

# Interim Report

For the first half year

# 2017

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

**α.s.i.**  
Archimedeslaan 10  
P.O. Box 2072  
3500 HB Utrecht

**[www.asrnl.com](http://www.asrnl.com)**

# 2017

## Interim Report

For the first half year

### Contents

<b>1</b>	<b>Report of the Executive Board</b>	<b>6</b>	<b>4</b>	<b>Accounting policies</b>	<b>32</b>
1.1	Financial and business performance for 1H-2017	6	4.1	General	32
1.2	Risk management	18	4.2	Changes in comparative figures	33
1.3	Executive Board In Control Statement	22	4.3	Changes in EU endorsed published IFRS Standards and Interpretations effective in 2017 or later	34
	<b>Condensed consolidated interim financial statements of ASR Nederland N.V.</b>		4.4	Estimates and assumptions	34
<b>2</b>	<b>General information</b>	<b>25</b>	4.5	Fair value of assets and liabilities	34
<b>3</b>	<b>Condensed Consolidated interim financial statements</b>	<b>26</b>	<b>5</b>	<b>Group structure and segment information</b>	<b>38</b>
3.1	Consolidated interim balance sheet	26	5.1	Segment information	38
3.2	Consolidated interim income statement	27	5.2	Acquisitions	46
3.3	Consolidated interim statement of comprehensive income	29	5.3	Discontinued operations and assets held for sale and related liabilities	46
3.4	Consolidated interim statement of changes in equity	30	<b>6</b>	<b>Notes to the condensed consolidated interim financial statements</b>	<b>48</b>
3.5	Condensed consolidated interim statement of cash flows	31	6.1	Property (including land and buildings for own use)	48
			6.2	Financial assets and derivatives	51
			6.3	Liabilities arising from insurance contracts	57
			6.4	Employee benefits	59
			6.5	Contingent liabilities	59
			6.6	Events after the balance sheet date	59
			<b>7</b>	<b>Review report</b>	<b>60</b>
				<b>Disclaimer</b>	<b>61</b>
				<b>Contact details</b>	<b>62</b>

This page has intentionally been left blank.

---

# Report of the Executive Board

## 1.1

Financial and business  
performance for 1H-2017 6

---

## 1.2

Risk management 18

---

## 1.3

Executive Board In Control  
Statement 22

---

# 1.1 Financial and business performance for 1H-2017

## Strong operating performance continues to drive financial results in first six months

- The operating result rose by 28.8% to € 385 million in H1, with all business units contributing positively. Operating result of the Non-life segment was up 71.0% to € 106 million; Life segment up 14.6% to € 314 million.
- Operating return on equity stood at 17.4% in H1, well above the target of 'up to 12%'.
- Combined ratio was 93.6% in H1, 2.8%- points better than in H1 2016, mainly due to a clear improvement in P&C.
- Operating expenses decreased by € 1 million to € 283 million, which includes the additional cost base of acquisitions.
- Profit for the period (on IFRS basis) increased by 4.2% to € 397 million.

## Strong Solvency II ratio and robust balance sheet

- Solvency II ratio (standard formula) was 194%, which was 5%-points higher than at the end of 2016.
- Strong organic capital creation (€ 193 million) and the effect of favourable financial markets (including the revaluation of the Unilever preference shares of circa € 100 million) exceeded the impact of the re-risking of the investment portfolio (-7%-points), the lower volatility adjustment (-4%-points) and the buybacks of own shares (-5%-points) in H1.
- Financial leverage was 23.5% (target <30%), with double leverage landing at 103.2%.
- Buyback of 6 million shares (€ 153 million) in H1 was in keeping with the commitment to support the Dutch State in scaling back its equity interest in a.s.r.
- a.s.r. considers, on top of the earlier commitment, to buy back an additional amount up to € 100 million own shares if the Dutch State should decide to undertake a final placement of its remaining equity interest in the second half of this year. This intention is dependent on the then prevailing market conditions and undiminished strong solvency.

## Commercially sound results: increase in gross written premiums in Non-life segment and new mandates for Asset Management

- Gross written premiums in the Non-life segment increased in H1 by 5.6% to € 1,474 million, mainly in P&C and Health as a result of both higher volumes and premium increases.
- Gross written premiums in the Life segment fell to € 848 million, mainly because a large single premium (€ 323 million) was credited in 2016 following the acquisition of NIVO last year. Excluding one-off items,

gross written premiums rose 3.4%, while recurring premiums remained virtually stable.

- Bank and Asset Management segment welcomed new asset management clients in H1 worth a total of € 0.7 billion in mandates (excluding real estate).
- ASR Hypotheekfond (mortgage fund), which was launched in the second quarter, met with positive initial response and has already attracted mandates for more than € 0.3 billion of AuM.
- Real Estate Investment Management won asset management contracts to the tune of € 0.2 billion. The increase was largely attributable to large institutional mandates for the ASR Dutch Core Residential Fund and a placement in the ASR Dutch Mobility Office Fund and will partly be booked in the second half of the year.
- The General Pension Fund (APF) established by a.s.r. obtained a mandate of € 1.1 billion from Arcadis Pension Fund.

<b>a.s.r. key figures</b>			
(in € million, unless stated otherwise)	1H 2017	1H 2016 restated <sup>1</sup>	Delta
<b>Gross written premiums</b>	<b>2,233</b>	<b>2,667</b>	<b>-16.3%</b>
- Non-life	1,474	1,396	5.6%
- Life	848	1,338	-36.6%
- Eliminations	-89	-67	-32.8%
<b>Operating expenses</b>	<b>-283</b>	<b>-284</b>	<b>-0.4%</b>
- Non-life	-99	-100	-1.0%
- Life	-91	-101	-9.9%
- Banking and Asset Management	-45	-27	66.7%
- Distribution and Services	-21	-17	23.5%
- Holding and Other / Eliminations	-25	-36	-30.6%
- Real Estate Development	-2	-3	-33.3%
Operating expenses associated with ordinary activities	-277	-270	2.6%
Provision for restructuring expenses	-4	-3	33.3%
<b>Operating result</b>	<b>385</b>	<b>299</b>	<b>28.8%</b>
- Non-life	106	62	71.0%
- Life	314	274	14.6%
- Banking and Asset Management	5	-	-
- Distribution and Services	10	9	11.1%
- Holding and Other / Eliminations	-50	-46	-8.7%
- Real Estate Development	-	-	-
<b>Incidental items (not included in operating result)</b>	<b>130</b>	<b>191</b>	<b>-31.9%</b>
- Investment income	109	76	43.4%
- Underwriting incidentals	14	13	7.7%
- Other incidentals	7	102	-93.1%
<b>Profit/(loss) before tax</b>	<b>515</b>	<b>490</b>	<b>5.1%</b>
- Non-life	129	86	50.0%
- Life	412	330	24.8%
- Banking and Asset Management	7	4	75.0%
- Distribution and Services	10	9	11.1%
- Holding and Other / Eliminations	-47	57	-
- Real Estate Development	4	4	-
<b>Income tax expense</b>	<b>-119</b>	<b>-111</b>	<b>-7.2%</b>
Profit/(loss) for the period from continuing operations	396	379	4.5%
Profit/(loss) for the period from discontinued operations	-	1	-
Non-controlling interest	-1	-1	-
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>397</b>	<b>381</b>	<b>4.2%</b>
<b>Earnings per share</b>			
Operating result per share (€)	1.85	1.38	34.1%
Dividend per share (€)	n/a	n/a	-
Basic earnings per share on IFRS basis (€)	2.70	2.54	6.3%

1 The changes in the comparative figures mainly concern the reclassification of discontinued operations to continued operations, which had an upward effect on profit before tax of € 14 million. Furthermore, adjustments have been made that are related to restatements due to retroactive adjustments for the finalization of acquisition accounting one year window of Dutch ID and De Eendragt Pensioen N.V. (impact of € -2 million on profit before tax). Operating result has been adjusted mainly related to the result of a.s.r.'s own pension scheme, excluding the current net service cost.

## a.s.r. key figures

(in € million, unless stated otherwise)	1H 2017	1H 2016	Delta
New business, Life (APE)	26	81	-67.9%
New business, Non-life	179	147	21.8%
Combined ratio, Non-life	93.6%	96.4%	-2.8%-p
Return on equity	19.2%	20.9%	-1.7%-p
Operating return on equity	17.4%	14.9%	2.5%-p
Number of internal FTE's (2016 per 31 December)	3,481	3,461	0.6%

## a.s.r. key figures

(in € million, unless stated otherwise)	30 June 2017	31 December 2016	Delta
Total assets	55,776	56,952	-2.1%
Equity attributable to shareholders	4,144	3,780	9.6%
Total equity (IFRS)	4,835	4,471	8.1%
Solvency II-ratio (standard formula)	194%	189%	5.0%-p

The **operating result** increased € 86 million from € 299 million to € 385 million (+28.8%). All businesses showed an increase:

- The Non-life segment continued to perform strongly (operating result up € 44 million to € 106 million). This was mainly attributable to excellent underwriting and claims handling skills, the absence of large claims and favourable weather conditions in the P&C business in the first six months of this year. The combined ratio remained strong at 93.6% (1H 2016: 96.4%) and is considerably below the target of <97.0%.
- The increase in operating result in the Life segment (up € 40 million to € 314 million) was attributable to higher investment-related returns which more than offset the decrease in result on cost coverage and a lower result on mortality in the first half year.
- Within the Non-insurance business, the operating result of Holding and other / Eliminations decreased by € 4 million to € -50 million, mainly due to higher current net service costs for a.s.r.'s own pension scheme. The other segments within the Non-insurance business improved their operating result by € 6 million to € 15 million due to a higher net interest margin and an inflow of AuM resulting in a higher fee income. Acquisitions contributed to an increase in operating result by € 1 million to € 10 million in the Distribution and Services segment.

**Gross written premiums** decreased from € 2,667 million in the first half of 2016 to € 2,233 million in the same period in 2017. GWP in the Non-life segment experienced solid growth (+5.6%), which was attributable to the P&C and Health businesses. In the Life segment, GWP was down due to single premiums related to the acquisition of NIVO and a large pension contract in the previous year. Disregarding these two single premium transactions, GWP of the Life segment increased by 3.4%. The increase in the Life segment was mostly due to growth in the DC pension business.

**New business** in the Non-life segment was up 21.8% rising to € 179 million (1H 2016: € 147 million). This was attributable to further growth of the 'Vernieuwd Voordeelpakket' (a product that combines several insurance coverages) in the P&C business and higher insured numbers in the Ditzo-portfolio at Health. Last year's new business in the Life segment was influenced by the transfer of the acquired NIVO funeral insurance portfolio to a.s.r. (€ 52 million in APE). Without this one-off, the inflow of new business measured in APE, showed a slight decrease by € 3 million to € 26 million. This decrease was equally spread across the Individual Life, the Pension and the Funeral businesses.

**Operating expenses** amounted to € 283 million (1H 2016: € 284 million), including the share of non-ordinary items, which amounted to € 6 million in the first half of this year (1H 2016: € 14 million). Operating expenses associated with ordinary activities were € 277 million, up € 7 million from the same period last year. This was attributable to a.s.r.'s acquisitions in the second half of 2016 (SuperGarant and Corins) and higher current net service costs for a.s.r.'s own pension scheme.

**Profit for the period** increased by € 16 million (4.2%) from € 381 million to € 397 million. The increase in operating result (up € 86 million before tax) and the higher investment-related incidentals (up € 33 million before tax) were partly offset by a lower level of incidental items by € -94 million (before tax) mainly due to an IAS19 release of a.s.r.'s own pension scheme in the previous year.

**Operating return on equity** increased to 17.4% (1H 2016: 14.9%). The increase in operating return on equity was attributable to the increase of operating result that exceeded the equity increase. This is well above the target of up to 12%. **IFRS return on equity** stood at 19.2% (1H 2016: 20.9%).



The **Solvency II-ratio** increased by 5%-points to 194% (year-end 2016: 189%). The Solvency II-ratio increased mainly due to organic capital creation and positive capital market developments (including 3%-point from the Unilever preference shares transaction), which were partially offset by the re-risking of the investment portfolio (including scaling back the interest rate hedge) the lower volatility-adjustment (VA) and the buybacks of own shares.

The **number of internal FTEs** increased from 3,461 FTEs (year-end 2016) to 3,481 FTEs in the reporting period.

This limited increase was mainly due to the acquisition of VSP Risk by SuperGarant. As the decrease in external employees exceeded the internal employee increase, the TWF (total work force) decreased from 4,182 FTE's at year-end 2016 to 4,147 FTE's at 30 June 2017.

### Medium-term targets

During the IPO-process and listing of a.s.r. on Euronext, a.s.r. management communicated medium-term financial targets. The targets whose progress can be measured throughout the year have been detailed below.

Medium term targets		
	1H 2017	Medium-term target
Solvency II (standard formula)	194%	>160%
Operating return on equity	17.4%	up to 12%
Reduction in operating expenses	on track	€ 50 million
Combined ratio (Non-life)	93.6%	< 97%
Financial leverage	23.5%	< 30%
S&P rating (insurance business)	Single A	Single A

## Insurance business

### Non-life segment

- Operating result increased to € 106 million (1H 2016: € 62 million). The increase was driven by excellent underwriting and claim handling skills, the absence of large claims and favourable weather conditions in the first half of this year.
- Combined ratio at 93.6% (1H 2016: 96.4%) an improvement of 2.8%-point. All product lines outperformed their target.
- Gross written premiums rose by 5.6% to € 1,474 million due to growth in the P&C and Health businesses.

Key figures, Non-life segment			
(in € million, unless stated otherwise)	1H 2017	1H 2016	Delta
Gross written premiums	1,474	1,396	5.6%
Operating expenses	-99	-100	-1.0%
Provision for restructuring expenses	-1	-1	-
<b>Operating result</b>	<b>106</b>	<b>62</b>	<b>71.0%</b>
<b>Incidental items (not included in operating result)</b>	<b>23</b>	<b>24</b>	<b>-4.2%</b>
- Investment income	23	19	21.1%
- Underwriting incidentals	1	6	-83.3%
- Other incidentals	-1	-1	-
Profit/(loss) before tax	129	86	50.0%
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>98</b>	<b>66</b>	<b>48.5%</b>
New business, Non-life	179	147	21.8%

Combined ratio			
	1H 2017	1H 2016	Delta
<b>Combined ratio</b>	<b>93.6%</b>	<b>96.4%</b>	<b>-2.8%-p</b>
- Commission ratio	14.5%	14.8%	-0.3%-p
- Cost ratio	7.5%	8.4%	-0.9%-p
- Claims ratio	71.6%	73.2%	-1.6%-p
<b>Combined ratio</b>			
- P&C	92.7%	99.5%	-6.8%-p
- Disability	91.9%	90.2%	1.7%-p
- Health	97.1%	98.2%	-1.1%-p

**Operating result** increased from € 62 million to € 106 million (+71.0%). The rise by € 44 million was primarily attributable to favourable circumstances and continuously improving underwriting expertise. Weather conditions in the first half of the year were favourable while the first half of 2016 was affected by exceptional hail and water damage claims (€ -25 million, impact on combined ratio in 1H 2016: 2.2%-point). In the Disability business, the performance remained strong. The WGA-ER claims experience resulted in a release of provisions. The Health insurance business remained stable.

The **combined ratio** was robust at 93.6% (1H 2016: 96.4%) and remained well below the target of <97.0%. The cost, commission and claims ratios all improved compared with the first half of 2016. Exceptional circumstances affected the P&C business. On a normalized basis, taken into account a four year average level for large claims, the combined ratio of the P&C business would still have been under 96%. In the Disability business, the combined ratio increased slightly to 91.9% (1H 2016: 90.2%) due to higher claims relating to short-term absenteeism. This negative effect was partially offset by a release of the technical provision related to WGA-ER, which shows an improvement in performance. The combined ratio of the Health business improved by 1.1%-point to 97.1% due to higher benefits this reporting period from the recalculation of claims by Zorginstituut Nederland (the Dutch National Health Care Institute) and better underwriting results from supplementary health insurance.

**Operating expenses** remained effectively stable at € 99 million (1H 2016: € 100 million). The cost ratio improved with 0.9%-point to 7.5%.

**Gross written premiums** in the Non-life segment increased by € 78 million (i.e. 5.6%) from € 1,396 million to € 1,474 million. In the P&C business the increase was mainly driven by the success of the 'Vernieuwd Voordeelpakket'. GWP in the Disability business decreased, which was due to the Ziektewet BeZaVa (impact € 18 million). UWV (government organization) is having some initial success with a low priced proposition. a.s.r. is committed to maintain its disciplined 'value over volume' strategy. The Health business improved as a result of higher inflows of new policyholders in the Ditzo portfolio and higher premiums for supplementary health insurance. The level of **new business** premiums in the Non-life segment increased by 21.8% from € 147 million to € 179 million. This was primarily attributable to further growth in the 'Vernieuwd Voordeelpakket' in the P&C business. The number of products sold in this reporting period was considerably higher than in the same period last year (up 33%). The increase was also driven by the inflow of 22,000 new policyholders at Health, mainly in the Ditzo portfolio.

The increase in the **profit for the year** by 48.5% from € 66 million to € 98 million was primarily attributable to developments in the operating result.

## Life segment

- Operating result increased from € 274 million to € 314 million (+14.6%) as a result of higher investment-related income.
- Gross written premiums decreased from € 1,338 million to € 848 million as a result of the acquisition of the NIVO portfolio and a large pension contract last year, which were recognized within single premiums. Recurring premiums were fairly stable at € 722 million.
- Operating expenses decreased by 9.9% to € 91 million benefiting from synergy efficiencies of acquired portfolio's. The cost-premium ratio was down with 0.5%-point to 9.6%.

**Key figures, Life (in € million, unless stated otherwise)**

(in € million, unless stated otherwise)	1H 2017	1H 2016 restated	Delta
Recurring premiums	722	723	-0.1%
Single premiums	126	615	-79.5%
Gross written premiums	848	1,338	-36.6%
Operating expenses	-91	-101	-9.9%
Provision for restructuring expenses	-2	-2	-
<b>Operating result</b>	<b>314</b>	<b>274</b>	<b>14.6%</b>
<b>Incidental items (not included in operating result)</b>	<b>98</b>	<b>56</b>	<b>75.0%</b>
- Investment income	85	53	60.4%
- Underwriting incidentals	13	7	85.7%
- Other incidentals	-	-4	-100.0%
Profit/(loss) before tax	412	330	24.85%
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>315</b>	<b>255</b>	<b>23.5%</b>
Cost-premium ratio (APE)	9.6%	10.1%	-0.5%-p
New business (APE)	26	81	-67.9%

The **operating result** for the first half year of 2017 was € 314 million, which represents a 14.6% increase (1H 2016: € 274 million). This increase was mainly due to higher investment returns (up € 16 million) as a result of higher yielding investments (equity, mortgages) within the investment portfolio and a higher contribution from realized capital gains (up € 42 million). These higher investment results more than offset the lower result on cost coverage (down € 5 million) due to the shrinking Individual Life book and a lower result on other technical sources (€ -13 million), such as mortality in the first half year.

**Gross written premiums** in 2016 were affected by a large pension contract (€ 195 million in single premiums) and the acquired NIVO funeral insurance portfolio (€ 323 million in single premiums). Excluding these one-off effects, gross written premiums increased by 3.4% from € 820 million to € 848 million while recurring premiums remained stable. This increase was mainly driven by the DC pension business, while premium income in the Funeral business remained stable. The level of surrenders of unit-linked policies in the individual life business was 1.8% (2016: 1.5%).

The inflow of the NIVO funeral insurance portfolio (€ 52 million in APE) in 2016 was recognized as **new business**. Disregarding this inflow, new business, measured in annualized premium equivalent (APE), decreased from € 29 million in the first six months of 2016 to € 26 million this reporting period (down € 3 million). All business lines (Pension, Individual Life and Funeral) showed a slight decrease. In line with the strategy, the share of capital light Defined Contribution (DC) products in new pension business continued to increase to 74% (1H 2016: 55%). The growth of new business premiums from the Werknemers Pensioen increased with circa 60%.

**Operating expenses** decreased from € 101 million to € 91 million (down 9.9%). The decrease was due to synergy effects related to the conversion of the AXENT portfolio into the Funeral business and the integration of De Eendragt into the Pension business. The cost-premium ratio (on the basis of APE) showed a slight improvement of 0.5%-point to 9.6%. The decrease in operating expenses exceeded the decrease in GWP (mostly due to the level of single premiums in the previous reporting period).

**Profit for the period** increased by € 60 million (i.e. 23.5%) from € 255 million to € 315 million. The increase was mainly attributable to the improvement in operational result and higher investment-related incidentals.

## Non-insurance business

### Banking and Asset Management segment<sup>1</sup>

Key figures, Banking and Asset Management segment			
(in € million)	1H 2017	1H 2016	Delta
Total income	87	64	35.9%
Operating expenses	-45	-27	66.7%
Provision for restructuring expenses	-1	-	-
<b>Operating result</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Incidental items (not included in operating result)</b>	<b>2</b>	<b>4</b>	<b>-50.0%</b>
- Investment income	3	4	-25.0%
- Underwriting incidentals	-	-	-
- Other incidentals	-1	-	-
Profit/(loss) before tax	7	4	75.0%
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>6</b>	<b>3</b>	<b>100.0%</b>

The **operating result** of the Banking and Asset Management segment amounted to € 5 million (1H 2016: nil). Both Banking (up € 3 million) and Asset Management (up € 2 million) showed an increase, which was attributable to a higher net interest margin and fee income.

The inflow of saving deposits at **a.s.r. Bank** increased by € 269 million (i.e. 19.4%) to € 1,655 million (2016: € 1,386 million). This was due mainly to growth of savings accounts that let clients access their money at any given time. Net inflow was also achieved with regard to the 'Lijfrente Spaarrekening' (annuity savings account) and 'Extra Pensioen Uitkering'.

Origination of the 'WelThuis Hypotheek' (mortgage) almost doubled to € 1,035 million compared to € 549 million in the same period last year. This increase was attributable to competitive pricing in the first half of this year and positive market developments. The Group's mortgage portfolio increased by 9.7% to € 7.9 billion (2016: € 7.2 billion).

During the first half of the year, **assets under management (AuM)** for third parties increased by € 0.3 billion to € 13.2 billion (year-end 2016: € 12.9 billion). a.s.r. received mandates from new asset management clients worth about € 0.7 billion in assets in the first half of 2017; of this amount, € 0.3 billion is included in the interim results for 2017. In this context, the real estate business (a.s.r. REIM) attracted an additional € 0.2 billion in external AuM, mostly in the ASR Dutch Core Residential Fund and the ASR Dutch Mobility Office Fund (launched in 2017), of which most will be included in AuM in H2.

a.s.r.'s asset management business recently launched ASR Hypotheekfonds. This mortgage fund gives institutional investors the opportunity to invest in Dutch residential mortgages (a.s.r. 'WelThuis' mortgages). The first investors have already joined. At the moment, firm commitments have been received from investors for the amount of € 0.3 billion. Arrears of the WelThuis portfolio amount to 0.27% as of June 2017. Credit losses amount to 0.2 basis points. The new ASR Hypotheekfonds has not experienced any arrears nor credit losses so far.

<sup>1</sup> The Banking and Asset Management segment consists of all the banking activities and the activities related to asset management, including real estate investment management. These activities include ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V. ASR Vermogensbeheer B.V. (formerly BNG Vermogensbeheer B.V.) has also been added to this segment with effect from 20 May 2016.

Distribution and Services<sup>2</sup>

## Key figures, Distribution and Services

(in € million)	1H 2017	1H 2016	Delta
Total income	32	27	18.5%
Operating expenses	-21	-17	23.5%
Provision for restructuring expenses	-	-	-
<b>Operating result</b>	<b>10</b>	<b>9</b>	<b>11.1%</b>
<b>Incidental items (not included in operating result)</b>	-	-	-
- Investment income	-	-	-
- Underwriting incidentals	-	-	-
- Other incidentals	-	-	-
Profit/(loss) before tax	10	9	11.1%
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>8</b>	<b>7</b>	<b>14.3%</b>

The Distribution and Services segment made a slightly better contribution to the operating result for the period than it did in 2016. Following the acquisitions of SuperGarant and Corins, this segment gained more substance, which is in line with a.s.r.'s strategy to create value through controlled growth in the Non-life portfolio by using the enhanced distribution channel and simultaneously increasing fee income. In the second quarter of this year SuperGarant acquired the intermediary VSP Risk to further strengthen its position in the distribution of Disability products.

The **operating result** increased from € 9 million to € 10 million (up 11.1%) and was mainly attributable to the recent acquisitions (SuperGarant and Corins) combined with a solid performance of Van Kampen Groep and Dutch ID. As a result, service fees and operating expenses increased as well. The interim results for 2016 of the Distribution and Services segment were influenced by seasonal factors. The operating result for 2017 was adjusted for these factors, taking into account a provision for unearned premiums (which will be released during the year).

<sup>2</sup> This segment includes the financial intermediary business of Poliservice B.V., Van Kampen Groep Holding B.V. and Dutch ID B.V. The activities of SuperGarant Verzekeringen and SuperGarant Zorg (as from 1 September 2016) and Corins (as from 3 October 2016) are also included in this segment.

## Holding and Other segment (including Eliminations)<sup>1</sup>

Key figures, Holding and Other / Eliminations segment			
(in € million)	1H 2017	1H 2016 restated	Delta
Operating expenses	-25	-36	-30.6%
- of which associated with ordinary activities	-21	-24	-12.5%
Provision for restructuring expenses	-	-	-
<b>Operating result<sup>2</sup></b>	<b>-50</b>	<b>-46</b>	<b>-8.7%</b>
<b>Incidental items (not included in operating result)</b>	<b>3</b>	<b>103</b>	<b>-97.1%</b>
- Investment income	-2	-	-
- Underwriting incidentals	-	-	-
- Other incidentals	5	103	-95.1%
Profit/(loss) before tax	-47	57	-182.5%
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>-33</b>	<b>43</b>	<b>-176.7%</b>

The **operating result** decreased by € 4 million from € -46 million to € -50 million, mainly due to higher current net service costs (up € -6 million) for a.s.r.'s own pension scheme. This was due to lower discount rates, which are used to calculate the Defined Benefit Obligation.

**Profit before tax** decreased from € 57 million to € -47 million. This decrease was mainly attributable to a reported incidental item in 2016 related to a.s.r.'s own pension scheme (IAS 19) of € 100 million. The non-ordinary costs decreased by € 8 million to € 4 million in the reporting period due to preparation costs for the IPO and the listing of a.s.r. on Euronext in the first half of 2016.

## Real Estate Development segment

Key figures, Real Estate Development segment			
(in € million)	1H 2017	1H 2016	Delta
Profit/(loss) for the period from continuing operations	2	5	-60.0%
Profit/(loss) for the period from discontinued operations	-	1	-100.0%
Profit/(loss) attributable to non-controlling interests	1	1	-
<b>Profit/(loss) for the period attributable to holders of equity instruments</b>	<b>3</b>	<b>7</b>	<b>-57.1%</b>

(in € million)	30 June 2017	31 December 2016	Delta
<b>Total assets</b>	<b>150</b>	<b>154</b>	<b>-2.6%</b>

1 The 'Holding and Other' segment consists primarily of the holding activities of ASR Nederland N.V. (including group related activities) and the activities of ASR Deelnemingen N.V. Certain holding-related expenses are recognized in this segment (including audit, group finance, group risk management, group balance sheet management, corporate communication and marketing). This segment is a cost centre.

2 Operating result has been adjusted related to all results of a.s.r.'s own pension scheme, excluding the current net service costs.

Until 2016, the activities of ASR Vastgoed Projecten B.V., which consist of the run-off real estate development activities, were partially considered as continuing and partially as discontinued operations. The Executive Board decided to look for a strategic buyer for the discontinued operations, which is why it classified some of the real estate development business as 'held for sale'. With this in mind, the discontinued operations were recognized as held for sale in the balance sheet. As a consequence, the financial results were disclosed in condensed form in the income statement. In 2016, some of the discontinued operations were sold. A small part of the business classified as discontinued operations are not expected to be sold in the near future. Therefore these operations no longer meet the IFRS requirements to be classified as held for sale and have been reclassified as continuing operations as of 1 January 2017.

a.s.r. no longer regards Real Estate Development activities as part of its core business. As a result, this business is in run-off and has not been included in the **operating result**.

The **profit for the period** decreased from € 7 million to € 3 million, reflecting a change in net realizable value in the previous year.

The profit from discontinued operations in 2016 (€ 1 million) was related to projects sold in the first half year of 2016. As from this year, these activities have been in run-off and, under IFRS standards, qualified as continuing operations.

Furthermore, **total assets** declined by € 4 million this reporting period to € 150 million; this is in line with the run-off status of the real estate development activities.

### Capital management

- The Solvency II-ratio (standard formula) continued to be robust at 194% after the buyback of own shares (31 December 2016: 189%); this comfortably exceeded our target of above 160%.
- Capital accretion stood at € 333 million before the buyback of own shares and at € 180 million after the buyback of own shares.
- The financial leverage decreased to 23.5% (year-end 2016: 25.2%), below the defined maximum of 30%.
- Double leverage was 103.2% (year-end 2016: 102.9%).
- Equity attributable to holders of equity instruments (IFRS-based Equity) increased by € 364 million mostly due to the addition of the profit for the period and the increase in actuarial gains and losses, which was partly offset by share buybacks.

## Solvency II

### Solvency II

(in € million, unless stated otherwise)	30 June 2017	31 December 2016	Delta
Eligible Own Funds	6,796	6,299	7.9%
Required capital	3,504	3,338	5.0%
<b>Solvency II-ratio</b>	<b>194%</b>	<b>189%</b>	<b>5.0%-p</b>

The Solvency II-ratio stood at 194% at 30 June 2017 (31 December 2016: 189%). The eligible own funds increased to € 6,796 million at 30 June 2017 (31 December 2016: € 6,299 million) as a result of organic capital generation and positive market developments (including 3%-point from the Unilever preference shares transaction), which were partially offset by the re-risking of the investment portfolio,

a lower VA and the buyback of own shares. The required capital stood at € 3,504 million at 30 June 2017 (31 December 2016: € 3,338 million). The increase was mainly due to a rise in market risk caused by the aforementioned re-risking and scale-back of the interest rate hedge.

## Equity

### Breakdown of total equity

(in € million)	30 June 2017	31 December 2016	Delta
Share capital	24	24	-
Share premium reserve	1,038	1,038	-
Unrealized gains and losses (excl. IAS19)	912	726	25.6%
Actuarial gains and losses (IAS19)	-632	-754	-16.2%
Retained earnings	2,955	2,746	7.6%
Treasury shares	-153	-	-
<b>Equity attributable to shareholders</b>	<b>4,144</b>	<b>3,780</b>	<b>9.6%</b>
Other equity instruments	701	701	-
<b>Equity attributable to holders of equity instruments</b>	<b>4,845</b>	<b>4,481</b>	<b>8.1%</b>
Non-controlling interest	-10	-10	-
<b>Total equity attributable to shareholders</b>	<b>4,835</b>	<b>4,471</b>	<b>8.1%</b>

### Statement of changes in total equity

(in € million)	1H 2017	FY 2016
<b>Beginning of reporting period - total equity</b>	<b>4,471</b>	<b>4,259</b>
Profit/(loss) for the period	397	659
Unrealized gains and losses	186	40
Actuarial gains and losses (IAS19)	122	-288
Other equity instruments (Tier 1 capital)	-	-34
Gains and losses on non-controlling interests	-1	6
Dividend	-187	-170
Treasury shares	-153	-
Other changes (e.g. coupon hybrids)	-	-1
<b>End of reporting period - total equity</b>	<b>4,835</b>	<b>4,471</b>

Equity attributable to holders of equity instruments (IFRS-based equity) increased by € 364 million from € 4,481 million to € 4,845 million.

The increase was mainly caused by the addition of the profit for the period of € 397 million, unrealized gains and losses on investments € 186 million, an adjustment of the discount rate from 1.73% to 2.04% leading to actuarial gains of € 122 million. These additions were partially offset by a dividend distribution to shareholders for 2016 of € -187 million and the share buyback of € -153 million.

Disregarding the actuarial gains and losses (IAS19) equity attributable to holders of equity instruments increased by € 242 million to € 5,477 million (2016: € 5,235 million).

In January 2017, NLFI sold 20,400,000 shares in a.s.r. at a price of € 22.15 per share. a.s.r. repurchased 3,000,000 shares in this offering. In April 2017, NLFI sold 20,000,000 shares at a price of € 25.75 per share. In June 2017, NLFI sold another 25,000,000 shares at a price of € 29.00 per share. a.s.r. again repurchased 3,000,000 shares in its own capital in June 2017. NLFI's interest in a.s.r.'s total outstanding share capital decreased from 63.7% as at year-end 2016 to 20.1% on 30 June 2017. a.s.r. did not receive any proceeds from the sales. In the Annual General Meeting of Shareholders on 31 May 2017 the resolution was adopted to cancel the acquired shares. The cancellation of the 3,000,000 shares that have been repurchased in January 2017 has been effected in the beginning of August. As a result of these transactions including the cancellation of the shares, NLFI's interest in a.s.r.'s total outstanding share capital is currently 20.5%.



## Financial leverage

<b>Financial leverage</b>			
(in € million, unless stated otherwise)	30 June 2017	31 December 2016	Delta
Basis for financial leverage (equity attributable to shareholders)	4,144	3,780	9.6%
Financial liabilities	1,273	1,273	-
- of which hybrids	701	701	-
- of which subordinated liabilities	497	497	-
- of senior debt	75	75	-
<b>Financial leverage (%)</b>	<b>23.5%</b>	<b>25.2%</b>	<b>-1.7%-p</b>
<b>Interest coverage ratio (IFRS)</b>	<b>14.7</b>	<b>12.4</b>	<b>2.3</b>

Financial leverage is defined as the funding of the holding company as a percentage of total equity attributable to holders of equity instruments. The financial leverage of a.s.r. as at 1H 2017 was 23.5%. At year-end 2016, a.s.r.'s

financial leverage was 25.2%. This decrease was caused by the increase in equity attributable to holders of equity instruments.

## Double leverage

<b>Double leverage</b>			
(in € million, unless stated otherwise)	30 June 2017	31 December 2016	Delta
Total value of associates	5,511	5,121	7.6%
Equity attributable to shareholders	4,144	3,780	9.6%
Hybrids and subordinated liabilities	1,198	1,198	-
<b>Equity attributable to holders of equity instruments</b>	<b>5,342</b>	<b>4,978</b>	<b>7.3%</b>
<b>Double leverage (%)</b>	<b>103.2%</b>	<b>102.9%</b>	<b>0.3%-p</b>

Double leverage is determined on the basis of equity attributable to holders of equity instruments (IFRS-based equity).

# 1.2 Risk management

## Financial markets

During the first half of 2017, the financial markets were dominated by European elections. The French Presidential election result has lowered the political risks in Europe considerably. Equity and corporate bond markets responded positively after the French elections. Credit spreads tightened significantly during the first six months of the year due to solid corporate earnings and the support from the ECB's Corporate Sector Purchase Programme (CSPP). The European equity markets saw limited gains in the first half of the year.

Global growth accelerated and consumer and producer confidence strengthened. Interest rates increased in the first months of the year after inflationary forces had built up and major central banks began tightening their policies. During the last few months, inflation data stabilized. Financial conditions continue to be favorable.

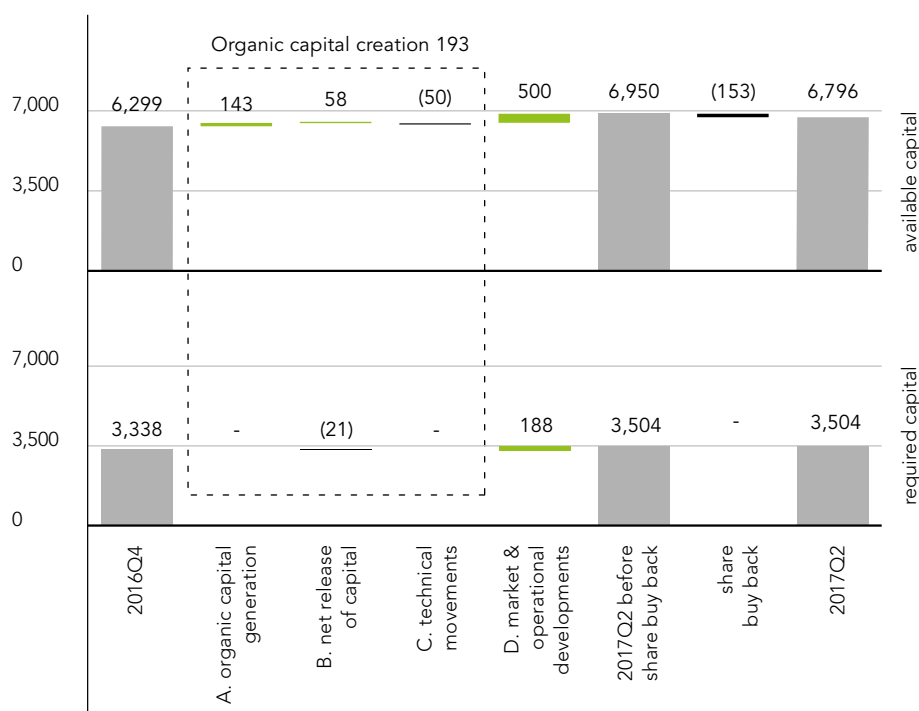
## Developments in solvency

The Solvency II ratio stood at 194% as at 30 June 2017 (31 December 2016: 189%). Eligible own funds increased to € 6,796 million at 30 June 2017 (31 December 2016: € 6,299 million) as a result of organic capital generation and positive market developments for the real estate, fixed income and mortgage portfolios, which was partially offset by a lower VA and buyback of own shares. Required capital stood at € 3,504 million as at 30 June 2017 (31 December 2016: € 3,338 million); this increase was mainly due to a rise in market risk caused by re-risking and a scale-back of the interest rate hedge.

## Capital generation

a.s.r.'s definition of Organic Capital Creation (OCC) includes organic capital generation, net release of capital and technical movements. The definition provides an indication of the capital created in the regular course of business. The figure below shows the OCC as part of the overall movement of the solvency ratio.

## Movement solvency



## Sensitivities

The sensitivities of the Solvency II ratio as at 30 June 2017 expressed as impact on the Group solvency ratio (in percentage points) can be broken down as follows:

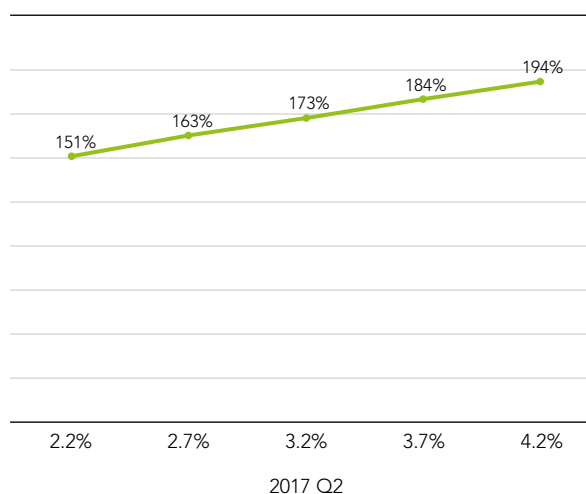
Type of risk (%-points)	Available capital	Required capital	Ratio
UFR -1%	-18%	-3%	-21%
Interest rates including UFR -1% (incl. UFR 4.2%)	4%	-14%	-10%
Interest rates including UFR +1% (incl. UFR 4.2%)	-4%	12%	9%
Spread +75 bps / VA +21 bps	11%	6%	17%
Equity Prices -20%	-11%	9%	-2%
Property values -10%	-7%	3%	-4%

Risk	Scenario
UFR	Measured as the impact of a lower UFR. For the valuation of liabilities the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged.
Interest rate risk	Measured as the impact of a parallel 1% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR of 4.2% after the last liquid point of 20 years remained unchanged.
Spread risk (including impact of spreadmovement on VA)	Measured as the impact of an increase in spread on loans and corporate bonds by 75 bps. At the same time, it is assumed that the Volatility Adjustment will increase by 21 bps.
Equity risk	Measured as the impact of a 20% downward movement in equity prices.
Property risk	Measured as the impact of a 10% downward movement in the market value of real estate.

## Expected developments in Ultimate Forward Rate

European Insurance and Occupational Pensions Authority (EIOPA) may reduce the Ultimate Forward Rate (UFR) used to extrapolate insurers' discount curves to better reflect expected inflation and real interest rates. There are various scenarios regarding lowering the UFR in 2017 and beyond, based on the proposed methodology as described in EIOPA's consultation paper. In the most recent proposal, the UFR is targeted at 3.65%, phasing in by 15 basis points per year. The impact on the solvency ratio of various UFR levels is shown in the chart on the right (solvency ratio at UFR 3,65% amounts to 183%).

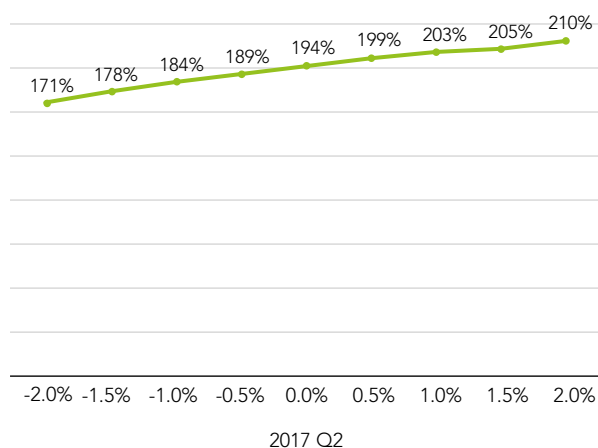
### UFR sensitivities



## Interest rate sensitivity of Solvency II ratio

The impact of a parallel movement in the interest rate on the Solvency II ratio, including the UFR effect, is shown in the chart below. The UFR methodology has been applied to the shocked interest rate curve.

### Interest sensitivity UFR 4.2%



## Capital Management

### Objectives

Overall capital management is conducted at Group level. Capital generated by operating units and future capital releases will be allocated to profitable growth of new business or returned to shareholders, to the extent that it succeeds the capital that is needed to sustain commercial capital levels at the targets defined by management. a.s.r. actively manages its in-force business, which is expected to result in substantial free capital generation over time.

The Group is committed to maintaining a strong capital position in order to be a robust insurer for its policyholders and other stakeholders. The objective is to maintain a solvency level that is within the limits defined in the risk appetite statements and the solvency targets.

### Capital management actions

During the first half of 2017, a.s.r. carried out several key capital actions, including two share buybacks by participating in two of the three sell-downs by NLFI. NLFI placed a total of 65 million a.s.r. shares (in January, April and June), thereby lowering its equity interest in a.s.r. from 63.7% to 20.1% (based on 150 million shares). a.s.r. participated in the sell-downs in January and June by buying 3 million treasury shares in each sell-down for a total consideration of € 153 million (representing a total impact of approx. 5% percentage points on the solvency ratio). In the Annual General Meeting of Shareholders on 31 May 2017 the resolution was adopted to cancel the acquired shares. The cancellation of the 3,000,000 shares that have been repurchased in January 2017 has been effected in the beginning of August. As a result of these transactions including the cancellation of the shares,

NLFI's interest in a.s.r.'s total outstanding share capital is currently 20.5%. Furthermore, in line with the group's risk appetite policy, the Group increased its allocation of capital to market risk by investing in higher-yielding assets (mainly equities) at the beginning of the year. This was a continuation of actions already taken in the last quarter of 2016 as reflected in the increase in required capital for market risk. Part of this increase was undone at the end of the second quarter of 2017.

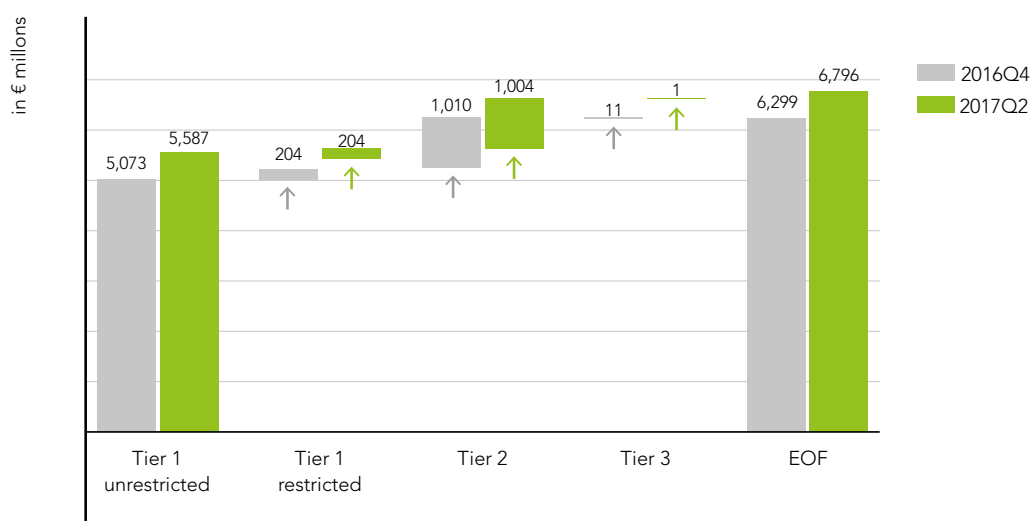
As disclosed in the annual report for the financial year 2016, the Group entered into a reinsurance agreement that covers the risks of a mass lapse event in parts of the portfolio if the mass lapse is more than 25% and less than 40%. This reduction in risk profile is reflected in the required capital (SCR), in which process the SCR for a mass lapse is reduced by the proceeds that are to be expected from the reinsurance arrangement. In the first half year of 2017, a.s.r. and the pool of reinsurers (RGA, Munich Re and some other reputable and highly rated insurers) restructured the reinsurance contract to expand the cover by both broadening the covered effect of a mass lapse under the contract and extending the duration of the contractual cover.

In the first half of 2017, the Group made continuous improvements to its hedging policies to reflect the latest insights in market conditions and the Group's exposures. The Group made some adjustments to the interest rate risk policy to take into account the current swap spread, which has widened significantly over the past years. These measures have also resulted in an increase in required capital for market risk.

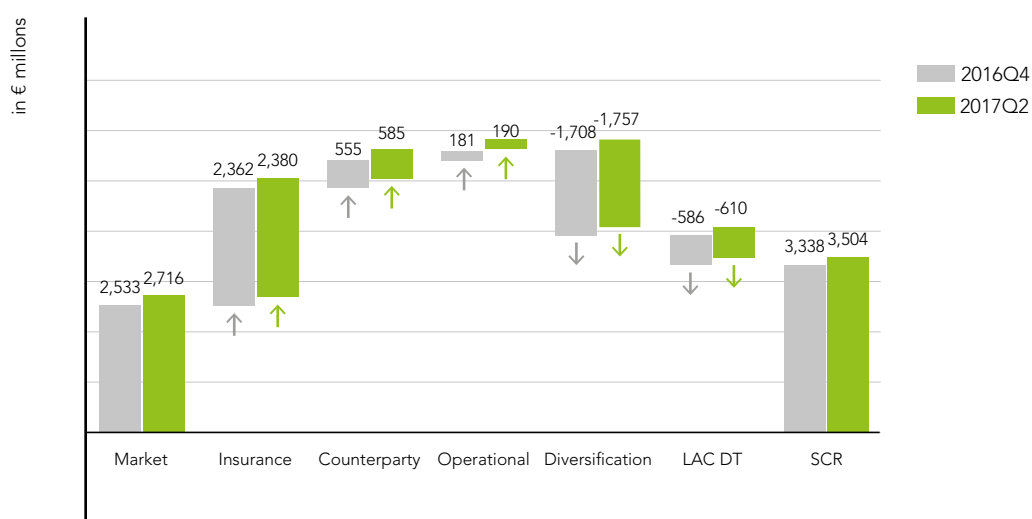
### Tiering

With respect to the capital position, Solvency II requires insurers to categorize own funds into tiers. The figure on next page shows the capital position of a.s.r.

## Eligible Own Funds



## Solvency required capital



Standard & Poor's confirmed the single A rating of ASR Levensverzekering N.V., ASR Schadeverzekering N.V. and ASR Nederland N.V. on August 10, 2017.

### Ratings per legal entity Ratings Standard & Poor's

	Type	Rating	Outlook	Since
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012

For rating reports, please visit the corporate website:  
<http://asrnl.com/investor-relations/ratings>.

# 1.3 Executive Board In Control Statement

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the undersigned declare that, to the best of their knowledge:

1. the condensed interim financial statements for the period ended 30 June 2017 give a true and fair view of the assets, liabilities, financial position and earnings of ASR Nederland N.V. and its consolidated entities; and
2. the interim report of the Executive Board for the period ended 30 June 2017 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding ASR Nederland N.V. and its consolidated entities.

Utrecht, the Netherlands, 29 August 2017

Jos Baeten  
Karin Bergstein  
Chris Figee  
Michel Verwoest

# Condensed consolidated interim financial statements of ASR Nederland N.V.

For the first half year 2017

<b>2</b>	<b>General information</b>	<b>25</b>	<b>5</b>	<b>Group structure and segment information</b>	<b>38</b>
<b>3</b>	<b>Condensed consolidated interim financial statements</b>	<b>26</b>	5.1	Segment information	38
3.1	Consolidated interim balance sheet	26	5.2	Acquisitions	46
3.2	Consolidated interim income statement	27	5.3	Discontinued operations and assets held for sale and related liabilities	46
3.3	Consolidated interim statement of comprehensive income	29	<b>6</b>	<b>Notes to the condensed consolidated interim financial statements</b>	<b>48</b>
3.4	Consolidated interim statement of changes in equity	30	6.1	Property (including land and buildings for own use)	48
3.5	Condensed consolidated interim statement of cash flows	31	6.2	Financial assets and derivatives	51
<b>4</b>	<b>Accounting policies</b>	<b>32</b>	6.3	Liabilities arising from insurance contracts	57
4.1	General	32	6.4	Employee benefits	59
4.2	Changes in comparative figures	33	6.5	Contingent liabilities	59
4.3	Changes in EU endorsed published IFRS Standards and Interpretations effective in 2017 or later	34	6.6	Events after the balance sheet date	59
4.4	Estimates and assumptions	34	<b>7</b>	<b>Review report</b>	<b>60</b>
4.5	Fair value of assets and liabilities	34		<b>Disclaimer</b>	<b>61</b>
				<b>Contact details</b>	<b>62</b>

This page has intentionally been left blank.



## 2 General information

ASR Nederland N.V. ('a.s.r.') is a leading insurance company in the Netherlands. In 2017, a.s.r. sells insurance products under the following labels: a.s.r., De Amersfoortse, Ardanta, Europeesche Verzekeringen and Ditzo. a.s.r. has a total of 3,481 internal FTE's (31 December 2016: 3,461 internal FTE's).

a.s.r. is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands. a.s.r. has chosen the Netherlands as 'country of origin' (land van herkomst) for the issued share capital and corporate bonds which are listed on Euronext Amsterdam. As of 10 June 2016 a.s.r. is listed on Euronext Amsterdam (Ticker: ASR NL).

The condensed consolidated interim financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in the tables contained in these interim financial statements are in millions of euros, unless otherwise indicated. Calculations in the tables are made using unrounded figures. As a result rounding differences can occur.

The condensed consolidated interim financial statements were approved by the Supervisory Board on **29 August** 2017.

The condensed consolidated interim financial statements have not been audited, but the independent auditor conducted a review.

# 3 Condensed consolidated interim financial statements

## 3.1 Consolidated interim balance sheet

<b>Consolidated interim balance sheet</b>			
(in € millions) (Before profit appropriation)	Note	30 June 2017	31 December 2016
Intangible assets		323	326
Property and equipment		169	171
Investment property	6.1	1,538	3,057
Associates and joint ventures at equity method		38	20
Investments	6.2	25,878	25,471
Investments on behalf of policyholders	6.2	7,727	7,745
Loans and receivables	6.2	12,600	11,468
Derivatives	6.2	2,365	3,060
Deferred tax assets		574	595
Reinsurance contracts	6.3	589	635
Other assets		689	773
Cash and cash equivalents	6.2	3,286	3,581
Assets held for sale	5.3	-	50
<b>Total assets</b>		<b>55,776</b>	<b>56,952</b>
Share capital		24	24
Share premium reserve		1,038	1,038
Unrealized gains and losses		912	726
Actuarial gains and losses		-632	-754
Retained earnings		2,955	2,746
Treasury shares		-153	-
<b>Equity attributable to shareholders</b>		<b>4,144</b>	<b>3,780</b>
Other equity instruments		701	701
<b>Equity attributable to holders of equity instruments</b>		<b>4,845</b>	<b>4,481</b>
Non-controlling interests		-10	-10
<b>Total equity</b>		<b>4,835</b>	<b>4,471</b>
Subordinated liabilities		497	497
Liabilities arising from insurance contracts	6.3	31,437	32,484
Liabilities arising from insurance contracts on behalf of policyholders		9,727	9,928
Employee benefits	6.4	3,111	3,257
Provisions		38	49
Borrowings		55	114
Derivatives	6.2	580	577
Due to customers		2,120	1,911
Due to banks		2,310	2,835
Other liabilities		1,066	827
Liabilities relating to assets held for sale	5.3	-	2
<b>Total liabilities</b>		<b>50,941</b>	<b>52,481</b>
<b>Total equity and liabilities</b>		<b>55,776</b>	<b>56,952</b>

The numbers following the line items refer to the relevant chapters in the notes.

## 3.2 Consolidated interim income statement

<b>Consolidated interim income statement</b>			
(in € millions)	Note	1H 2017	1H 2016 (restated)
<b>Continuing operations</b>			
Gross premiums written		2,233	2,667
Change in provision for unearned premiums		-175	-187
<b>Gross insurance premiums</b>		<b>2,058</b>	<b>2,480</b>
Reinsurance premiums		-30	-61
<b>Net insurance premiums</b>		<b>2,028</b>	<b>2,419</b>
Investment income		680	687
Realized gains and losses		208	220
Fair value gains and losses		45	-4
Result on investments on behalf of policyholders		191	-121
Fee and commission income		32	35
Other income	6.4	56	135
Share of profit/(loss) of associates and joint ventures		6	2
<b>Total income</b>		<b>1,218</b>	<b>954</b>
Insurance claims and benefits		-2,141	-2,278
Insurance claims and benefits recovered from reinsurers		21	42
<b>Net insurance claims and benefits</b>		<b>-2,120</b>	<b>-2,236</b>
Operating expenses		-283	-284
Restructuring provision expenses		-4	-3
Commission expenses		-199	-191
Impairments		9	10
Interest expense		-90	-139
Other expenses		-44	-40
<b>Total expenses</b>		<b>-611</b>	<b>-647</b>
<b>Profit before tax</b>		<b>515</b>	<b>490</b>
Income tax (expense) / gain		-119	-111
<b>Profit from continuing operations</b>		<b>396</b>	<b>379</b>
<b>Discontinued operations</b>			
Profit (loss) from discontinued operations, after tax	5.3	-	1
<b>Profit for the period</b>		<b>396</b>	<b>380</b>
<b>Attributable to:</b>			
- Non-controlling interests		-1	-1
- Shareholders		397	381
- Holders of other equity instruments		-	-
- Tax on interest of other equity instruments		-	-
<b>Profit attributable to holders of equity instruments</b>		<b>397</b>	<b>381</b>

The numbers following the line items refer to the relevant chapters in the notes.  
The comparative figures for 1H 2016 have been restated (see chapter 4.2.).

**Earnings per share**

(in €)	1H 2017	1H 2016 (restated)
Basic earnings per share from continuing operations	2.70	2.53
Basic earnings per share from discontinued operations	-	0.01
<b>Basic earnings per share</b>	<b>2.70</b>	<b>2.54</b>

For disclosure related to the income statement we refer to the report of the Executive Board – Chapter 1.1 Financial and business performance for 1H 2017, which is part of the interim report.

There are no diluting effects applicable on the earnings per share. The earnings have been divided by the weighted average number of ordinary shares outstanding during the period, for H1 2017 this is 146,933,702.

### 3.3 Consolidated interim statement of comprehensive income

<b>Consolidated interim statement of comprehensive income</b>		
(in € millions)	1H 2017	1H 2016 (restated)
<b>Profit for the period</b>	<b>396</b>	<b>380</b>
Remeasurements of post-employment benefit obligation	164	-566
Unrealized change in value of property for own use	-	-
Income tax on items that will not be reclassified to profit and loss	-42	140
<b>Total items that will not be reclassified to profit and loss</b>	<b>122</b>	<b>-426</b>
Unrealized change in value of available for sale financial assets	-350	1,771
Shadow accounting	537	-1,754
Segregated investment pools	-3	11
Income tax on items that may be reclassified subsequently to profit and loss	2	-24
<b>Total items that may be reclassified subsequently to profit and loss</b>	<b>186</b>	<b>4</b>
<b>Total other comprehensive income for the year, after tax</b>	<b>308</b>	<b>-422</b>
<b>Total comprehensive income</b>	<b>704</b>	<b>-42</b>
<b>Attributable to:</b>		
- Non-controlling interests	-1	-1
- Shareholders of the parent	705	-41
- Holders of other equity instruments	-	-
- Tax on interest of other equity instruments	-	-
<b>Total comprehensive income attributable to holders of equity instruments</b>	<b>705</b>	<b>-41</b>

Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to liabilities arising from insurance contracts. Further information related to shadow accounting is disclosed in the 2016 consolidated financial statements in chapter 5.3.5 (I).

### 3.4 Consolidated interim statement of changes in equity

Consolidated interim statement of changes in equity										
(in € millions)	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses (pension obligation)	Retained earnings	Treasury shares	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
<b>At 1 January 2017</b>	<b>24</b>	<b>1,038</b>	<b>726</b>	<b>-754</b>	<b>2,746</b>	<b>-</b>	<b>3,780</b>	<b>701</b>	<b>-10</b>	<b>4,471</b>
Profit for the period	-	-	-	-	397	-	397	-	-1	396
Total other comprehensive income	-	-	186	122	-	-	308	-	-	308
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>122</b>	<b>397</b>	<b>-</b>	<b>705</b>	<b>-</b>	<b>-1</b>	<b>704</b>
Dividend paid	-	-	-	-	-187	-	-187	-	-	-187
Treasury shares acquired	-	-	-	-	-	-153	-153	-	-	-153
Other	-	-	-	-	-1	-	-1	-	1	-
<b>At 30 June 2017</b>	<b>24</b>	<b>1,038</b>	<b>912</b>	<b>-632</b>	<b>2,955</b>	<b>-153</b>	<b>4,144</b>	<b>701</b>	<b>-10</b>	<b>4,835</b>
At 1 January 2016	100	962	686	-467	2,293	-	3,574	701	-16	4,259
Profit for the period	-	-	-	-	381	-	381	-	-1	380
Total other comprehensive income	-	-	4	-426	-	-	-422	-	-	-422
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-426</b>	<b>381</b>	<b>-</b>	<b>-41</b>	<b>-</b>	<b>-1</b>	<b>-42</b>
Dividend paid	-	-	-	-	-170	-	-170	-	-	-170
Increase / (decrease) in capital	-76	76	-	-	-	-	-	-	-	-
<b>At 30 June 2016 (restated)</b>	<b>24</b>	<b>1,038</b>	<b>690</b>	<b>-893</b>	<b>2,504</b>	<b>-</b>	<b>3,363</b>	<b>701</b>	<b>-17</b>	<b>4,047</b>

The actuarial gains and losses increased in 2017 by € 122 million after tax and € 164 million before tax (2016: decreased by € 426 million after tax and € 566 million before tax) due to an increase (2016 decrease) primarily in the discount rate and inflation (see chapter 6.4).

In January 2017, NLFI sold 20,400,000 shares in a.s.r. at a price of € 22.15 per share. a.s.r. repurchased 3,000,000 shares in this offering. In April 2017, NLFI sold 20,000,000 shares at a price of € 25.75 per share. In June 2017, NLFI sold another 25,000,000 shares at a price of € 29.00 per share. a.s.r. again repurchased 3,000,000 shares in its own capital in June 2017. NFLI's interest in a.s.r.'s total outstanding share capital decreased from 63.7% as per year-end 2016 to 20.1% on 30 June 2017. a.s.r. did not receive any proceeds of the sales. In the Annual General Meeting of Shareholders on 31 May 2017 the resolution was adopted to cancel the acquired shares. The cancellation of the 3,000,000 shares that have been repurchased in January 2017 has been effected in the beginning of August. As a result of these transactions including the cancellation of the shares, NLFI's interest in a.s.r.'s total outstanding share capital is currently 20.5%.

Before the IPO in June 2016, a stock split had been effected in March 2016. The nominal value per ordinary share in the company's capital was decreased to € 0.16. An amount of € 76 million was subsequently transferred from share capital to the share premium reserve.

### 3.5 Condensed consolidated interim statement of cash flows

The table below represents the cash flows from continuing and discontinued operations.

<b>Condensed consolidated interim statement of cash flows</b>		
(in € millions)	2017	2016
<b>Cash and cash equivalents at 1 January</b>	<b>3,581</b>	<b>2,631</b>
Cash flows from operating activities	65	2,244
Cash flows from investing activities	-7	-17
Cash flows from financing activities	-353	-115
<b>Cash and cash equivalents at 30 June</b>	<b>3,286</b>	<b>4,743</b>

<b>Cash and cash equivalents</b>		
(in € millions)	2017	2016
<b>Total cash and cash equivalents</b>		
Cash and cash equivalents from continuing operations	3,286	4,741
Cash and cash equivalents classified as assets held for sale	-	2
<b>Total cash and cash equivalents at 30 June</b>	<b>3,286</b>	<b>4,743</b>

The cash flows related to the discontinued operations are very limited (2017: nil, 2016: € 2 million).

The cash components include € 1,999 million (30 June 2016: € 3,139 million) related to the cash collateral received on derivative instruments and securities lending. The debt to repay the cash collateral is included in the amount due to banks.

# 4 Accounting policies

## 4.1 General

The condensed consolidated interim financial statements of a.s.r. for the first half year ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted for use within the European Union (EU). They do not contain all of the information required for complete consolidated financial statements and must therefore be read in conjunction with the 2016 consolidated financial statements of a.s.r.

a.s.r. has prepared its condensed consolidated interim financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2016 consolidated financial statements. These are prepared in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted for use within the European Union (EU).

In the first half year 2017 a.s.r. made no changes in accounting policies or changes in presentation except the ones as disclosed in note 4.2.



## 4.2 Changes in comparative figures

The changes in the comparative figures mainly concern the representation of discontinued operations to continued operations, impact of + € 14 million on profit before tax, in the consolidated interim income statement. In line with IFRS accounting requirements the comparative figures in the consolidated interim balance sheet have not been restated. Furthermore, adjustments have been made that are related to restatements due to retroactive adjustments for the finalization of acquisition accounting within one year window of Dutch ID and De Eendragt Pensioen N.V. (impact of € -2 million on profit before tax). The impact of the mentioned changes for the period ended 30 June 2016 is as follows:

<b>Changes in comparative figures</b>			
	1H 2016 As reported	Restatements	Restated
<b>Continuing operations</b>			
Gross premiums written	2,667	-	2,667
Change in provision for unearned premiums	-187	-	-187
<b>Gross insurance premiums</b>	<b>2,480</b>	<b>-</b>	<b>2,480</b>
Reinsurance premiums	-61	-	-61
<b>Net insurance premiums</b>	<b>2,419</b>	<b>-</b>	<b>2,419</b>
Investment income	687	-	687
Realized gains and losses	220	-	220
Fair value gains and losses	-4	-	-4
Result on investments on behalf of policyholders	-121	-	-121
Fee and commission income	35	-	35
Other income	135	-	135
Share of profit/(loss) of associates and joint ventures	2	-	2
<b>Total income</b>	<b>954</b>	<b>-</b>	<b>954</b>
Insurance claims and benefits	-2,277	-1	-2,278
Insurance claims and benefits recovered from reinsurers	42	-	42
<b>Net insurance claims and benefits</b>	<b>-2,235</b>	<b>-1</b>	<b>-2,236</b>
Operating expenses	-283	-1	-284
Restructuring provision expenses	-3	-	-3
Acquisition costs	-191	-	-191
Impairments	7	3	10
Interest expense	-139	-	-139
Other expenses	-51	11	-40
<b>Total expenses</b>	<b>-660</b>	<b>13</b>	<b>-647</b>
<b>Profit before tax</b>	<b>478</b>	<b>12</b>	<b>490</b>
Income tax (expense) / gain	-109	-2	-111
<b>Profit from continuing operations</b>	<b>369</b>	<b>10</b>	<b>379</b>
<b>Discontinued operations</b>			
Profit (loss) from discontinued operations net of tax	12	-11	1
<b>Profit for the period</b>	<b>381</b>	<b>-1</b>	<b>380</b>

## 4.3 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2017 or later

There are no changes in EU-endorsed IFRS standards and IFRIC interpretations that are effective from 1 January 2017.

The following changes in IFRS standards and IFRIC interpretations are effective from 1 January 2017, but not yet EU-endorsed:

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual improvements to IFRSs 2014-2016 cycle: IFRS 12 – Disclosure of Interests in Other Entities

These changes have no material effect on the equity attributable to shareholders or profit or loss for the (interim) reporting period of a.s.r.

### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and will replace IFRS 4 Insurance Contracts. The standard will be effective from 1 January 2021. The EU endorsement process will need to be concluded before a.s.r. is able to apply this standard.

This standard introduces a new method to account for insurance contracts. It will affect on how the results in the financial income statement are presented and is expected to have an impact on the equity and net results. Currently a.s.r. is studying the standard and preparing for the implementation. It is not yet possible to quantify the impact on equity or result.

For more information regarding other upcoming accounting standards not yet effective in 2017, please refer to chapter 5.3.4 in the a.s.r. 2016 consolidated financial statements.

## 4.4 Estimates and assumptions

The preparation of the condensed consolidated interim financial statements requires a.s.r. to make estimates and assumptions that have an effect on the reported amounts in the financial statements.

Critical accounting estimates and assumptions relate to:

- the fair value and impairments of unlisted financial instruments;
- the estimated useful life, residual value and fair value of property and equipment, investment property, and intangible assets;
- the measurement of liabilities arising from insurance contracts;
- actuarial assumptions used for measuring employee benefit obligations;
- when forming provisions, the required estimate of existing obligations arising from past events;
- the recoverable amount of impaired assets.

The estimates and assumptions are based on management's best knowledge of current facts, actions and events.

The actual outcomes may ultimately differ from the results reported earlier on the basis of estimates and assumptions.

A detailed explanation of the estimates and assumptions are given in the relevant chapter as included in the 2016 consolidated financial statements.

## 4.5 Fair value of assets and liabilities

The fair value is the price that a.s.r. would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants on the transaction date or reporting date in the principal market for the asset or liability, or in the most advantageous market for the asset or liability and assuming the highest and best use for non-financial assets.

Where possible, a.s.r. determines the fair value of assets and liabilities on the basis of quoted prices in an active market.

In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques.

Although valuation techniques are based on observable market data where possible, results are affected by the assumptions used, such as discount rates and estimates of future cash flows. In the unlikely event that the fair value of a financial instrument cannot be measured, it is carried at cost.

## Fair value hierarchy

The following three hierarchical levels are used to determine the fair value of financial instruments and non-financial instruments when accounting for assets and liabilities at fair value and disclosing the comparative fair value of assets and liabilities:

### Level 1. Fair value based on quoted prices in an active market

Level 1 includes assets and liabilities whose value is determined by quoted (unadjusted) prices in the primary active market for identical assets or liabilities.

A financial instrument is quoted in an active market if:

- quoted prices are readily and regularly available (from an exchange, dealer, broker, sector organization, third party pricing service, or a regulatory body); and
- these prices represent actual and regularly occurring transactions on an arm's length basis.

Financial instruments in this category primarily consist of bonds and equities listed in active markets. Cash and cash equivalents are also included as level 1.

### Level 2. Fair value based on observable market data

Determining fair value on the basis of Level 2 involves the use of valuation techniques that use inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities). These observable inputs are obtained from a broker or third party pricing service and include:

- quoted prices in active markets for similar (not identical) assets or liabilities;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- input variables other than quoted prices observable for the asset or liability. These include interest rates and yield curves observable at commonly quoted intervals, volatility, early redemptions spreads, loss ratio, credit risks and default percentages.

This category primarily includes:

- I. financial instruments: unlisted fixed-interest preference shares and interest rate contracts;
- II. financial instruments: loans and receivables<sup>1</sup>;
- III. other non-financial assets and liabilities<sup>1</sup>.

#### I. Financial instruments: unlisted fixed-interest preference shares and interest rate contracts

This category includes unlisted fixed-interest preference shares and interest rate contracts. The valuation techniques for financial instruments use present value calculations and in the case of derivatives, include forward pricing and swap models. The observable market data contains yield curves based on company ratings and characteristics of the unlisted fixed-interest preference shares.

#### II. Financial instruments: Loans and receivables (excluding mortgage loans)

The fair value of the loans and receivables is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty.

#### III. Other non-financial assets and liabilities

For other non-financial assets and liabilities where the fair value is disclosed these fair values are based on observable market inputs, primarily being the price paid to acquire the asset or received to assume the liability on initial recognition, assuming that the transactions have taken place on an arm's length basis. Valuation techniques using present value calculations are applied using current interest rates where the payment terms are longer than one year.

### Level 3. Fair value not based on observable market data

The fair value of the level 3 assets and liabilities are determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument and for which any significant inputs are not based on available observable market data. The financial assets and liabilities in this category are assessed individually.

Valuation techniques are used to the extent that observable inputs are not available. The basic principle of fair value measurement is still to determine a fair, arm's length price. Unobservable inputs therefore reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including

---

<sup>1</sup> Not measured at fair value on the balance sheet and for which the fair value is disclosed.

assumptions about risk). These inputs are generally based on the available observable data (adjusted for factors that contribute towards the value of the asset) and own source information.

This category primarily includes:

- I. financial instruments: private equity investments (or private equity partners);
- II. financial instruments: loans and receivables – mortgage loans<sup>1</sup>;
- III. investment property, buildings for own use and real estate equity funds.

### **I. Financial instruments: private equity investments (or private equity partners)**

The main non-observable market input for private equity investments is the net asset value of the investment as published by the private equity company (or partner).

### **II. Financial instruments: loans and receivables – mortgage loans**

The fair value of the mortgage loan portfolio is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty. The valuation method used to determine the fair value of the mortgage loan portfolio bases the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates and includes assumptions for originating cost, proposal risk, and the options related to early redemption and moving.

### **III. Investment property and buildings for own use and real estate equity funds**

The following categories of investment properties, including real estate equity funds, and buildings for own use is recognized and methods of calculating fair value are distinguished:

- Residential – based on reference transaction and DCF method;
- Retail – based on reference transaction and income capitalization method;
- Rural – based on reference transaction and DCF method;
- Offices – based on reference transaction and DCF method (including buildings for own use);
- Other – based on reference transaction and DCF method;
- Under construction – based on both DCF and income capitalization method.

The following valuation methods are available for the calculation of fair value by the external professional appraisers for investment property, including real estate equity funds, and buildings for own use:

#### **Reference transactions**

Independent professional appraisers use transactions in comparable properties as a reference for determining the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch government 'grondprijzemonitor' in an active property market and in some instances accompanied by own use information.

The external professional appraisers, value the property using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- DCF method;
- Income capitalization method.

#### **DCF method**

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on the investment property dependent on the duration of the lease contracts.

A market-derived discount rate is applied to these projected cash flow series in order to establish the present value of the cash flows associated with the asset. The exit yield is normally determined separately, and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior, which depends on the class of investment property. Periodic cash flow is typically estimated as gross rental income less vacancy (apart from the rural category), non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

<sup>1</sup> Not measured at fair value on the balance sheet and for which the fair value is disclosed.

For the categories residential, offices and other in applying the DCF method, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- Market rent per square meter for renewals and their respective re-letting rates;
- The 10 year discount rate as published by the Dutch Central Bank.

When applying the DCF method for rural valuations, the significant inputs are the discount rate and market lease values. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- Market value per acre per region in accordance with the 'rural land price monitor';
- 10 Year Dutch Government Bond Yield (%) as published by the Dutch Central Bank.

### **Income capitalization method**

Under the income capitalization method, a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalization method, rents above or below the market rent are capitalized separately.

The significant inputs for retail valuations are the reversionary yield and the market or reviewed rental value. These inputs are generally verified with the following observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- Market rent per square meter for renewals;
- Reviewed rent per square meter (based on the rent reviews performed in accordance with Section 303, Book 7 of the Dutch Civil Code).

The fair value of investment properties and buildings for own use, are appraised annually. Valuations are conducted by independent professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the property being valued. Market value property valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, 7th Edition (the 'Red Book'). a.s.r. provides adequate information to the professional appraisers, in order to conduct a comprehensive valuation. The professional appraisers are changed or rotated at least once every three years.

### **Transfers between levels**

The hierarchical level per individual instrument, or group of instruments, is reassessed at every reporting period. If the instrument, or group of instruments, no longer complies with the criteria of the level in question, it is transferred to the hierarchical level that does meet the criteria. A transfer can for instance be when the market becomes less liquid or when quoted market prices for the instrument are no longer available.

# 5 Group structure and segment information

## 5.1 Segment information

### 5.1.1 General

At organizational level, a.s.r.'s operations have been divided into six operating segments. These segments are the Non-life segment and Life segment where all insurance activities are presented in. The non-insurance activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development, which is in run-off.

See chapters 5.4.1 and 5.7.6 as included in the 2016 consolidated financial statements for the organization structure and a list of principal group companies and associates in the relevant segments.

The eliminations applied in the reconciliation of the segment information with the consolidated interim balance sheet and the consolidated interim income statement are separately presented in chapter 5.1.2 and 5.1.3.

The a.s.r. segment reporting shows the financial performance of each segment. The purpose is to allocate all items in the balance sheet and income statement to the segments that hold full management responsibility for them.

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated interim financial statements.

Intersegment transactions are conducted at arm's length conditions. In general, cost related to centralized services are allocated to the segments based on the utilization of these services.

The segments are assessed on their operating result, which is based on the profit before tax adjusted for:

- I. investment related income: income for own account of an incidental nature (for example realized capital gains and losses, impairment losses or reversals and (un)realized changes of investments held at fair value;
- II. incidentals insurance segments: incidental items relating to changes in methods, changes in accounting policies, effects of changes in accounting methods not related to insurance portfolios and revaluation of insurance liabilities;
- III. incidentals non – insurance segments: incidental items relating to changes in methods, changes in accounting policies and effects of changes in accounting methods not related to the underlying performance of the non – insurance segments; and
- IV. other incidentals: incidental items not related to the core-business or on-going business.

For comparative purposes the 2016 operating result has been adjusted due to reassessment of the incidentals in the category other for an amount of € 11 million. This mainly relates to all results of a.s.r.'s own pension scheme, excluding the current net service cost.

### Insurance activities

Insurance entities are entities that accept the transfer of insurance risks from policyholders. The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts. The Life segment comprises the life insurance entities and their subsidiaries. These life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile.

### Non-insurance activities

- The Banking and Asset Management segment involves all banking activities and the activities related to asset management including investment property management. These activities include ASR Bank N.V., ASR Hypotheken B.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V., ASR Group Asset Management B.V. and ASR Vermogensbeheer B.V. (formerly BNG Vermogensbeheer B.V. as of 20 May 2016);
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and includes the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V., Dutch ID B.V.,

SuperGarant Verzekeringen B.V. and SuperGarant Assuradeuren B.V. (as of 1 September 2016) (as of april 2017 including subsidiary VSP Risk B.V.) and Corins B.V. (as of 3 October 2016);

- The segment 'Holding and Other' consists primarily of the holding activities of ASR Nederland N.V. (including the group related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V.;
- The Real Estate Development consists of the activities where property development occurs. As of 1 January 2017, all activities in the Real Estate Development segment are classified as continuing. For further disclosure, reference is made to chapter 5.3.

## 5.1.2 Segmented balance sheet

Segmented balance sheet								
As at 30 June 2017	Insurance		Non-Insurance				Eliminations	Total
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development		
Intangible assets	-	150	4	169	-	-	-	323
Property and equipment	-	145	-	5	19	-	-	169
Investment property	131	1,407	-	-	-	-	-	1,538
Associates and joint ventures at equity method	-	3	-	-	16	19	-	38
Investments	4,637	20,961	149	-	2,862	-	-2,731	25,878
Investments on behalf of policyholders	-	7,727	-	-	-	-	-	7,727
Loans and receivables	398	10,742	1,478	21	54	28	-121	12,600
Derivatives	3	2,358	4	-	-	-	-	2,365
Deferred tax assets	-	-	-	-	570	1	3	574
Reinsurance contracts	399	190	-	-	-	-	-	589
Other assets	152	568	2	-1	-128	97	-1	689
Cash and cash equivalents	479	2,312	216	47	227	5	-	3,286
Assets held for sale	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>6,199</b>	<b>46,563</b>	<b>1,853</b>	<b>241</b>	<b>3,620</b>	<b>150</b>	<b>-2,850</b>	<b>55,776</b>
Equity attributable to holders of equity instruments	1,245	4,171	144	186	-882	28	-47	4,845
Non-controlling interests	-	10	-	-	-	-10	-10	-10
<b>Total equity</b>	<b>1,245</b>	<b>4,181</b>	<b>144</b>	<b>186</b>	<b>-882</b>	<b>18</b>	<b>-57</b>	<b>4,835</b>
Subordinated liabilities	15	-	-	-	497	-	-15	497
Liabilities arising from insurance contracts	4,769	28,994	-	-	-	-	-2,326	31,437
Liabilities arising from insurance contracts on behalf of policyholders	-	9,727	-	-	-	-	-	9,727
Employee benefits	-	-	-	1	3,110	-	-	3,111
Provisions	-	17	1	-	15	5	-	38
Borrowings	-	31	-	1	10	64	-51	55
Derivatives	6	574	-	-	-	-	-	580
Deferred tax liabilities	46	-572	5	5	531	-2	-13	-
Due to customers	41	788	1,655	10	-	-	-374	2,120
Due to banks	1	2,231	3	-	75	-	-	2,310
Other liabilities	76	592	45	38	264	65	-14	1,066
Liabilities relating to assets held for sale	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>4,954</b>	<b>42,382</b>	<b>1,709</b>	<b>55</b>	<b>4,502</b>	<b>132</b>	<b>-2,793</b>	<b>50,941</b>
<b>Total equity and liabilities</b>	<b>6,199</b>	<b>46,563</b>	<b>1,853</b>	<b>241</b>	<b>3,620</b>	<b>150</b>	<b>-2,850</b>	<b>55,776</b>



## 5.1.2 Segmented balance sheet (continued)

	Insurance		Non-Insurance				Eliminations	Total
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development		
As at 31 December 2016								
Intangible assets	1	155	4	166	-	-	-	326
Property and equipment	-	147	-	5	19	-	-	171
Investment property	366	2,691	-	-	-	-	-	3,057
Associates and joint ventures at equity method	-	3	-	-	15	2	-	20
Investments	4,618	20,475	255	-	2,802	-	-2,679	25,471
Investments on behalf of policyholders	-	7,745	-	-	-	-	-	7,745
Loans and receivables	304	10,079	1,166	11	63	4	-159	11,468
Derivatives	4	3,055	1	-	-	-	-	3,060
Deferred tax assets	-	-	-	-	582	2	11	595
Reinsurance contracts	442	193	-	-	-	-	-	635
Other assets	108	797	14	-	-235	138	-49	773
Cash and cash equivalents	174	2,876	106	31	387	7	-	3,581
Assets held for sale	-	-	-	-	-	1	49	50
<b>Total assets</b>	<b>6,017</b>	<b>48,216</b>	<b>1,546</b>	<b>213</b>	<b>3,633</b>	<b>154</b>	<b>-2,827</b>	<b>56,952</b>
Equity attributable to holders of equity instruments	1,174	3,890	112	176	-859	26	-38	4,481
Non-controlling interests	-	9	-	-	-	-10	-9	-10
<b>Total equity</b>	<b>1,174</b>	<b>3,899</b>	<b>112</b>	<b>176</b>	<b>-859</b>	<b>16</b>	<b>-47</b>	<b>4,471</b>
Subordinated liabilities	15	-	-	-	497	-	-15	497
Liabilities arising from insurance contracts	4,611	30,196	-	-	-	-	-2,323	32,484
Liabilities arising from insurance contracts on behalf of policyholders	-	9,928	-	-	-	-	-	9,928
Employee benefits	-	-	-	3	3,254	-	-	3,257
Provisions	-	23	-	-	25	1	-	49
Borrowings	2	97	-	1	10	55	-51	114
Derivatives	5	572	-	-	-	-	-	577
Deferred tax liabilities	54	-548	5	7	488	-4	-2	-
Due to customers	55	840	1,386	11	-	-	-381	1,911
Due to banks	1	2,758	1	-	75	-	-	2,835
Other liabilities	100	451	42	15	143	84	-8	827
Liabilities relating to assets held for sale	-	-	-	-	-	2	-	2
<b>Total liabilities</b>	<b>4,843</b>	<b>44,317</b>	<b>1,434</b>	<b>37</b>	<b>4,492</b>	<b>138</b>	<b>-2,780</b>	<b>52,481</b>
<b>Total equity and liabilities</b>	<b>6,017</b>	<b>48,216</b>	<b>1,546</b>	<b>213</b>	<b>3,633</b>	<b>154</b>	<b>-2,827</b>	<b>56,952</b>

## 5.1.3 Segmented income statement and reconciliation to operating result

Segmented income statement								
1H 2017	Insurance		Non-Insurance				Eliminations	Total
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development		
<b>Continuing operations</b>								
Gross premiums written	1,474	848	-	-	-	-	-89	2,233
Change in provision for unearned premiums	-175	-	-	-	-	-	-	-175
<b>Gross insurance premiums</b>	<b>1,299</b>	<b>848</b>	-	-	-	-	<b>-89</b>	<b>2,058</b>
Reinsurance premiums	-27	-3	-	-	-	-	-	-30
<b>Net insurance premiums</b>	<b>1,272</b>	<b>845</b>	-	-	-	-	<b>-89</b>	<b>2,028</b>
Investment income	56	558	79	-	6	-	-19	680
Realized gains and losses	26	183	-	-	-	-1	-	208
Fair value gains and losses	7	35	3	-	-	-	-	45
Result on investments on behalf of policyholders	-	188	-	-	-	-	3	191
Fee and commission income	15	-	4	25	-	-	-12	32
Other income	2	18	1	7	-	31	-3	56
Share of profit/(loss) of associates and joint ventures	-	-	-	-	-	6	-	6
<b>Total income</b>	<b>106</b>	<b>982</b>	<b>87</b>	<b>32</b>	<b>6</b>	<b>36</b>	<b>-31</b>	<b>1,218</b>
Insurance claims and benefits	-974	-1,229	-	-	-	-	62	-2,141
Insurance claims and benefits recovered from reinsurers	19	2	-	-	-	-	-	21
<b>Net insurance claims and benefits</b>	<b>-955</b>	<b>-1,227</b>	-	-	-	-	<b>62</b>	<b>-2,120</b>
Operating expenses	-99	-91	-45	-21	-47	-2	22	-283
Restructuring provision expenses	-1	-2	-1	-	-	-	-	-4
Commission expenses	-199	-8	-	-	-	-	8	-199
Impairments	8	4	-	-	-3	-	-	9
Interest expenses	-2	-45	-10	-	2	-1	-34	-90
Other expenses	-1	-46	-24	-1	4	-29	53	-44
<b>Total expenses</b>	<b>-294</b>	<b>-188</b>	<b>-80</b>	<b>-22</b>	<b>-44</b>	<b>-32</b>	<b>49</b>	<b>-611</b>
<b>Profit before tax</b>	<b>129</b>	<b>412</b>	<b>7</b>	<b>10</b>	<b>-38</b>	<b>4</b>	<b>-9</b>	<b>515</b>
Income tax (expense) / gain	-31	-97	-1	-2	12	-2	2	-119
<b>Profit after tax from continuing operations</b>	<b>98</b>	<b>315</b>	<b>6</b>	<b>8</b>	<b>-26</b>	<b>2</b>	<b>-7</b>	<b>396</b>
<b>Discontinued operations</b>	-	-	-	-	-	-	-	-
Profit / (loss) from discontinued operations, after tax	-	-	-	-	-	-	-	-
<b>Profit for the period</b>	<b>98</b>	<b>315</b>	<b>6</b>	<b>8</b>	<b>-26</b>	<b>2</b>	<b>-7</b>	<b>396</b>
Profit attributable to non-controlling interests	-	-	-	-	-	1	-	1
<b>Profit attributable to holders of equity instruments</b>	<b>98</b>	<b>315</b>	<b>6</b>	<b>8</b>	<b>-26</b>	<b>3</b>	<b>-7</b>	<b>397</b>

## Operating result

1H 2017	Insurance		Non-Insurance				Eliminations	Total
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development		
<b>Profit before tax</b>	129	412	7	10	-38	4	-9	515
minus: investment related	23	85	3	-	-2	-	-	109
minus: incidentals	-	13	-1	-	17	4	-12	21
<b>Operating result</b>	<b>106</b>	<b>314</b>	<b>5</b>	<b>10</b>	<b>-53</b>	<b>-</b>	<b>3</b>	<b>385</b>

Various relatively small administrative differences of prior years have been resolved which led to a release of provisions in the Life insurance business of in total € 13 million. This amount is classified as an incidental as it does not reflect the underlying performance of the insurance portfolio.

## 5.1.3 Segmented income statement and reconciliation to operating result (continued)

Segmented income statement								
1H 2016 (restated)	Insurance		Non-Insurance				Eliminations	Total
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development		
<b>Continuing operations</b>								
Gross premiums written	1,396	1,338	-	-	-	-	-67	2,667
Change in provision for unearned premiums	-187	-	-	-	-	-	-	-187
<b>Gross insurance premiums</b>	<b>1,209</b>	<b>1,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-67</b>	<b>2,480</b>
Reinsurance premiums	-61	-	-	-	-	-	-	-61
<b>Net insurance premiums</b>	<b>1,148</b>	<b>1,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-67</b>	<b>2,419</b>
Investment income	61	574	54	-	5	-	-7	687
Realized gains and losses	21	234	5	-	-	-	-40	220
Fair value gains and losses	5	-12	-	-	-	-	3	-4
Result on investments on behalf of policyholders	-	-122	-	-	-	-	1	-121
Fee and commission income	20	-	5	23	-	-	-13	35
Other income	1	16	-	4	108	6	-	135
Share of profit/(loss) of associates and joint ventures	-	2	-	-	-	-	-	2
<b>Total income</b>	<b>108</b>	<b>692</b>	<b>64</b>	<b>27</b>	<b>113</b>	<b>6</b>	<b>-56</b>	<b>954</b>
Insurance claims and benefits	-918	-1,490	-	-	-	-	130	-2,278
Insurance claims and benefits recovered from reinsurers	40	2	-	-	-	-	-	42
<b>Net insurance claims and benefits</b>	<b>-878</b>	<b>-1,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>-2,236</b>
Operating expenses	-100	-101	-27	-17	-47	-3	11	-284
Restructuring provision expenses	-1	-2	-	-	-	-	-	-3
Commission expenses	-190	-9	-	-	-	-	8	-191
Impairments	7	-	-	-	-	3	-	10
Interest expense	-1	-81	-11	-	-16	-	-30	-139
Other expenses	-7	-19	-22	-1	-9	-2	20	-40
<b>Total expenses</b>	<b>-292</b>	<b>-212</b>	<b>-60</b>	<b>-18</b>	<b>-72</b>	<b>-2</b>	<b>9</b>	<b>-647</b>
<b>Profit before tax</b>	<b>86</b>	<b>330</b>	<b>4</b>	<b>9</b>	<b>41</b>	<b>4</b>	<b>16</b>	<b>490</b>
Income tax (expense) / gain	-20	-75	-1	-2	-10	1	-4	-111
<b>Profit after tax from continuing operations</b>	<b>66</b>	<b>255</b>	<b>3</b>	<b>7</b>	<b>31</b>	<b>5</b>	<b>12</b>	<b>379</b>
<b>Discontinued operations</b>								
Profit / (loss) from discontinued operations, after tax	-	-	-	-	-	1	-	1
<b>Profit for the period</b>	<b>66</b>	<b>255</b>	<b>3</b>	<b>7</b>	<b>31</b>	<b>6</b>	<b>12</b>	<b>380</b>
Profit attributable to non-controlling interests	-	-	-	-	-	1	-	1
<b>Profit attributable to holders of equity instruments</b>	<b>66</b>	<b>255</b>	<b>3</b>	<b>7</b>	<b>31</b>	<b>7</b>	<b>12</b>	<b>381</b>

## Operating result

1H 2016	Insurance		Non-Insurance				Eliminations	Total
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development		
<b>Profit before tax</b>	<b>86</b>	<b>330</b>	<b>4</b>	<b>9</b>	<b>41</b>	<b>4</b>	<b>16</b>	<b>490</b>
minus: investment related	19	53	4	-	-	-	-	76
minus: incidentals	5	3	-	-	87	4	16	115
<b>Operating result</b>	<b>62</b>	<b>274</b>	<b>-</b>	<b>9</b>	<b>-46</b>	<b>-</b>	<b>-</b>	<b>299</b>

The incidentals are mainly the past service cost related to the amendment to the a.s.r. post-employment benefit plans in segment Holding and Other.

### 5.1.4 Non-life ratios

#### Non-life segment combined ratio

	1H 2017	1H 2016
Claims ratio	71.6%	73.2%
Commission ratio	14.5%	14.8%
Expense ratio	7.5%	8.4%
<b>Combined ratio</b>	<b>93.6%</b>	<b>96.4%</b>
<b>Combined ratio</b>		
Disability	91.9%	90.2%
Health	97.1%	98.2%
Property & Casualty	92.7%	99.5%

The claims, commission and expense ratio can be calculated based on the following information:

#### Claims, commission and expenses

	1H 2017	1H 2016
Net insurance premiums Non-life	1,272	1,148
Net insurance claims and benefits	-955	-878
Adjustments:		
- Compensation capital gains (Disability)	12	10
- Interest accrual on provisions (Disability)	31	31
- Prudence margin (Health)	1	-3
Total adjustments	44	38
<b>Net insurance claims and benefits (after adjustments)</b>	<b>-911</b>	<b>-840</b>
Fee and commission income	15	20
Commission expenses	-199	-190
<b>Commission</b>	<b>-184</b>	<b>-170</b>
Operating expenses	-99	-100
Adjustments made for investment charges	4	4
<b>Operating expenses (after adjustments)</b>	<b>-95</b>	<b>-96</b>

## 5.2 Acquisitions

### Acquisitions 2017

#### VSP Risk

In April 2017 SuperGarant Verzekeringen B.V. acquired 100% of the shares of VSP Risk B.V. With this acquisition SuperGarant strengthens its position advisory center for offering integrated disability propositions. VSP Risk B.V. operates as an intermediary with focus on small and medium-sized enterprises. The staff of VSP Risk B.V. will be employed by SuperGarant Verzekeringen B.V.

The total assets and total income for the year ending 31 December 2016 of VSP Risk as published in its financial statements amounted to € 2 million and € nihil respectively. As a result the impact on a.s.r. balance sheet and profit for the period ended 30 June 2017 is limited. VSP Risk is consolidated within the Distribution and Services segment as of 6 April 2017 and an amount of € 3 million is recognized as goodwill. In accordance with the applicable reporting standards, the final acquisition balance sheet will be drawn up within 12 months of the acquisition. No significant differences compared with the provisional balance sheet are expected.

### Acquisitions 2016

#### BNG Vermogensbeheer

In May 2017 the final acquisition balance sheet of BNG Vermogensbeheer B.V. (now ASR Vermogensbeheer B.V.) was established. No differences with the provisional balance sheet were identified, therefore no retrospective adjustments were made.

## 5.3 Discontinued operations and assets held for sale and related liabilities

Until 2016, the activities of ASR Vastgoed Projecten B.V., which consist of real estate development activities, were partially considered as continuing and partially as discontinued operations. The Executive Board has decided to look for a strategic buyer for the discontinued part and therefore classified a part of its real estate development business as 'held for sale'. With this in mind, the discontinued operations were recognized as held for sale in the balance sheet. As a consequence, the financial results were disclosed in condensed form in the income statement. In 2016 part of the discontinued operations were sold. For the remaining discontinued operations it is not expected that they will be sold in the near future. Therefore these operations no longer meet the IFRS requirements to be classified as held for sale and are reclassified to continuing per 1 January 2017.

The assets and liabilities related to assets held for sale can be summarized as follows:

<b>Assets held for sale and related liabilities</b>		
	30 June 2017	31 December 2016
Associates and joint ventures at equity method	-	13
Loans and receivables	-	9
Other assets	-	28
<b>Total assets held for sale</b>	<b>-</b>	<b>50</b>
Provisions	-	5
Other liabilities	-	-3
<b>Total liabilities related to assets held for sale</b>	<b>-</b>	<b>2</b>

There is no significant difference between the carrying amount and the fair value of these financial assets and liabilities included above.

The results of the discontinued operations are as follows:

<b>Results of discontinued operations</b>		
	1H 2017	1H 2016
Total income	-	4
Total expenses	-	-3
<b>Profit before tax</b>	-	<b>1</b>
Income tax (expense) / gain	-	-
<b>Profit for the period</b>	-	<b>1</b>

# 6 Notes to the condensed consolidated interim financial statements

## 6.1 Property (including land and buildings for own use)

The breakdown of the investment property, real estate equity funds and land and buildings for own use in accordance with the fair value hierarchy, is as follows:

Fair value of the investment property and land and buildings for own use				
	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data	
	Level 1	Level 2	Level 3	Total fair value
30 June 2017				
<b>Investment property</b>				
Retail	-	-	58	58
Residential	-	-	1	1
Rural	-	-	1,303	1,303
Offices	-	-	124	124
Development investment property	-	-	5	5
Other	-	-	47	47
	-	-	<b>1,538</b>	<b>1,538</b>
<b>Investments in real estate equity funds</b>	-	-	<b>1,511</b>	<b>1,511</b>
<b>Investments on behalf of policyholders</b>				
Investment property	-	-	120	120
Investments in real estate equity funds	-	-	110	110
	-	-	<b>230</b>	<b>230</b>
<b>Land and buildings for own use</b>	-	-	<b>147</b>	<b>147</b>
<b>Total</b>	-	-	<b>3,426</b>	<b>3,426</b>
31 December 2016				
<b>Investment property</b>				
Retail	-	-	564	564
Residential	-	-	715	715
Residential	-	-	1,248	1,248
Rural	-	-	424	424
Offices	-	-	56	56
Development investment property	-	-	50	50
Other	-	-	<b>3,057</b>	<b>3,057</b>
<b>Investments in real estate equity funds</b>	-	-	-	-
<b>Investments on behalf of policyholders</b>				
Investment property	-	-	193	193
Investments in real estate equity funds	-	-	-	-
	-	-	<b>193</b>	<b>193</b>
<b>Land and buildings for own use</b>	-	-	<b>149</b>	<b>149</b>
<b>Total</b>	-	-	<b>3,399</b>	<b>3,399</b>







The following table shows the movement in investment property measured at fair value that are categorized within level 3.

<b>Movement in investment property measured at fair value that are categorized within level 3</b>		
	2017	2016
At 1 January	3,057	2,667
Changes in value of investments, realized/unrealized gains and losses:		
- Fair value gains and losses	26	129
- Other	-	-1
Purchases	60	421
Issues	1	1
Disposals	-133	-178
Transferred between investments on behalf of policyholders and investment property	-7	2
Transferred from property and equipment	-	16
Transfer of real estate equity funds	-1,466	-
<b>At 30 June (31 December 2016)</b>	<b>1,538</b>	<b>3,057</b>

The significant inputs are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per sq.m. for renewals and their respective re-letting rates;
- Reviewed rent per sq.m.;
- Investment transaction of comparable objects.

Due to further tranches in real estate equity funds which were sold by a.s.r. to institutional investors and transactions in fund participations in the context of the legal merger of ASR Nederland Vastgoed Maatschappij N.V. with ASR Levensverzekering N.V., which occurred in 2017, we reassessed the classification of these funds. This leads to an adjustment in the classification of investment property to real estate equity funds, which are classified as investments at fair value through profit or loss.

## 6.2 Financial assets and derivatives

### 6.2.1 General

Financial assets and derivatives can be broken down as follows:

<b>Financial assets and derivatives</b>		
	30 June 2017	31 December 2016
<b>Investments</b>		
Available for sale	24,261	25,340
Investments at fair value through profit or loss	1,617	131
	<b>25,878</b>	<b>25,471</b>
Loans and receivables	12,600	11,468
Derivatives assets	2,365	3,060
Derivatives liabilities	-580	-577
Cash and cash equivalents	3,286	3,581
	<b>17,671</b>	<b>17,532</b>
<b>Investments on behalf of policyholders</b>		
At fair value through profit or loss	7,727	7,745
<b>Total</b>	<b>51,276</b>	<b>50,748</b>

Investments available for sale decreased in 2017 by € 1,079 million, mainly due to strategic changes in the investment portfolio and an increased interest rate. Loans and receivables increased by € 1,132 million primarily as a result of an increase of the mortgage portfolio. The total derivatives decreased in 2017 by € 698 million as a result of interest rate developments.

Investments at fair value through profit of loss increased by € 1,486 million, mainly due to the transfer of investments in real estate equity funds from investment property to investments at fair value through profit or loss. Further information is disclosed in chapter 6.1 Property (including land and buildings for own use).

On 8 August 2017, Unilever agreed terms with a.s.r. for the buy-back of the 6% cumulative preferences shares in Unilever by means of a public offer for € 142 million. The level 3 valuation of these available for sale investments and the unrealized gains and losses per 30 June 2017 have been recognized considering the fact that a.s.r. was in negotiation with Unilever at 30 June 2017 and represents the expected transaction price for the block of the preference shares. The settlement of the transaction is expected to take place in the fourth quarter of 2017.

## 6.2.2 Financial assets and derivatives measured at fair value

The breakdown of financial assets and derivatives measured at fair value in accordance with the level of fair value hierarchy, is as follows:

<b>Breakdown of financial assets and derivatives measured at fair value</b>				
	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data	
30 June 2017	Level 1	Level 2	Level 3	Total fair value
<b>Investments available for sale</b>				
Government bonds	10,820	1	-	10,821
Corporate bonds	9,280	833	145	10,258
Mortgage-backed securities	36	17	40	93
Other asset-backed securities	-	-	83	83
Equities	2,685	109	195	2,989
Other participating interests	9	-	-	9
Other investments	8	-	-	8
	<b>22,838</b>	<b>960</b>	<b>463</b>	<b>24,261</b>
<b>Investments at fair value through profit or loss</b>				
Unlisted equities	14	-	37	51
Listed equities	55	-	-	55
Real estate equity funds	-	-	1,511	1,511
	<b>69</b>	<b>-</b>	<b>1,548</b>	<b>1,617</b>
<b>Derivatives</b>				
Exchange rate contracts	-	7	-	7
Interest rate contracts	-	2,323	-	2,323
Equity index contracts	11	-	-	11
Futures	24	-	-	24
Inflation linked swaps	-	-	-	-
<b>Total assets</b>	<b>35</b>	<b>2,330</b>	<b>-</b>	<b>2,365</b>
Exchange rate contracts	-	-1	-	-1
Interest rate contracts	-	-575	-	-575
Futures	-	-	-	-
Inflation linked swaps	-	-4	-	-4
<b>Total liabilities</b>	<b>-</b>	<b>-580</b>	<b>-</b>	<b>-580</b>
	<b>35</b>	<b>1,750</b>	<b>-</b>	<b>1,785</b>
<b>Cash and cash equivalents</b>	<b>3,286</b>	<b>-</b>	<b>-</b>	<b>3,286</b>
<b>Investments on behalf of policyholders</b>				
Government bonds	1,329	-	-	1,329
Corporate bonds	1,284	-	-	1,284
Derivatives	-	5	-	5
Listed equities	3,681	-	-	3,681
Listed equity funds	1,023	-	-	1,023
Real estate equity funds	-	-	110	110
Investment property	-	-	120	120
Other investments	-	170	5	175
	<b>7,317</b>	<b>175</b>	<b>235</b>	<b>7,727</b>
<b>Total</b>	<b>33,545</b>	<b>2,885</b>	<b>2,246</b>	<b>38,676</b>

**Breakdown of financial assets and liabilities measured at fair value**

31 December 2016	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data	Total fair value
	Level 1	Level 2	Level 3	
<b>Investments available for sale</b>				
Government bonds	12,566	-	-	12,566
Corporate bonds	8,905	912	-	9,817
Mortgage-backed securities	59	39	-	98
Other asset-backed securities	17	77	-	94
Equities	2,423	102	143	2,668
Other participating interests	2	-	-	2
Other investments	95	-	-	95
	<b>24,067</b>	<b>1,130</b>	<b>143</b>	<b>25,340</b>
<b>Investments at fair value through profit or loss</b>				
Unlisted equities	-	2	62	64
Listed equities	67	-	-	67
Real estate equity funds	-	-	-	-
Other debt securities	-	-	-	-
	<b>67</b>	<b>2</b>	<b>62</b>	<b>131</b>
<b>Derivatives</b>				
Exchange rate contracts	-	2	-	2
Interest rate contracts	-	3,040	-	3,040
Equity index contracts	16	-	-	16
Credit derivatives	-	-	-	-
Inflation linked swaps	-	2	-	2
<b>Total assets</b>	<b>16</b>	<b>3,044</b>	<b>-</b>	<b>3,060</b>
Exchange rate contracts	-	-3	-	-3
Interest rate contracts	-	-550	-	-550
Futures	-23	-	-	-23
Inflation linked swaps	-	-1	-	-1
<b>Total liabilities</b>	<b>-23</b>	<b>-554</b>	<b>-</b>	<b>-577</b>
	<b>-7</b>	<b>2,490</b>	<b>-</b>	<b>2,483</b>
<b>Cash and cash equivalents</b>	<b>3,581</b>	<b>-</b>	<b>-</b>	<b>3,581</b>
<b>Investments on behalf of policyholders</b>				
Government bonds	1,249	-	-	1,249
Corporate bonds	1,272	-	-	1,272
Derivatives	-	8	-	8
Listed equities	3,087	-	-	3,087
Listed equity funds	1,771	-	-	1,771
Real estate equity funds	-	-	-	-
Investment property	-	-	193	193
Other investments	-	165	-	165
	<b>7,379</b>	<b>173</b>	<b>193</b>	<b>7,745</b>
<b>Total</b>	<b>35,087</b>	<b>3,795</b>	<b>398</b>	<b>39,280</b>

The equities consists primarily of listed equities and investment funds. The unlisted equities consist mainly of private equity investments.

**Reclassification between categories during the first half year of 2017**

	To level 1	To level 2	To level 3	Total
<b>From:</b>				
Level 1: Fair value based on quoted prices in an active market	-	-	243	243
Level 2: Fair value based on observable market data	38	-	177	215
Level 3: Fair value not based on observable market data	14	159	-	173

The adjustment of asset backed securities and various preference shares to level 3 is mainly the result of a reassessment of the nature of the valuation technique of the external sources, including the assessment of an active market.

The adjustment of the unlisted real estate funds to level 3 is mainly the result of a decision to base the level classification on the valuation technique of the underlying investment since that primarily drives the value of the fund.

Debt funds are adjusted from level 3 to level 2 based on a reassessment of the impact of the observable and non-observable market assumptions used in determining the fair values of the underlying instruments.

**Reclassification between categories during 2016**

	To level 1	To level 2	To level 3	Total
<b>From:</b>				
Level 1: Fair value based on quoted prices in an active market	-	395	-	395
Level 2: Fair value based on observable market data	102	-	8	110
Level 3: Fair value not based on observable market data	-	1	-	1

The movements of € 395 million from level 1 to level 2 is mainly due to a change in methodology whereby the fair value is based on observable market data. The movement from level 2 to level 1 of € 102 million, relates to unlisted funds only consisting of listed investments.

The following table shows the movement in financial assets and liabilities measured at fair value (recurring basis) including investment on behalf of policyholders that are categorized within level 3.

**Changes in financial assets categorized within level 3**

	Investments at fair value through profit or loss		Investments available for sale	
	2017	2016	2017	2016
At 1 January	255	264	143	42
Changes in value of investments, realized/unrealized gains and losses:				
- Fair value gains and losses	72	-3	-	-
- Realized gains and losses	-	-	1	3
- Recognized in other comprehensive income (unrealized gains and losses)	-	-	101	8
Purchases	58	42	37	115
Repayments	-	-	-18	-
Sales	-42	-46	-9	-32
Impairments	-	-	7	-1
Reclassification of investments from/to Level 3 valuation technique	-12	-	199	8
Transfer between investments on behalf of policyholders and investment property	8	-2	-	-
Transfer of real estate equity funds	1,443	-	-	-
Other	1	-	2	-
<b>At 30 June (31 December 2016)</b>	<b>1,783</b>	<b>255</b>	<b>463</b>	<b>143</b>

The main non-observable market input, for the equities and unlisted equities classified as level 3, is the net asset value of the investment as published by the investee. An increase or decrease in the net asset value of the equities will have a direct proportional impact on the fair value of the investment. As a result the effect for the available for sale investments is recorded in the equity if the impairment criteria are met. For investments at fair value through profit or loss the result will be recognized in the income statement.

The transfer of real estate equity funds consists of the ASR Dutch Prime Retail Fund, ASR Dutch Core Residential Fund and ASR Dutch Mobility Office Fund, where a.s.r. has significant influence. For these real estate equity funds, the exemption of IAS 28 is used, thereby measuring the investments at fair value through profit or loss and present them as a separate category within the investments at fair value through profit or loss.

### 6.2.3 Financial instruments not measured at fair value and for which the fair value is disclosed

The breakdown of the fair values of financial assets and liabilities not measured at fair value and for which the fair value is disclosed in accordance with the level of fair value hierarchy, is as follows:

Fair value of financial assets and liabilities						
	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data			
30 June 2017	Level 1	Level 2	Level 3	Total fair value	Total carrying value	
<b>Financial assets</b>						
Due from customers	-	346	8,621	8,967	8,134	
Due from banks	874	4,354	-	5,228	3,718	
Trade and other receivables	-	748	-	748	748	
<b>Total financial assets</b>	<b>874</b>	<b>5,448</b>	<b>8,621</b>	<b>14,943</b>	<b>12,600</b>	
<b>Financial liabilities</b>						
Subordinated liabilities	565	-	-	565	497	
Borrowings	-	55	-	55	55	
Due to customers	1,101	1,046	-	2,147	2,120	
Due to banks	2,235	75	-	2,310	2,310	
Other liabilities	270	796	-	1,066	1,066	
<b>Total financial liabilities</b>	<b>4,171</b>	<b>1,972</b>	<b>-</b>	<b>6,143</b>	<b>6,048</b>	

Fair value of financial assets and liabilities						
	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data			
31 December 2016	Level 1	Level 2	Level 3	Total fair value	Total carrying value	
<b>Financial assets</b>						
Due from customers	-	382	7,987	8,369	7,520	
Due from banks	103	5,051	-	5,154	3,387	
Trade and other receivables	-	561	-	561	561	
<b>Total financial assets</b>	<b>103</b>	<b>5,994</b>	<b>7,987</b>	<b>14,084</b>	<b>11,468</b>	
<b>Financial liabilities</b>						
Subordinated liabilities	531	-	-	531	497	
Borrowings	-	114	-	114	114	
Due to customers	863	1,080	-	1,943	1,911	
Due to banks	2,760	75	-	2,835	2,835	
Other liabilities	172	655	-	827	827	
<b>Total financial liabilities</b>	<b>4,326</b>	<b>1,924</b>	<b>-</b>	<b>6,250</b>	<b>6,184</b>	



Amounts due to customers and due to banks presented as level 1 primarily comprise savings and the liability recognized for cash collateral received. The accrued interest included in other liabilities follows the classification of the underlying assets. Level 2 category financial assets relates primarily to savings held related to mortgage loans amounting to a fair value of € 4,259 million (2016: € 4,514 million).

The mortgage loan portfolio is classified as level 3 'Fair value not based on observable market data'. The valuation method used to determine the fair value of the mortgage loan portfolio is based on the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates and includes assumptions for originating cost, proposal risk and the options related to early redemption and moving.

## 6.3 Liabilities arising from insurance contracts

Insurance contracts with retained exposure can be broken down as follows:

Insurance contracts with retained exposure				
	Gross		Of which reinsurance	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Provision for unearned premiums	520	345	3	3
Provision for claims (including IBNR)	4,249	4,266	396	439
<b>Non-life insurance contracts</b>	<b>4,769</b>	<b>4,611</b>	<b>399</b>	<b>442</b>
<b>Life insurance contracts</b>	<b>26,668</b>	<b>27,873</b>	<b>190</b>	<b>193</b>
<b>Total liabilities arising from insurance contracts</b>	<b>31,437</b>	<b>32,484</b>	<b>589</b>	<b>635</b>

Changes in liabilities arising from non-life insurance contracts				
	Gross		Of which reinsurance	
	2017	2016	2017	2016
<b>Provision for unearned premiums</b>				
At 1 January	345	403	3	4
Changes in provision for unearned premiums	175	-58	-	-1
<b>Provision for unearned premiums at 30 June 2017 (31 December 2016)</b>	<b>520</b>	<b>345</b>	<b>3</b>	<b>3</b>
<b>Provision for claims (including IBNR)</b>				
At 1 January	4,266	4,110	439	406
Benefits paid	-928	-1,826	-63	-83
Changes in provision for claims	975	1,916	20	116
Changes in shadow accounting through equity	-62	70	-	-
Changes in shadow accounting through profit or loss	-1	-5	-	-
Other	-1	1	-	-
<b>Provision for claims (including IBNR) at 30 June 2017 (31 December 2016)</b>	<b>4,249</b>	<b>4,266</b>	<b>396</b>	<b>439</b>
<b>Non-life insurance contracts at 30 June 2017 (31 December 2016)</b>	<b>4,769</b>	<b>4,611</b>	<b>399</b>	<b>442</b>

Changes in liabilities arising from life insurance contracts can be broken down as follows:

	Gross		Of which reinsurance	
	2017	2016	2017	2016
<b>Changes in liabilities arising from life insurance contracts</b>				
At 1 January	27,898	26,114	197	201
Premiums received	455	1,341	-	4
Regular interest added	338	677	2	-
Realized gains and losses	125	554	-	-
Amortization of realized gains	-168	-293	-	-
Benefits	-809	-1,339	-	-
Technical result	-81	-58	-	-
Release of cost recovery	-68	-152	-	-
Changes in shadow accounting through equity	-475	268	-	-
Changes in shadow accounting through profit or loss	-701	809	-	-
Other changes	179	-23	-5	-8
Changes in the composition of the group	-	-	-	-
<b>At 30 June (31 December 2016)</b>	<b>26,693</b>	<b>27,898</b>	<b>194</b>	<b>197</b>
<b>Interest margin participations to be written down</b>				
At 1 January	-35	-49	-4	-
Write-down recognized in profit and loss	5	14	-	-
Other changes	-	-	-	-4
<b>At 30 June (31 December 2016)</b>	<b>-30</b>	<b>-35</b>	<b>-4</b>	<b>-4</b>
<b>Provision for discretionary profit-sharing, bonuses and discounts</b>				
At 1 January	10	8	-	-
Profit-sharing, bonuses and discounts granted in the financial year	-5	2	-	-
Changes in the composition of the group	-	-	-	-
<b>At 30 June (31 December 2016)</b>	<b>5</b>	<b>10</b>	<b>-</b>	<b>-</b>
<b>Total life insurance contracts at 30 June (31 December 2016)</b>	<b>26,668</b>	<b>27,873</b>	<b>190</b>	<b>193</b>

The liabilities arising from life insurance contracts have decreased as a result of changes in the shadow accounting through equity (€ -475 million; 2016: € 268 million) and shadow accounting through income (€ -701 million; 2016: € 809 million).

The other changes mainly concern the reassessment of policy data prior to an IT conversion that led to an adjustment of € 152 million from insurance contracts on behalf of policyholders to insurance contracts.

The insurance liabilities are deemed to be adequate following the performance of the Liability Adequacy Test (LAT) taking into account the UFR of 4.2%. The UFR will decrease as from 2018 from 4.2% to 3.65% with steps of 15 basis points per year. The final UFR is subject to future developments in the real interest rate. In 2018 the UFR will be 4.05%. With the inclusion of the UFR of 3.65% a.s.r. still has an adequate surplus of the insurance liabilities over the IFRS-LAT, therefore the change to a UFR of 3.65% does not impact the result or equity of a.s.r.

Premiums received in 2016 include the premium related to the acquired insurance portfolio, NIVO uitvaartverzekeringen amounting to € 323 million, and a single premium of a pension portfolio amounting to € 195 million.

## 6.4 Employee benefits

The employee benefits decreased by € 146 million to € 3,111 million (31 December 2016 € 3,257 million) primarily as a result of the remeasurements of the post-employment benefit obligation amounting to € 164 million which is included in the actuarial gains and losses. The remeasurements are primarily due to the increase in the discount rate from 1.73% at 31 December 2016 to 2.04% at 30 June 2017. The discount rate is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The methods used for determining the post-employment benefit defined obligation and assumptions are consistent with those applied in 2016.

In 2016, following developments, past service cost has been recognized in other income amounting to € 100 million, resulting from the amendment to the a.s.r. post-employment benefit plan for future inflation indexation for former employees. Hereby all future inflation indexation has become conditional upon there being sufficient funds available in the separate account that was set up in the past to fund future inflation indexation.

## 6.5 Contingent liabilities

Dutch insurers see an increase in insurance policies complaints/claims based on grounds other than cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However, because the book of policies of a.s.r. dates back many years, contains a variety of products with different features and conditions and because of the fact that rulings are diverse and variegated, no reliable estimation can be made regarding the timing and the outcome of the current and future legal proceedings. Therefore, the potential risks and the effects upon a.s.r.'s financial position and business cannot be reliably estimated or quantified at this time. The ruling by the appeal court of 's-Hertogenbosch in 2017, and other recent related rulings, have also been taken into account in evaluating the contingent liability. As a result, no provision has been formed.

Further information related to contingent liabilities is disclosed in the 2016 consolidated financial statements in chapter 5.7.4.

## 6.6 Events after the balance sheet date

Other than the agreement with Unilever related to the buy-back of the 6% cumulative preferences shares in Unilever as described in chapter 6.2.1, there have been no material events after the balance sheet date.

# 7 Review report

To: the shareholders and the supervisory board of ASR Nederland N.V.

## Introduction

We have reviewed the accompanying condensed consolidated interim financial information of ASR Nederland N.V., Utrecht, which comprises the consolidated interim balance sheet as at 30 June 2017, the consolidated interim income statement, the consolidated interim statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope

We conducted our review in accordance with Dutch law, including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 29 August 2017

Ernst & Young Accountants LLP  
signed by M. Koning

## Disclaimer/ Forward-looking Statements

ASR Nederland's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 on the Netherlands Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the 2016 ASR Nederland consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements. These statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. ASR Nederland cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements.

Factors which could cause actual results to differ from these forward-looking statements may include, without limitation: general economic conditions; conditions in the markets in which ASR Nederland is engaged; changes in the performance of financial markets; behavior of customers, suppliers, investors, shareholders and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally; the frequency and severity of insured loss events; changes affecting mortality and morbidity levels and trends; changes in laws and regulations including without limitation Solvency II and IFRS; changes in the policies of governments and/or regulatory authorities; conclusions with regard to accounting assumptions and methodologies; adverse developments in legal and other proceedings; risks related to mergers, acquisitions, and divestments and the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by ASR Nederland. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results.

The foregoing list of factors should not be construed as exhaustive. Any forward-looking statements made by or on behalf of ASR Nederland speak only as of the date they are made and, except as required by applicable law, ASR Nederland disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither ASR Nederland nor any of its directors, officers, employees do make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. We qualify any and all of our forward-looking statements by these cautionary factors.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities or any other financial instruments.

## Contact details

### Contact

The a.s.r. 2017 Interim report is published in the English language only.

We welcome feedback or questions on our report.

You can contact us as follows:

### ASR Nederland N.V.

Archimedeslaan 10  
P.O. Box 2072  
3500 HB Utrecht  
www.asrnl.com  
+31 (0)30 257 91 11

### Investor Relations

+31 (0)30 257 86 61 or 06 15 499 569  
ir@asr.nl

Up-to-date information for investors can be found at  
[www.asrnl.com](http://www.asrnl.com) > Investor relations

### Corporate Communications

Press officer  
+31 (06) 53 354 156  
daan.wentholt@asr.nl

### Publication

Concept and design  
Cascade - visuele communicatie bv, Amsterdam

### Text

ASR Nederland N.V.



[www.asrnl.com](http://www.asrnl.com)

---

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