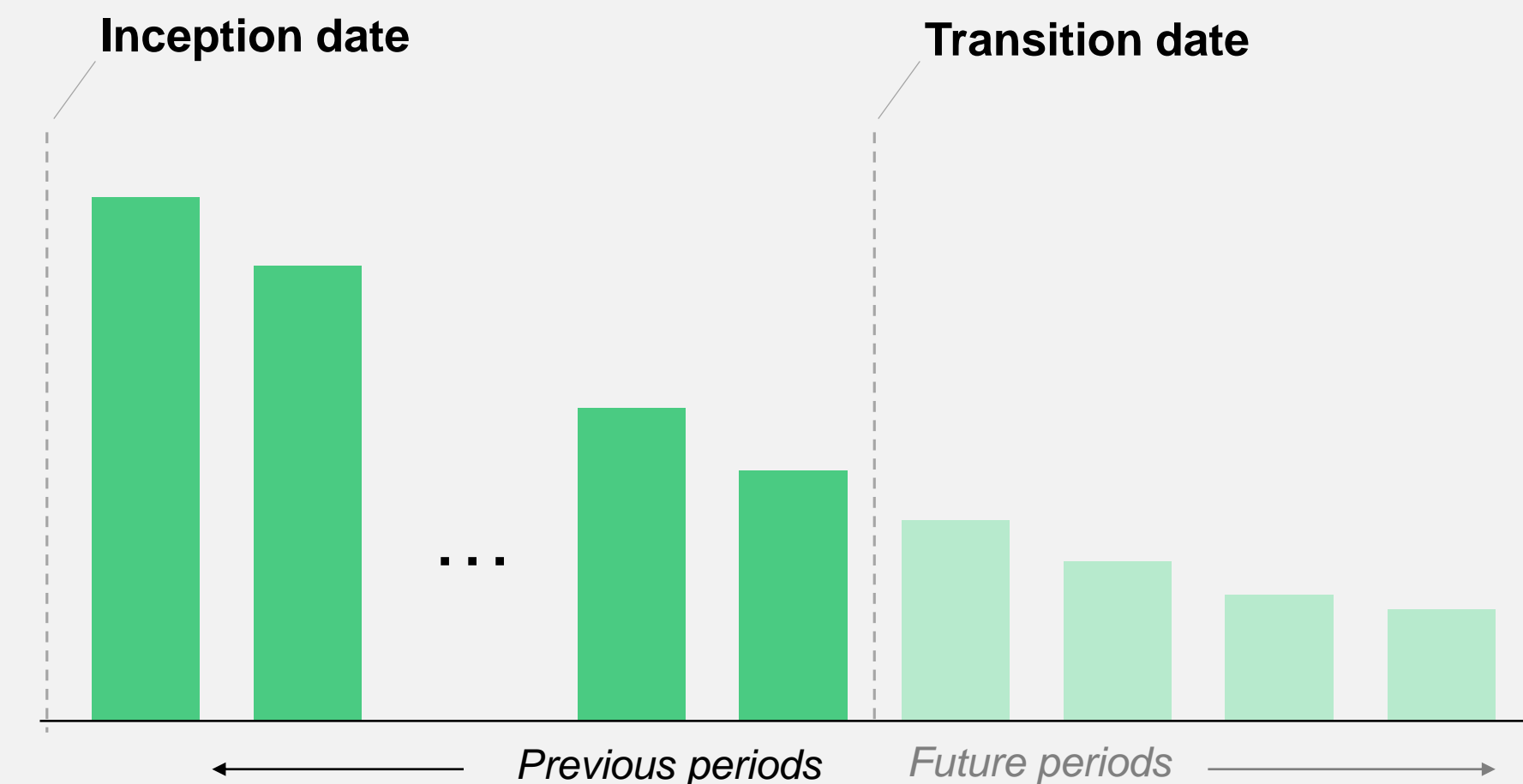
**Full retrospective application:** When historical data exist and hindsight is not required

When  
'impractical'

**Modified approach:** When not all historical data are available but some information about historical cash flows is available or can be constructed

OR

**Fair value approach:** When no historical information is available or when chosen (if full retrospective is not possible)



- On transition, an entity should apply IFRS 17 retrospectively unless it is impracticable to do so
- The choice between the modified approach and the fair value approach on transition will impact the CSM on transition, and as a result the release of profit (through CSM) after transition

# Choices to be made: discount rate and matching

## Discount Rate

### Under IFRS 17 discount rates should:

1. reflect the time value of money and financial risks
2. be consistent with observable current market prices
3. exclude the effect of factors that influence observable market prices, but do not affect future cash flows of the insurance contract

## Matching IFRS 17 and IFRS 9

### Liabilities

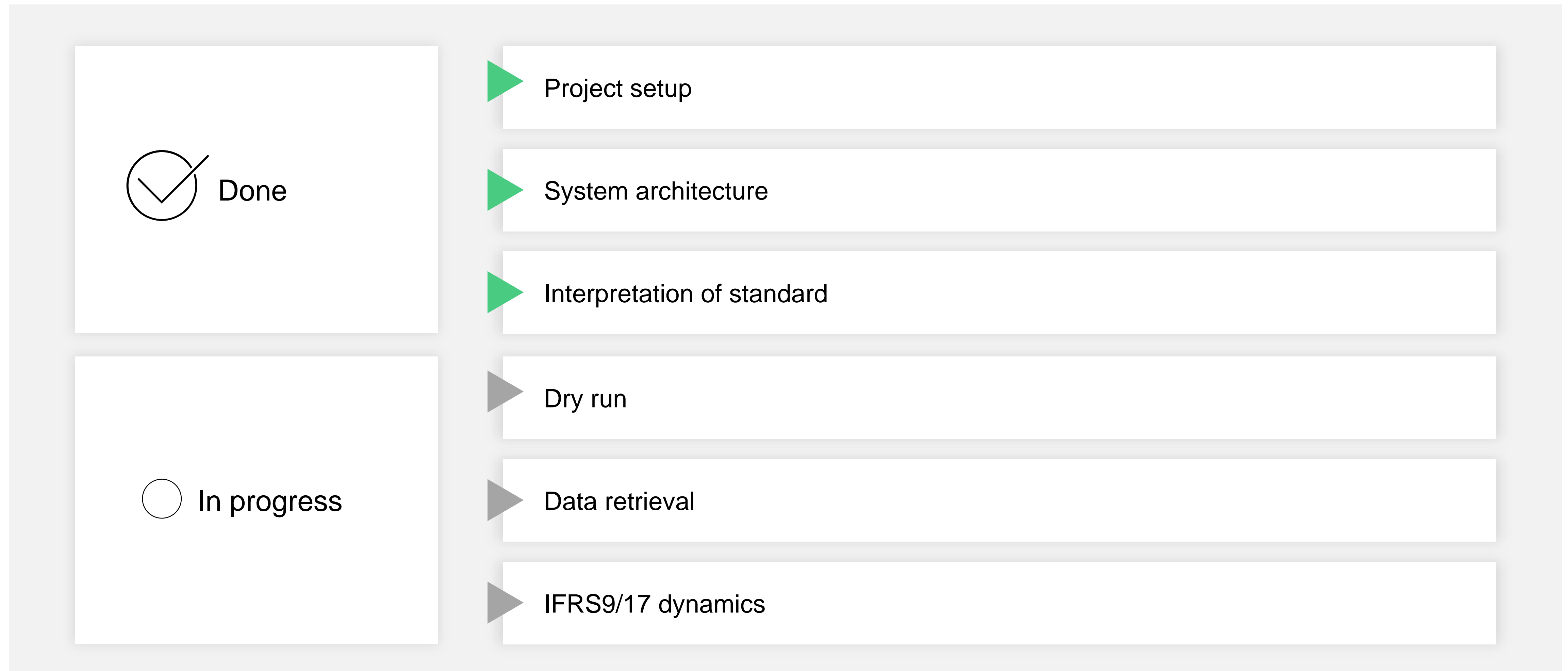
Discount rate changes to P&L	Portfolio 1
	Portfolio 2
	Portfolio 3
	...
	...
	...
Discount rate changes to OCI	Portfolio x

- Start from the liability side and decide on the OCI option or not (and then present through P&L)
- Apply Business Model test
- Apply SPPI test
- Will result in the classification of financial instruments in IFRS 9, with the goal of matching assets and liabilities

### Assets

FVTPL	Equities, derivatives, debt instruments
FVOCI with no recycling	Equities
FVOCI with recycling	Debt instruments
Amortised cost	Debt instruments

# a.s.r. project at full speed



# Conclusion

- ▶ Introduction of IFRS 17 implies a complete overhaul of insurance reporting
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A large, modern office building with a distinctive white, grid-like facade and numerous glass windows. The building is situated behind a body of water, with a small landscaped area and a fountain in the foreground. Lush green trees are visible on the left side of the frame. The sky is clear and blue.

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# Capital Markets Day

10 October 2018