'Understanding client

the future'

'Efficiency n

Towards a new balance

2009 Annual Report

with client experience

about improvement is

the result is

ASR nederland

Profile

ASR Nederland is the third largest insurance company in the Netherlands with a gross premium income of € 4.9 billion in 2009. Our close to 4,500 employees are committed to our private and commercial clients in the product markets of group life, individual life, mortgages, non-life, disability and health insurance. We are the largest private real estate owner in the Netherlands.

Our history stretches back to 1720. We serve the market with our brands Ardanta, ASR Verzekeringen, ASR Pensioenen, De Amersfoortse, Ditzo and Europeesche Verzekeringen. We use several distribution channels to deliver our products to our clients, for example the intermediary or broker distribution channel, which accounts for about 80% of our product sales, the direct and the banking channels. From 3 October 2008, ASR Nederland is wholly-owned by the Dutch State.

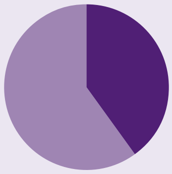
Our driving force is to help people and businesses to realize their dreams by assuming their financial risks. In that manner, our clients are in a position to achieve things that really matter in their lives. To ensure assurance for our clients based on our professional ability to manage risks. That is our mission, the foundation of our existence. We provide substance to our mission by being client focused, by being efficient and financially solid.

(€ MILLION)	2009	2008	%
Gross premiums life	2,527	3,491	-28%
Gross premiums non-life	2,346	2,286	3%
Total gross premiums	**4,873**	**5,777**	**-16%**
Total result life before tax	**240**	**-856**	**
Total result non-life before tax	**92**	**10**	**
Total result other	**-2**	**-**	**
Total result before tax	**330**	**-845**	**
Tax	-70	212	**
Result after tax	**260**	**-633**	**
Minority interest	-5	-7	29%
Net result	**255**	**-640**	**
Operating expenses	**589**	**591**	**0%**
Cost premium ratio (net)	14.8%	14.5%	

(€ MILLION)	2009	2008	%
Gross liabilities arising from life insurance contracts	28,216	26,124	8%
Gross liabilities arising from non-life insurance contracts	3,535	3,289	7%
Total Gross liabilities arising from insurance contracts	**31,751**	**29,413**	**8%**
Total equity (including revaluation of real estate) *	**2,975**	**1,757**	**65%**
Total assets	**39,291**	**36,714**	**7%**
Solvency ratio (DNB-norm)	**232%**	**170%**	**83%p**
Buffer capital ratio	**293%**	**233%**	**60%p**
Number of employees (FTE)	**4,454**	**4,540**	**-2%**

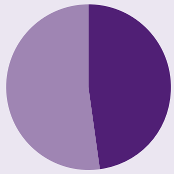
* The equity presented is a combination of shareholders' equity and the revaluation of the real estate. As of 31 December 2009, shareholders' equity amounted to € 1,955 million, and the revaluation of real estate € 1,019 million. This compares to shareholders' equity at € 529 million and the revaluation of real estate at € 1,228 million at 31 December 2008.

PREMIUM DISTRIBUTION FOR 2008



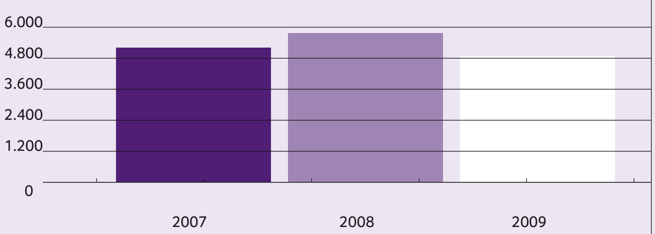
	Non-life 40%
	Life 60 %

PREMIUM DISTRIBUTION FOR 2009



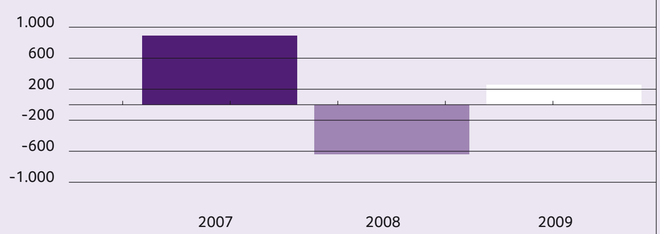
	Non-life 48%
	Life 52%

GROSS PREMIUM INCOME (€ MILLION)



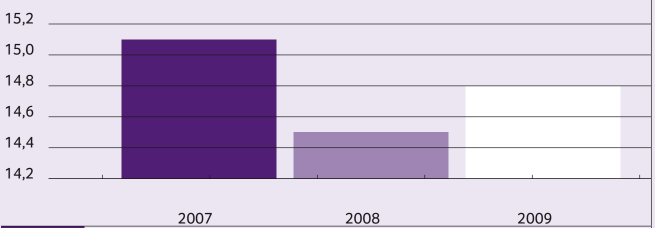
	5,217
	5,777
	4,873

NET PROFIT (€ MILLION)



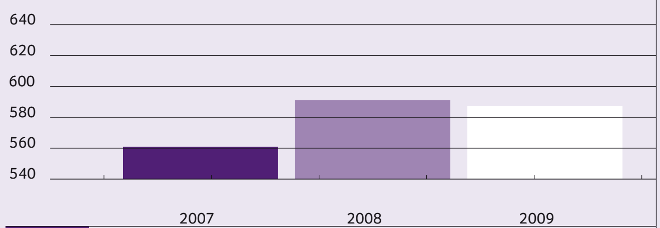
	890
	-640
	255

COST-PREMIUM RATIO *



	15.1 %
	14.5 %
	14.8 %

OPERATING COSTS (€ MILLION)



	561
	591
	589

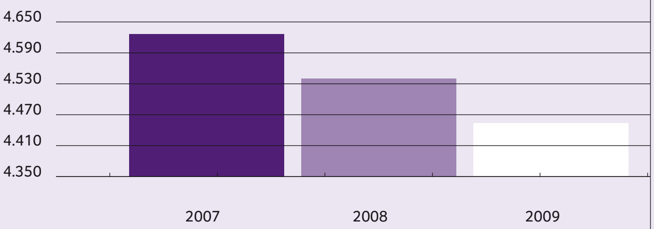
* The cost-premium ratio is defined as the operatinional costs divided by net premium earnings (non-life) and gross premium income in APE (life)

SOLVENCY (€ BILLIONS)

	Regulatory capital (Dutch central bank - DNB) € 3.5 billion
	Regulatory capital requirement (DNB) € 1.5 billion

BRAND	TYPE	PRODUCTS	DISTRIBUTION
Ardanta	Specialist	Funeral	Multi-channel
ASR Pensioenen	Specialist	Group life	Group life consultants and Intermediaries
ASR Verzekeringen	Generalist	Individual life, Non-life, Group life and Mortgages	Intermediaires
De Amersfoortse	Specialist	Income	Intermediaires
Ditzo	Generalist	Non-life	Internet
Europeesche Verzekeringen	Specialist	Travel and Leisure	Multi-channel

FTE



	4.626
	4.540
	4.454

Towards a new balance

2009 Annual Report

ASR nederland

THEMES

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PART I STRATEGY

1.1 Introduction

Towards a new balance
2009 will enter the books as the year in which we were confronted by major changes: social as well as economic. In view of this, we had to adapt our existing perceptions to a new reality.
In this new reality, our business also experienced a far-reaching change. By the intervention of the Dutch State in our former holding company, Fortis, we continued in 2009 as an independent insurance company bearing the name ASR Nederland. With a history dating back 290 years, 2009 is the first full reporting year of ASR Nederland N.V.

Results
Looking back to where we started, we are satisfied with the financial result for 2009. This includes an improvement in the result, a strongly improved balance sheet position and a sharp increase in the solvency ratio.

This is countered by the fact that the demand for insurance products across the market was under pressure, which was to a large extent due to the slowing down of the economy and the lack of consumer confidence. This led to increased competitiveness, in turn leading to a decline in premium income.
These market conditions were reflected in our total premium figures. The decrease in life business (-28%) was primarily caused by fewer sales of single-premium policies and the stagnating mortgage and group life markets. In addition, it was only after the implementation of a multi-funding strategy that we were able to offer a good mortgage proposition at the end of 2009. At the same time, the market for individual life insurance became competitive after the introduction of tax driven bank savings (Banksparen).

The impact of the recession was also clearly visible in the disability and non-life market, and competitiveness also increased. Nevertheless, our total premiums here increased by 3%.

Independence
The disentanglement from Fortis was completed after one year, and we introduced our new name. Corporate staff departments were formed again for ASR Nederland as an independent company. The whole IT environment is again under ASR's own management. Our subordinated bond loans were restructured to Tier-1 equity.
Looking back, we are very pleased with the rapid and, to the outside world, almost invisible transition.

Organizational restructuring
ASR Nederland has replaced its label-driven organization with a market-oriented organization. The product lines were disentangled from the distribution organizations ASR Verzekeringen, De Amersfoortse and Ditzo. The back offices of ASR Verzekeringen and De Amersfoortse were combined, and Falcon Leven will be integrated into this.

The management structure has been adapted and the General Management replaced by an Executive Board. The number of board members was thus reduced from six to four. After careful deliberations, Theo Pluijter and Jacqueline Rijsdijk are not serving as members of the Executive Board. Following a year during which everyone put in maximum effort in the interest of ASR Nederland, it was particularly difficult to make a decision like this. Even more so because Jacqueline made a very important contribution in the past year to the transition of ASR Nederland. In addition, we are happy with Theo's decision to continue to commit his knowledge and experience in his capacity as director of Corporate Staff Departments. The Executive Board would like to express its gratitude to Jacqueline and Theo for their enormous commitment and contribution to the business.

Accommodation

During the year under review, the decision was made to concentrate all our activities, except Europeesche Verzekeringen and Ardanta, in a single location in the Utrecht region no later than 2015. The decision of whether to renovate the current head office in Utrecht or construct a new building in the Utrecht region will be made in 2010. By bringing together our activities under one roof, we will reduce our overhead, improve cooperation and establish ASR Nederland as a single company. As part of this exercise, several locations and offices will be closed. The decision therefore has an impact on many of our staff and their families. We are naturally going to do our utter best to accommodate their needs in this process.

Market position

Parallel to the separation and restructuring, ASR Nederland strengthened its position in various market segments.
The first next generation propositions for both life and non-life insurance products were introduced. With the introduction of these propositions, we are breaking with a number of market conventions; transparency, overheads, distribution commission, clarity and contract terms comply with new standards.
By implementing a multi-funding strategy, ASR Nederland could introduce a new competitive mortgage product at the end of the year. And ASR Bank was again bought from Fortis Bank Nederland. This once again gives ASR Nederland access to a bank that can offer investment and saving products, complimenting the range of propositions in the capital accumulation market, and taking the first major and, we believe, essential steps in 2009.

Strategy

There is a reason for this annual report bearing the title 'Towards a new balance': it is a report covering a year that marks a stepping stone on the way towards a new balance between the interests of clients, intermediaries, staff and shareholder. As a result of the financial crisis and the investment insurance affair, our sector has lost the trust and confidence of clients. In order to achieve a fine equilibrium, it is essential that we regain client confidence.
Clients must be absolutely clear about the substance of a financial product and be fully confident of the financial solidity of insurance companies. We must be able to account for what we are doing: not only for the substance of our products, but also the price of and the manner in which we offer these products.

Founded on this conviction, we changed our strategy and based it on three closely linked pillars:

- Financially solid: We offer clients and investors a healthy long-term return, and do not run risks that could be detrimental to the interests of clients.
- Efficient market player: We are constantly improving our processes, products and services and keep a constant eye on overheads.
- Client focused: Clients dictate how they want to do business with us and we assist intermediaries in offering optimum services. Clients know that we invest in a long-term relationship with them.

For the implementation of our strategy, we have launched a range of different programmes to further reduce overheads and complexity, with client understanding and insight forming the starting point for further improving our services.

Future

With effect from 3 October 2008, we are wholly-owned by the Dutch State. The Dutch State has indicated that ASR Nederland will be returned to the private sector in due course. The conditions for this move include the successful disentanglement from Fortis and stabilization of the financial markets. The precise manner and timing of this process are currently being considered.

Staff

Our own people delivered the performance of ASR Nederland in the past year. They therefore deserve a huge word of thanks because the process of taking leave from an international corporation, combined with an uncertain future and the reorganization of our business did not leave our people unaffected. However, they faced the consequences of the crisis and the loss of public trust head on. In addition, the far-reaching decisions made by ASR Nederland itself have a major impact on them. The involvement and commitment of our staff form the unfaltering basis for our belief that we will succeed in our task to restore client confidence and add another chapter to our illustrious 290-year history.

Jos Baeten,
CEO of ASR Nederland N.V.

1.2 Members of the ASR Nederland N.V. Executive Board

Mr. J.P.M. (Jos) Baeten (1958)

Jos Baeten is Chief Executive Officer (CEO) of ASR Nederland N.V. He bears final responsibility in the Executive Board, and is responsible for strategy, human resources, external and internal communications, audit and compliance. In addition, he is a board member of the Dutch Association of Insurers (Verbond van Verzekeraars) and the Holland Financial Centre, chairman of the Supervisory Board of Meetingpoint and chairman of the Supervisory Council of Gemiva-SVG Groep.

With effect from 2005, he was CEO of the then Board of Directors of Fortis ASR Verzekeringsgroep N.V. and, prior to that, member of the Board of Directors. With effect from June 2003 he was also chairman of the Executive Board of De Amersfoortse Verzekeringen.

Jos Baeten studied law at the Erasmus University in Rotterdam. He started his career in 1980 with Stad Rotterdam Verzekeringen, one of the pillars on which ASR Nederland rests, serving as chairman of the Board since 1999.

Dr. R.Th. (Roel) Wijmenga (1957)

Roel Wijmenga is Chief Financial Officer (CFO) in the Executive Board and responsible for Accounting, reporting & control (ARC), Financial markets, Risk management, Solvency II, Taxes and Investor relations. In addition, he is chairman of Federation of Stichting Certificering Federatie Financial Planners (Financial Planners Certification Foundation).

Roel Wijmenga started his career in the insurance sector with AMEV, one of the legal predecessors of ASR Nederland where he served in several positions until 2003. Until June 2008, he was CFO of Eureko/Achmea and, prior to that, he was a member of the Board of Directors of Fortis ASR and Interpolis.

He studied econometrics and was awarded a Ph.D. at the Erasmus University in Rotterdam.

Drs. J.W.M. (Hans) van der Knaap (1960)

As member of the Executive Board, Hans van der Knaap is responsible for the product lines P&C, Disability and Health insurance, Individual life, Group life and Banking. He is additionally responsible for the support services IT and Information and project management. Hans van der Knaap is also member of the Supervisory Board of Arboned.

He had been a member of the Board of Directors since 2003. Prior to that, he was General Manager in charge of strategy at Fortis, as well as secretary of the Fortis Executive Committee. He started his career in 1988 in the Corporate Banking department of Bank Mees & Hope, later known as MeesPierson.

Hans van der Knaap studied business economics at the Erasmus University in Rotterdam.

Mr. R.H.A. (Roeland) van Vledder (1959)

As member of the Executive Board, Roeland van Vledder is responsible for commercial affairs. His area of responsibility includes ASR Verzekeringen, De Amersfoortse, Europeesche Verzekeringen, Ardanta, Ditzo, Bancassurance, ASR Vastgoed Vermogensbeheer, ASR Vastgoed Ontwikkeling and the Business Support, Central Purchasing & Contract Management departments. He is chairman of the Life Sector of the Dutch Association of Insurers and chairman of the Board of the Standaardisatie Instituut voor Verzekeringen in de Intermediairbranche (Standardization Institute for Insurance in the Intermediary Sector) (SIVI).

Prior to joining ASR Nederland, he was programme director Convergence at ING Retail Banking. His career with ING Bank started in 1983 where, between 2001 and 2004, he was CEO of ING Insurance in Belgium. Since 2006, he had been member of the Board of Directors of Fortis Insurance in the Netherlands.

Following his study in law at the University of Utrecht, Roeland van Vledder was awarded an MBA by the Erasmus University in Rotterdam and the University of Rochester (US).

Finally

At the end of 2009, the Board of Directors was reorganized as the Executive Board, with the membership reduced to four, and with the portfolios defined anew. The structure of the Board of Directors goes back to the time that ASR Nederland formed part of Fortis. The current, independent company calls for a new and smaller structure at the top.

Drs. J.P. (Jacqueline) Rijsdijk and drs. T. (Theo) Pluijter are not members of the new Executive Board. Theo Pluijter will be in charge of a number of ASR corporate staff departments, activities and programmes in his capacity of director of Corporate Departments. Jacqueline Rijsdijk expressed her wish to continue her career outside ASR Nederland.

1.3 Timeline of events in 2009

In 2009, ASR Nederland launched a new logo and a new campaign for ASR Verzekeringen. The next generation of products was introduced and it was announced that the eleven branch locations with a total of fifteen offices will be reduced three locations, in phases. Under our own name, we again signed up as sponsor of the Eredivisieclub Feyenoord (top Dutch football club). In 2009, we were again awarded various prizes as a company with our labels ASR Verzekeringen, De Amersfoortse, Europeesche Verzekeringen, Ardanta, Falcon Leven and Ditzo.

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
• Launch of M! The new women's network of ASR Nederland is focused on developing and sharing knowledge among the female professionals in the organization.	• The financial markets face more pressure; Our buffer capital reaches its lowest point since the outbreak of the financial crisis.	• Introduction of the ASR label • The new ASR logo is introduced and it is an expression of what we stand for: a company with a human face. The face represents the central position of people. The house symbolises safety and protection. The tree stands for life, growth and investment.	• The annual figures for 2008 are presented. Turnover amounts to € 5.8 billion, and the net result is € 640 million negative. • The decision is taken not to distribute profit sharing and/or award a variable remuneration component. This decision applies to the management and all the members of staff. • During the staff meeting, the Management Board presents the new direction of Nederland under the motto 'personally guaranteed'. • Nexus is launched, which is the new ASR young people's association. The association is a plat-form for ambitious young ASR professionals under the age of 36.	• ASR Nederland becomes the official sponsor of the Rotterdam football club Feyenoord with the ASR Verzekeringen label.	• ASR Verzekeringen launches a new campaign: 'We are ASR Verzekeringen. And who are you?'

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
• ASR Nederland announces its new location policy. All our operations will be concentrated in the Utrecht region. This will be completed in 2015 at the latest. The specialist operations Europeesche Verzekeringen and Ardanta remain based in Amsterdam and Enschede respectively.	• The subordinated loans are successfully converted. This involves € 650 million in core capital for ASR Nederland.	• The interim figures for 2009 show positive results. There is a clear improvement in the solvency ratio and the net result amounts to €77 million.	• ASR Nederland introduces the new generation non-life products under the name of the ASR MultiZeker policy.	• ASR Nederland introduces the first new generation life product under the name ASR VermogenGarant.	• ASR Nederland signs an agreement with BNP Paribas Personal Finance for funding mortgages.
• It is decided to merge and integrate the Falcon Leven label with ASR Verzekeringen.		• ASR Nederland publishes its corporate responsibility report for 2008.	• ‘Colourful ambitions’ has its launch. This network was established for and by colleagues with a bicultural background.		• ASR Bank is bought back by ASR Nederland from Fortis Bank Nederland.

Achievements

We were awarded the following prizes in 2009:

Gouden Schilden winner

The Gouden Schilden prizes are awarded to individuals and companies that, in the eyes of the jury and consumers, performed excellently in their professional field. At the first Dutch Gouden Schilden, we received three of the twelve Schilden awards. We received a Gouden Schild (gold award) for our non-life service (Ditzo), our communication campaign (Ditzo) and for the best non-life product (ASR Verzekeringen).

Best all-round insurer in 2009

ASR Verzekeringen was selected by the intermediary organizations DAK, NBVA and NVA as the best all-round insurer. Grouped together in the Platform Kwaliteitsonder-zoek Verzekeraars (insurers' quality assessment platform), NVA, NBVA and DAK conduct surveys among intermediaries to compare the performance of the different insurers.

SponsorRing 2009

In the 'social binding' category, we won the 'SponsorRing 2009 Maatschappij' (2009 social sponsoring award) with our ASR Jongeren Run (youth run). The purpose of Stichting SponsorRing is to promote the broad field of sponsoring by awarding annual prizes for the best sponsor cases and to provide a stimulus for professionalism in the sector.

Best Dutch retail developer in 2009

VGM/Locatus selected ASR Vastgoed Ontwikkeling (Property Development) as the best Dutch retail developer for the year 2009.

Best underwriting agency business in 2009

According to the 2009 IG&H Performance Survey, ASR Nederland has the best underwriting agency business. The survey includes a market-wide satisfaction survey among professional brokers of the performance of insurers.

NCCA Starters Award

Ditzo was awarded the National Contact Centre Starters Award. This special award is for a totally new contact centre or a new contact centre of an existing organization that has clearly opted for a new set-up.

Zilveren Spreekbuis 2009

The Spreekbuizen ('megaphone') awards are based on the 'Imago Blauwdruk HypotheekVerstrekkers 2009' (the 2009 image blueprint of mortgage providers). This survey is conducted among intermediaries and offers insight into the brand recognition, the image and the position as preferred company of the major mortgage providers. According to the jury report, the new ASR campaign offers intermediaries support with a positive effect on the rating of its current business clients and on the reputation of ASR Verzekeringen

Understanding clients is decisive in justifying existence

Henriëtte Prast speaks

Professor in behavioural economics & WRR member

‘Behavioural economics conducted a survey into the choices consumers make. We therefore now know that, under certain circumstances, consumers choose something different than what they actually want. This happens for instance when choices are complex, if there is an enticement, if people have few opportunities to learn from mistakes, if there is an option for a tacit choice (silence is agreement) and if there are market parties that benefit from irrationality: we call this ‘third-party marketing’. And these circumstances often involve financial choices. Since it often is not a lack of information that leads to bad choices, more transparency and better information don’t always lead to better choices.

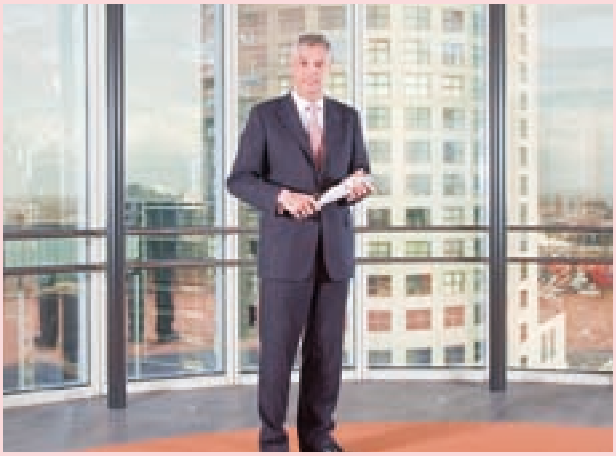
More or better information does actually influence the intention, but not always behaviour. Take, for example, the inevitable slogan ‘borrowing costs money’. Do people not know that? I believe they do. But because of the enticement, and because people overestimate the chance that they will go on the straight and narrow ‘tomorrow’, a warning like this is not effective. As far as financial products are concerned, there is not often the opportunity of a learning curve; if you realize at 70 that your pension is not enough to see you through, it is too late.

The supervisory body requires insurers to provide information to customers about risks, but it is far more important to provide information about the impact should a potential risk occur in practice.

When a consumer wishes to take out a mortgage and doubts whether to fix the interest rate, do not talk to the consumer about the chances of interest rates rising, but whether the consumer would be able to afford the higher interest rate. Consumers are not that clear about the concept of risk, and if financial institutions say the risk is small, but it does occur, the client will blame the financial institution for it. People tend to underestimate risks with a large impact and overestimate risks with a small impact. Think first of WIA (disability) insurance and only then about mobile telephone insurance.

An insurer would therefore be able to assist consumers in determining the impact: What do you want to protect? What do you not want to lose? What kind of lifestyle do you want when you retire? That is the real issue. Consumers can take measures today, to make sure that they can achieve it, later. Then you insure your living standard.’

In conversation with Jos Baeten
CEO at ASR Nederland



‘Looking after our clients. That sounds so simple’

What have you learned from the financial crisis?
‘We must find a new balance between the interests of clients, intermediaries, staff and shareholders. Finding this balance starts with winning back consumer confidence. A client must be in no doubt about the content of a financial product and must have full confidence in insurers.

Going back to the essence of our existence: to offer certainty in situations that could be uncertain to clients. To help people and business realize their dreams by assuming their financial risks, which they personally cannot shoulder because the impact is too great.’

What must ASR Nederland do to win back consumer confidence?
‘We must look after our clients. That sounds so simple but, more than ever before, we will have to check whether we live up to the needs and expectations of our clients. Of course, clients and intermediaries also have an important part in this. Have your needs changed? If your standard of living changes, your risks also change and, with that, your needs. Does the product still meet your needs and requirements? Or are there better solutions?

We recognize that it may be difficult for clients to make a good assessment of risks. That is why we want to understand what clients really want and need, and clients must be in a position to understand the nature of the products and services they purchase. This implies that, in a close partnership with intermediaries, we must get close to our clients, and maintain close contact about how we can improve our products and services.

We must translate this knowledge into logical products and services. ‘Logical’ here goes further than transparency. Transparency is about openness and honesty. ‘Logic’ is about enabling clients to make the best choices by using simple products and plain language.’

Can clients trust themselves?
‘ASR Nederland does not wish to make money on the backs of uninformed clients. Lack of understanding that arises from the degree to which we enable clients to assess and understand a product, taking account of their knowledge about and interest in insurance products. Don’t misunderstand me, some clients are very self-sufficient. However, other clients may require extra assistance. The role of intermediaries is very important to assist these clients. They have the knowledge to help clients make the best choices.’

What must ASR Nederland do to live up to consumer confidence?
‘Put words into deeds; in other words, simply do what we promise, every single time. Clients must always feel that they will not be disappointed when they require our assistance. They must be confident that we will be there as insurer when required. That is what I call our duty to care.

We, all the staff of ASR Nederland, know better than anyone else that the trust and confidence vested in us are more valuable than the premiums that clients pay. From this knowledge and perspective, we have formulated a new strategy based on financial solidity, efficiency and client-centred services inspired by real understanding of our clients.’

What does ASR plan to do about this?

ASR Nederland focuses on consumer confidence and stakeholder interests

ASR Nederland implemented a new strategy in 2009, introducing a balance in the value our company offers clients, intermediaries, staff and shareholders.

The strategy is founded on three pillars: client focus, financial solidity and increased efficiency. Practical examples of our strategy include the introduction of the new product philosophy, the policy pursued to minimize risks and a range of cost-saving and efficiency-improvement measures.

We successfully disentangled from Fortis within one year. For example, in 2009 new labels were introduced, and our balance has shifted. Moreover, the ICT environment is fully under our own control. Corporate activities for ASR Nederland were created, split up and adapted. ASR Nederland is standing on its own feet and has not received any capital injection, guarantees or loans.

1.4 Our assignment and strategy

If the financial crisis has taught us anything, it is that we have to look for a new balance between the interests of clients, intermediaries, staff and shareholders. Finding this balance starts with regaining consumer confidence.

Our mission

Insurance has been the essence of our existence for almost three hundred years now. We offer assurance in situations that could be uncertain for people and business.
We want to help people and business to realize their dreams by assuming their financial risks. This enables them to do things that really matter in their lives.
To offer security and solidarity for our clients from the basis of our ability to manage risks - that is our mission and our reason to exist.

Strategy

Winning back client confidence is essential. Confidence that you as insurer will be there when needed. Founded on this conviction, we changed our strategy and based it on three pillars:
• Financially solid.
• Efficient market player.
• Client focused.

Pursuing this strategy, ASR Nederland is working on consumer confidence and is offering the security to protect their interests.

Financially solid

The importance of financial buffers and an understanding of risks was highlighted again by the financial crisis. In 2009, ASR Nederland improved its capital position and reduced its balance sheet risks. The new risk management structure enables better monitoring and management of all the financial and non-financial risks of ASR Nederland as a whole. This new structure will be elaborated on in 2010 and, together with the IFRS and Solvency II requirements, forms the framework that will guarantee the financial solidity of ASR Nederland.

Efficient market player

ASR Nederland wants to be an insurer that does not waste and that is frugal with its resources. With this in mind, our organization was restructured more efficiently in 2009 and the label and distribution strategy was reframed. In order to substantially reduce our overheads, we are introducing a general cost-cutting programme of €100 million across the organization. In the coming years, we will further improve cost efficiency with a number of focused programmes.

The operational excellence (OpEx) programme puts continuous learning and improvement of the organization centre stage in order to structurally improve efficiency, quality and, thus, the costs of processes. The OpEx programme is implemented in all the business units of ASR Nederland in such a way that it will become an inseparable part of our culture.

The Added-Value Analysis programme aims to reduce overheads of the staff and services departments and strives for insight into the added value of all indirect costs. The purpose of the programme is to further increase efficiency by making choices with respect to activities that supporting departments provide. This should reduce the related costs substantially.

The dramatic changes in the market are also forcing us to take a critical look at our current product range.
With our complexity-reduction programme, we aim to introduce a simple and cutting-edge range of products within

two years that will contribute towards reducing direct overheads.
The programme has also been launched within the IT department with the aim to comprehensively simplify the current IT environment and to use the available IT facilities more efficiently. At the same time, we are working on developing a next generation back-office system for every product line.

All ASR Nederland activities will be brought together under one roof in the Utrecht region in 2015 at the latest. Only Europeesche Verzekeringen and Ardanta will remain in their current locations as specialist services. In the coming years, activities in 9 locations and 13 branch offices will be housed at one location, in phases, while at the same time, the Nieuwe Generatie Werken (next generation working) programme will be introduced. With the implementation of this programme, we will sharply reduce our accommodation costs and improve collaboration within ASR Nederland as a whole.

Client focused

The basic reason of our existence starts and ends with the trust and confidence clients have in our people, our products and the way in which we work. It will therefore require more understanding from us than before of what our clients really want and need. Calling on our professionalism, we will have to translate that concept to logical products and services.

The client value programme offers us a better understanding of the motives and incentives behind our clients and intermediaries. Understanding clients is the guiding principle for developing new and improving existing products and services. This we do, among other things, by organizing monthly client forums with staff talking to clients. We test our existing products proactively against the wishes and demands of the day by, for instance, submitting our information supply initiatives to client panels and assessing how the message gets across.

In order to measure our progress in regaining consumer confidence, we use the Net Promoter Score. This is an international standard for measuring the extent to which clients act as ambassadors for your brand by actively recommending it.

1.5 Prospects and outlook

General
Following the loss of public confidence, the mature Dutch insurance sector will have to reinvent itself. In the coming years we expect that costs and remuneration will become fully transparent in all the submarkets in which we operate. The critical position taken by consumers means that competition will increase, leading to lower margins than what we were used to in the past.

Strategic objectives
We want to further consolidate our position as a top-three player in 2010. We will do that by implementing our strategy and by finding a new balance between the interests of all stakeholders.

With respect to our financial solidity, retaining our current 'A' rating is the main priority. Furthermore, we will reduce our risk profile and improve our profitability. To this end and in the context of Solvency II, we will introduce new financial management variables to respond to the new solvency requirements.

To retain our competitiveness in the future, ASR Nederland strives for a substantial reduction in the cost-premium ratio. In 2010, we will complete our programme to structurally reduce our annual overhead costs. Further initiatives for reducing overheads are underway. They are necessary due to the squeeze on margins in the insurance sector and decreased support for high overheads. For example, the mortgage operations that were previously also run by ASR for Fortis Bank, will be returned to the bank due to the split-off.

The products and services that we introduce must meet corporate social responsibility criteria with respect to costs, transparency and plain language. This is the only way in which we can regain consumer confidence in the long run.

Financial targets
Our long-term financial targets are clear and serve to assure our current and future shareholders about the safety of their investments. Specifically, the targets for 2012 are:

- Profitability in the range of 8-12% of total equity.
- Capital requirement in line with an 'A' rating.
- Combined ratio for:
  - Disability of 92%
  - Non-life of 98%
- A margin on new business in life insurance with an average of at least 1.5%.

PART II REPORT OF THE EXECUTIVE BOARD

2.1 Results

2009 Results

- Regulatory solvency (DNB) increased to 232% (year-end 2008: 170%)
- Buffer capital (IFRS basis) increased to 293% (year-end 2008: 233%)
- Net result of € 255 million (year-end 2008 € -640 million)
- Equity (including unrealized revaluation of real estate) improved to € 2,975 million (year-end 2008: € 1,757 million)
- Gross premium income non-life slightly increased (+3%)
- Gross premium income life sharply decreased (-28%)
- VANB, excluding 'Initial Expense Overrun', € 9 million (0.6% margin on new business)
- Combined ratio 102.1%
- Cost saving programme contribution € 70 million

Introduction

In 2009, ASR Nederland achieved a net result of €255 million. The solvency ratio increased to 232%.
At the same time, the first major steps were taken towards achieving strategic priorities: reducing balance sheet risks in the context of financial solidity and lowering overheads.

SOLVENCY	2009	2008
Solvency ratio (DNB-norm)	232%	170%
Buffer capital ratio (IFRS-basis)	293%	233%

With a view to strengthening our financial solidity, the first six months of 2009 were characterized by the accelerated reduction of the interest rate and stock market risk profile by actively increasing the duration of the bond portfolio and by purchasing swaptions. In addition, we reduced the position in shares. As a result, our dividend income has been reduced. During the second half of 2009, the share exposure previously cut back was expanded gradually and with great care.

The regulatory solvency ratio (the available capital expressed as percentage of the minimum capital requirement) for ASR Nederland N.V. increased to 232% compared to 170% at the end of 2008. The same figure for ASR Levensverzekeringen N.V. increased from 233% at year-end 2008 to 277% at the end of 2009.

The buffer capital (the solvency ratio in accordance with IFRS) of ASR Nederland N.V. amounted to 293% at year-end 2009. To calculate buffer capital, several additions were made to shareholders' equity on top of the revaluation of real estate, such as capital securities and the surplus in technical provisions as set in accordance with the IFRS adequacy test.

Strengthening of the equity position

Total equity, including the unrealized revaluation of real estate, increased by 69% from €1,757 million to € 2,975 million. Total shareholders' equity, excluding the unrealized revaluation of real estate, increased in 2009 from € 529 million to € 1,955 million. This is partly due to the result of the revaluation of investments.
The restatement of subordinated loans as Tier-1 capital (€ 515 million) and the addition of the net result of € 255 million also contributed towards improving total shareholders' equity.

GROUP EMBEDDED VALUE (AMOUNTS IN € MILLION)	2009	2008
Group Embedded Value	3,474	2,223

At year-end 2009, the group embedded value of ASR Nederland amounted to €3.5 billion, compared to € 2.2 billion at year-end 2008. This increase is mainly due to an improvement in the economic climate resulting in an increase in the market value of investments and a decrease in the market value of liabilities. The group embedded value is determined on the basis of the ECB AAA government curve.

Net result

Net profit in 2009 recovered from € -640 million in 2008 to € 255 million in 2009. This improvement was achieved primarily due to the recovery of the financial markets.

The investment proceeds for ASR Nederlands' own account were considerably higher in 2009 than in 2008. This is mainly due to the fact that fewer impairment losses were recognized: these losses decreased from €933 million in 2008 to € 214 million in 2009.

Running real estate development projects of ASR Vastgoed Ontwikkeling came under pressure because of a further deterioration of the market. Several construction projects were postponed, and the selling and rental of objects hardly came off the ground. As a consequence, the results dropped.

In 2009, the restructuring of subordinated capital (TOPrS) to Tier-1 equity resulted in an incidental capital gain of € 96 million after tax. The corresponding capital is now classified as part of shareholders' equity, whereas last year it was still accounted for as debt. As a result of the restructuring, part of the net result of €255 million is earmarked for owners of other equity instruments (€ 13 million after tax).

In 2008, the forming of a provision in respect of the agreement with the foundations to compensate for investment insurance and the forming of a guarantee provision for unit-linked products had a considerable negative effect on the result of the life business. The size of this provision in 2008 exceeds that of the provision formed in 2009 to compensate for attributed costs for group life policies.

The result of life remained relatively stable, apart from the changes referred to above (including the guarantee provision and compensation for investment insurance). At non-life operations, an increase of claims incurred had a negative effect of €140 million on the result of insurance operations.

GROSS INSURANCE PREMIUMS ASR NEDERLAND (AMOUNTS IN € MILLION)	2009	2008	%
Total gross insurance premiums	4,873	5,777	-16%
Life	2,527	3,491	-28%
Non-life	2,346	2,286	3%

Against the backdrop of the negative effects of the economic downturn on the sale of insurance policies, gross premium income for 2009 amounted to €4,917 million (16% lower than in 2008). This drop was primarily the result of lower sales in single-premium policies at life. We opted for profitable business here instead of more gross premium income.

New production in the group life business slowed down significantly. This is due to the group life market virtually grinding to a halt, the lack of collective value transfers and a few large single-premium policies in 2008. In the non-life sector, ASR Nederland maintained its position, gross premium income increased by 3% following rates adjustments, and the contribution made by the direct distribution channel Ditzo.

1 The group embedded value is equal to the MCEV of the life entities, the IFRS equity of the other entities of ASR Nederland plus the revaluation of property and the test margin of the non-life businesses. Intangible assets, minority interests and hybrid Tier-1 equity were deducted from the IFRS equity.

COMMERCIAL DEVELOPMENTS (AMOUNTS IN € MILLION)	2009	2008	%
New production Life (APE)	188	305	-38%
New production Non-life	275	328	-16%
New production Mortgages	1,238	4,213	-71%

The economic decline, in the form of more bankruptcies and a considerable decline in house sales, was also visible in new production in life (-38%) and non-life (-16%).
At the end of 2009, we introduced new products: ASR VermogenGarant for life and the MultiZeker policy for non-life, both forming part of the next generation platform, of which production will be seen in 2010. The production of mortgages slowed down significantly due to a stagnating credit market, lower house sales and an uncompetitive proposition due to the separation from Fortis. The market share was halved to 2%.

In order to win back our market share, we implemented a multi funding strategy in 2009 with BNP Paribas Personal Finance as a funder, in addition to Fortis Bank Nederland. We also introduced a new product, the WoonGerust mortgage.

Cost-saving programme

We launched our cost-saving programme in the first half of 2009. The planned savings will be fully achieved in 2010. The rollout has produced savings right across the organization, enabling normal business operations to run on structurally lower overheads. Important programme components include bringing the back offices of ASR Verzekeringen and De Amersfoortse under single management, the integration of Falcon into life and cutting duplicity in corporate staff functions.

In 2009, gross overheads dropped by €70 million compared to the 2009 budget. Compared to 2008, gross overheads fell by €55 million.

The savings achieved on operational overheads were not yet fully visible in 2009 due to a range of one-off costs, such as the disentanglement from Fortis and the reorganization costs in the context of the cost-cutting programme. On balance, the cost-cutting programme in 2009 saved €2 million on operational overheads.

In spite of a drop in the number of internal staff (-2% on an FTE basis), staff costs were 2% higher as a result of redundancy costs. The drop in FTEs in accordance with the redundancy scheme is delayed in terms of the number of FTEs. The external staff costs dropped by 4%.

STAFF INFORMATION (IN FTE)	31-12 2009	31-12 2008	%
Internal staff	4,454	4,540	-2%

As a result of the decline in gross premium income, the cost-premium ratio increased slightly from 14.5% at the end of 2008 to 14.8% at the end of 2009.
At life, the cost-premium ratio has increased, whereas non-life actually showed an improvement.

The operating expense for non-life decreased (-4%) as a result of the cost-cutting drive, while operating expenses for life increased (+3%) due to additional expenses for the disentanglement from Fortis and investments required for the cost-cutting programme. Added to this, there is the fact that gross premium income is declining for life, while non-life saw an increase compared to 2008.

If we leave the disentanglement costs out of the picture, the cost-premium ratio for 2008 and 2009 remains virtually unchanged at 14.0%.

COST-PREMIUM RATIO	2009	2008
Cost-premium ratio in APE	14.8%	14.5%

Development activities life insurance

- Strong recovery of the net result to €181 million
- Gross premium income under heavy pressure leading a drop of 28%
- New Life production (APE) declined by 38%
- VANB excluding initial expense overrun at €9 million (0.6% margin)

Net result

The net result of the life business improved considerably in 2009 to €181 million. This is due to an improvement in the technical result and the incidental gain from the TOPrS.

Compared to 2008, operating expenses increased by 3% to €271 million. The cost savings are not yet fully visible because they were wiped out by the one-off separation costs, investments in next generation products and costs for the implementation of Solvency II. Combined with decreasing gross premium income particularly in single-premiums, the cost-premium ratio increased to 14.7% (2008: 13.4%).

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Not only today, but also in the future

Jules Theeuwes speaks
Scientific director at SEO Economisch Onderzoek

'We are seeing that the Netherlands is becoming less and less of a welfare state. In the past, everything was covered through social security premiums. Employees will be expected to shoulder more and more of this burden. I expect that in the future, the government will cover the most basic risks, for example unemployment benefit. The rest will be left to the market. This change is inevitable.

We are also seeing that people are increasingly prepared to take more risks, for example the advance of the so-called ZZP business (self-employed without personnel). A self-employed individual is required to take out more personal insurance than a contracted employee, such as for his pension. With contracted employees, the employer is mostly responsible for this.

Insurance companies will have to take jump in where the authorities leave off. And this is only possible if insurance companies can be trusted. Insurers will have to earn back this trust and confidence. And as such, they will play an increasingly important role in society.

Insurance companies will have to make it easy for clients. Clients will have to see to more and more things, but find it difficult to make decisions. Insurance companies will have to assist them in this process. Clients must have the confidence that they get good advice from insurers, which places a great burden on insurers because they have to be true to their word. Unfortunately, the credit crunch taught us that insurers have slipped up.

To show that they can be trusted, insurers will have to be more transparent. Not only with regard to their products and services, but also their costs, solvency and reserves. And with respect to the risks they are exposed to in their investment portfolios. All of this transparency is required to assure clients that their money and the associated risks that they place with insurance companies are safe and properly managed. To make sure that the insurance company will still be around when the saved pension falls due. In a nutshell, the insurance company is solid. Only then will the basis be laid for the trust and confidence.'

In conversation with Roel Wijmenga CFO at ASR Nederland

‘Healthy returns is in the interest of clients, staff and investors’

Why is solvency so vital?

‘Insurance companies must always be able to fulfil their obligations. Our solidity is the basis for the trust that clients have in us. That is why we need to be transparent about our figures and ensure a sufficient financial buffer. We successfully worked towards this aim in 2009.

In order to live up to our social role, we must first of all be ‘good to our money’. Although ASR weathered the financial crisis well without needing a capital injection, we have still learnt the necessary lessons. We made our balance sheet less susceptible to financial markets in 2009. We fine-tuned our risk management and our financial figures are on track again. This annual report also provides insight into that. Transparency and honesty contribute to confidence.’

To which stakeholders is this solvency important?

‘Clients must be assured that their pension or their claim for damages will be paid out, investors want to be sure that their money is safe and earning a good return, and staff have to be confident that their salaries will be paid out in lesser times. Our policy is therefore focused on maintaining good solvency also in the future.’

What needed to be improved in the solvency at the beginning of 2009?

‘Because of the split from Fortis, we were too sensitive to a drop in interest rates. The term of our obligations was much longer than that of our investments. As a result, we were running too high a risk and, in the event of a drop in interest rates, our obligations to clients would increase more than the value of our investments. We resolved this by selling short term bonds and acquiring long term ones, and by making use of derivatives, among other things. At the moment everything is in order, but we are keeping a keen eye on these developments.’

How do you assure clients that ASR is solid?

‘We have to be transparent about it and explain it to our clients. In the past year we announced that financial solidity was one of our spearheads; that is how important it is to us. Even if in the future there is no longer an acute need for solidity to be a separate spearhead, we will continue communication. For instance, we also provide ‘sensitivity analyses’ showing the impact of a drop in interest rates on our solvency position. However, there is room for improvement in our communication towards clients. Another sign that we were and remain healthy: the Dutch State is actually our shareholder, but we never received a capital injection or a loan from the State.’

And what does solidity mean for the shareholder?

‘It is important to us that we earn a healthy profit. In other words, that both our insurance operations and our investments contribute towards our profitability. In addition, we want to be a solid business with a risk profile that allows our good solvency position to remain intact. We are striving for a long-term return on our equity of between 8% and 12%. Thus in the end we will serve the long-term interest of all our stakeholders.’

What does ASR plan to do about this?

ASR Nederland is focused on financial solidity

During the first half of 2009, we reduced the position in shares. During the second half of 2009, our position was carefully and gradually expanded due to the recovery of the financial markets. In the first half of 2009, the interest rate risk profile was reduced by increasing the term of the bond portfolio and by buying swaptions. In 2009, ASR Vastgoed Vermogensbeheer continued to pursue its sales policy introduced earlier.

Reinsurance and other risk mitigating measures were used in 2009 to reduce volatility. For instance, the insurance risk was reduced in the first half of 2009 by reinsuring 50% of the short life risk. The position was later brought back to 10%.

In the context of the approaching Solvency II legislation, a Solvency II project group was set up after gaining independence. The purpose of this project is to be fully prepared for the future Solvency II legislation and to manage risk more effectively and efficiently.

At the end of 2009, annual Control Risk Self Assessments (CRSAs) took place for the first time in all the business units of ASR Nederland. As part of the process, management assesses the financial and non-financial risks of the relevant business unit. Using this as a basis, the Executive Board performs an aggregated CRSA for the whole business.

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Technical result
In 2009 all product lines made a positive contribution towards the increase in the technical result (before result own account from investment sales) from € -998 million in 2008 to € 117 million in 2009. We saw a cautious recovery in the financial markets in 2009, with the allocated technical investment proceeds jumping from € -2,598 million to € 2,274 million. A significant part of these improvements is for the account and risk of policyholders causing the technical provision to shift in the opposite direction from € 1,169 million to € -1,585 million.

The improvement in the technical result was further boosted by the fact that an addition was made in 2008 in the context of the agreement with the foundations to compensate for investment insurance policies. The underlying technical result remained stable.

Apart from a few incidental items, both this year and last year, the overall result on risk remained stable. The number of policy cancellations remained unchanged.

The decrease in new production and a legal ban on bonus commission in 2009 meant that commissions paid to intermediaries were lower.

Gross premium income
Gross premium income from the life business was under pressure in 2009 and declined from € 3.5 billion to € 2.5 billion (-28%). This was mainly due to fewer regular and single premiums (-54%). New production in life (APE) dropped by 38% in 2009, caused largely by our choice for profitable new production. The number of mortgage linked life insurance policies also dropped due to mortgage production sharply falling in 2009.

VALUE ADDED NEW BUSINESS (VANB) (AMOUNTS IN € MILLION)	2009	2008
VANB	9	N/A
Margin new production life (= VANB / PVNBP)	0.6%	N/A

Life production has a normalized VANB of € 9 million. Following the lower production level, the cost standard was exceeded. Full attribution of costs incurred for production in 2009 results in a VANB of € -2 million. Various actions are underway to bring production and the associated costs closer in line. The VANB valuation is based on the ECB AAA Government curve.

No VANB based on the same principles is available for 2008. This is due to the introduction of ASR's own methods and systems after the disentanglement.

Individual Life
The volume of new production in the individual Life market fell sharply in 2009 for both regular (-25%) and single premiums (-27%). This drop can be partly explained by a drop in mortgage production of 35%. In addition, tax driven bank savings increased rapidly in the first eighteen months after its introduction to reach a position of 30% on the fiscal equity market. In the meantime, tax driven bank savings accounts in the Netherlands represent some € 1.8 billion. Other causes for the decline were the economic crisis, the loss of confidence in the sector and the debate about transparency.

Banking
In mid-2009, banking was split from the life business, in which the banking organization had previously been integrated. The new banking organization includes both mortgages and savings & investments. In line with the ASR strategy, banking developed a strategy to win back the mortgages and savings & investments markets, to add to the ASR Nederland product range and to facilitate the production of life products. The mortgage production in 2009 was far below the level of the previous year due to a stagnating credit market and falling house sales. The market share dropped to 1.8% because ASR Nederland and its funding partner, following the split from Fortis, were not yet in a position to offer a good proposition.

To regain market share, a multi funding strategy was implemented with, next to Fortis Bank Nederland, BNP Paribas Personal Finance serving as funder. At the end of 2009, a new mortgage product, the WoonGerust mortgage, was introduced.

The total mortgage portfolio on the balance sheet remained stable at € 2.0 billion, of which 16% is guaranteed by the national mortgage guarantee fund (NHG) or by municipal councils guarantee; 64% of the mortgages are older than five years, and only 1.1% is in arrears. Of these, only 0.2% was in arrears for more than three months.

Group life
The effect of the economic situation is also reflected in group life. Due to redundancies, paid-up policies and the lack of indexation, production fell behind. In addition, the loss of confidence in Fortis resulted in a number of major corporate clients leaving in 2009. Production is also under pressure because of our policy, in view of the low interest rate level, not to offer 4% actuarial interest rates. The turnover of ASR Pensioenen is above € 1 billion, with premium income only dropping a fraction.

Funerals
Ardanta, our label in the funeral insurance market, faces increasing price competition, partly due to websites comparing prices. Therefore, during the course of 2009, a new range of products was introduced with sharper pricing. 79% of the production was achieved by intermediaries, 9% of production came from the banking channel, 9% from own payroll service agents and 3% from production in Belgium. In the context of regaining consumer confidence, Ardanta took leave in 2009 of a number of intermediaries where there was more emphasis on up-front commission than necessary.

Provisions
ASR follows the advice of the Verbond van Verzekeraars (Dutch Association of Insurers) with respect to the defined contribution scheme. This advice, brought out in consultation with the Stichting van de Arbeid (Labour Foundation) and the Ombudsman Financial Dienstverlening (Financial Services Ombudsman), concerns the use of a test standard for costs charged in the past. A provision of € 15 million was formed for this in 2009.

Due to the developments on the stock market, the guarantee provision for investment insurance policies declined in 2009, whereas an addition was still required in 2008.

The market conditions also affect intermediaries and meant an increase in the number of intermediaries going bankrupt in 2009. This in turn means higher risk for insurers. In the event of a bankruptcy (or uncertainty about continuity), there is a higher chance of policies being cancelled within the earn-back time of commission already paid and uncollectibility of the receivables (arising from the reversed commission). In connection with this financial risk, the provision for reverse risk was increased in 2009.

In 2009, specific risks contained in the fixed-income portfolio were reduced. On balance, this risk reduction led to realized losses on fixed income securities.

During the course of 2009, the real estate market deteriorated leading to a drop in income from the sale and letting of homes and offices, and to a postponement of production from construction projects. At ASR Vastgoed Ontwikkeling, the expected project results deteriorated on almost all business lines. A provision was therefore recognized for a number of projects, which has an impact on the other non-technical result of € -41 million (2008: € 15 million) including the impairment of goodwill from the acquisition of William Properties (€ -26 million).

Developments activities non-life insurance

- Recovery of net result to € 76 million (2008: € 6 million)
- Gross premium income increased by 3% to € 2,346 million
- Cost-premium ratio dropped to 14.9%
- Combined ratio increased to 102.1%
- New production fell by 16%

Net result
The net result from non-life business amounted to € 76 million. This is a significant increase compared to the 2008 result of € 6 million, and attributable to the recovery of the financial markets.

Technical result
The combined ratio increased in 2009 from 94.1% to 102.1% due to a strong increase in claims for disability, fire and motor vehicles. The claims ratio now amounts to 71% (+8.9%p). The net impact of the higher claims ratio amounts to € 140 million. Meanwhile, measures have been introduced in the field of premiums and risk assessment, among other things, to reduce the claims ratio.

Despite the sharp increase in the combined ratio, the technical result (for the result for own account from investment sales) increased by 2% to € 75 million due to a higher return on allocated investments.

The optimistic mood on the stock markets and the decision to reduce the risks in the investment portfolio led to a positive development in the return on investment and valuations. This compensated for the sharp increase in the claims incurred in the past year.

The operating costs dropped by 4% to € 316 million compared to the previous year, and commission expenses remained at the same level as last year. The cost-savings programme had a positive effect on both the costs for claims handling and for management.

In combination with the running OpEx programme to make processes more efficient, the effort resulted in the cost-premium ratio falling to 14.9% (2008: 15.8%).

The disability claims ratio amounted to 67.7% (+13.1%p). This increase can be attributed to the increase in the number of damage claims being reported. In addition, new production led to a significant addition to the provisions. We are also seeing a higher claims ratio in sick leave insurances: the number of people reporting ill increased in 2009. We responded to this by increasing the reserve percentage rate.

The claims ratio of health was positive and dropped by 1.2%p to 92.8%. The health top-up insurance portfolio had a bad year with high claims. The increase in gross premium income and the improved result on health insurance meant an improvement in the claims ratio. In 2010, we have already implemented further measures to reduce the claims incurred.

The motor claims ratio increased by 7.7%p to 71.7% due to a lower result than in preceding years and an increase in the claim frequency due to an increase in the number of windscreen claims, mainly as a result of the severe winter weather at the end of 2009. Following the increase of the claims incurred, we increased our rates for motor insurance and abolished the no-claim benefit. As far as fire and home contents insurances are concerned, the year saw many major claims. This resulted in a claims ratio of 65.2% (+13.8%p). The claims ratio for other non-life came to 49.2% due to an increase in the number of claims in the leisure sector.

Gross premium income

Gross premium income in 2009 increased by 2% to € 2,346 million. The impact of the recession is becoming more and more visible, which is reflected in the drop in production to € 275 million in 2009 (2008: € 328 million). We can attribute this decrease primarily to disability and health where, due to the recession, there was a noticeable drop in the number of policies taken out by the self-employed.

Business trends

In the disability market, we are seeing that the number of cancellations in 2009 exceeds production. The cause lies in more intense competition with new entrants and the market being eroded by the drop in the number of new self-employed start-ups who opt to insure disability due to the recession. Gross premium income is therefore under pressure. Nevertheless, with respect to disability, we are focusing on prudent premium rates and on offering quality services. We also took measures to put a halt to the extreme increase of claims compared to 2008. In 2009, we focused internally on creating a single disability business within ASR Nederland. In spite of these problems, the disability business fared better than the market: our market leader position improved slightly in 2009.

In 2009, the electronic processing of claims for medical expenses increased strongly. In addition to reducing the number of external staff, it had a positive impact on the overheads. Furthermore, we saw to it that client satisfaction improved considerably by communicating in plain Dutch (B1 language) and by stricter complaints procedures. Claims from top-up insurance policies remain high (combined ratio of 115.1%). We therefore introduced new claim restriction measures for 2010 with which we expect to improve the result on top-up policies. With an increase in the number of policyholders of 8%, the health business did considerably better than the market (3%) in 2009.

In 2009, P&C (motor, fire and other) succeeded to maintain our share in a competitive market. All the sectors were under pressure due to hefty price competition. Production at the motor sector exceeded the 2008 level due to a greater contribution from the direct channel Ditzo. In particular the number of people changing from direct sellers stand out. The development of Ditzo is in line with developments in the market, with internet marketing gaining ground on the private market.

Major claims at fire and an increase in general claims at motor had a negative influence on the result in 2009. In response to this, ASR was one of the first in market to increase motor insurance premiums and abolish the no-claims benefit.

Fire saw a drop in production in the private market due to the deteriorating housing market. Gross premium income increased in 2009 as a result of indexations and premium increases in the past year.

Europeesche Verzekeringen also feels the impact of the recession through a drop in the number of holiday reservations. Gross premium income of travel and leisure insurance is 3% below previous year. Volumes were particularly under pressure for leisure products. In 2010, we implemented measures in premium terms and conditions and premiums with the aim of bringing returns up to level again.

2.2 Organization

- Reassessment of labels, products and distribution
- A reorganized structure: from business lines to product lines
- An efficient organization
- A single culture

Our new strategy produced a redesign of labels, products and distribution in 2009 to enable us to guarantee our market position. We are one of the big three parties on the Dutch market. We offer a wide range of insurance products and services for both private and commercial clients. And we do this on the basis of a diversified label and distribution strategy.

BRAND	TYPE	PRODUCTS	DISTRIBUTION
Ardanta	Specialist	Funeral	Multi-channel
ASR Pensioenen	Specialist	Group life	Pension consultants and Intermediaries
ASR Verzekeringen	Generalist	Individual life, Non-life, Group life and Mortgages	Intermediaires
De Amersfoortse	Specialist	Income	Intermediaires
Ditzo	Generalist	Non-life[2]	Internet
Europeesche Verzekeringen	Specialist	Travel and Leisure	Multi-channel

2 The assortment of financial products offered by Ditzo will be expanded

- Ardanta: the specialist in funeral insurance. Distribution takes place through several channels, such as the internet and funeral companies.
- ASR Pensioenen: the specialist in the pension field. Distribution takes place through close collaboration with specialist consultants and intermediaries.
- ASR Verzekeringen: the generalist insurer with a complete range of insurance policies and mortgages. Distribution takes place exclusively through intermediaries.
- De Amersfoortse: the specialist in income insurance. Distribution takes place exclusively through intermediaries.
- Ditzo: the insurer with a growing range of financial products. Distribution takes places exclusively over the internet.
- Europeesche Verzekeringen: the specialist in travel and leisure insurance. Distribution takes place through numerous channels, such as the internet and travel agencies.

Activities in real estate exploitation and development have been placed with ASR Vastgoed Vermogensbeheer and ASR Vastgoed Ontwikkeling and are carried out in our role as investor and investment manager of premium income.

At the same time, we restructured our organization to be able to respond flexibly and cost-efficiently to the rapidly changing insurance market. Using different distribution channels and as a single business with a clear and human message. To this end, we took a number of important steps in 2009 under the banner 'Focus on Delivery':

- A different organizational structure: from business lines to product lines.
- An efficient organization.
- A single culture.

From business lines to product lines

The organization was restructured to an organization with a market focus and is based on a model with product lines in the service of different labels: P&C, disability and health, individual life, group life and banking. Each product line is set up as a separate organization with one flexible back office working for different labels. This has created the most important requirement for simplifying the product range, setting up more efficient processes and, finally, achieving major cost savings. In addition, Falcon Leven will be integrated into ASR Verzekeringen in September 2010.

Apart from these structural changes, new products have been developed on next generation platforms. In 2009, the first of the next generation products were launched by both life and non-life in response to the rapidly changing market demand.

An efficient organization

It is vital in the new market conditions to have a competitive organization that works effectively and efficiently. In this context, major corporate departments were centralized. For example, a single payments centre has now been created for ASR Nederland by merging the financial departments of ASR Verzekeringen and De Amersfoortse.

In addition to improved efficiency, this centralization also means uniform and effective support services for the operational activities.

A single culture

The decision to concentrate all the activities of ASR Nederland – apart from Europeesche Verzekeringen and Ardanta – on one location strengthens the organization as a whole and particularly mutual cooperation. We support this through the culture programme, which is focused on creating a shared and client-oriented culture.

Apart from technical insurance capacities, the commercial and communicative skills of our staff are also decisive for the success of ASR Nederland in the future. These capacities and skills are constantly being developed and nurtured in the entire organization. To this end, we have a knowledge centre at ASR Nederland which offers staff the opportunity to attend customized training courses, coaching and career development guidance.

2.3 Distribution

- Professional intermediaries form the most important distribution channel
- Changes in distribution
- Value of the internet in the private market
- Opportunities in banking distribution for ASR Nederland

The degree to which we are accessible to the different distribution channels is a critical success factor.

Private market

As for the private market, we are expecting an increased use of the internet, in addition to a continuous role for intermediaries. Moreover, the following social trends also play a role:

- Consumers are becoming more assertive and are not so loyal anymore to banks, insurance companies and intermediaries;
- The government is responsible for far-reaching legislation and regulations for protecting consumers and for stimulating competitiveness;
- The internet encourages transparency and enables new distribution models. For instance, comparative sites offer an overview of the alternative products on the market. The internet has become the main source for consumers for obtaining information about purchasing a product and about prices.

Consequently, consumers are better equipped to make independent choices concerning products, advisors and insurance companies. With respect to simple products with a limited financial impact, with clients requiring little or no advice, we expect more opportunities for distribution models using the internet, such as:

- Independent intermediaries that use the internet in their business model;
- Online sales of products, by providers themselves or through digital intermediaries using a comparative site;
- Retail chains, publishers and suchlike that wish to offer insurance policies (affinity marketing);
- Banks that wish to offer insurance via their online banking channels (one-stop shopping).

Business market

Intermediaries remain the dominant distribution party in the business market. This is because of the complex insurance issues facing entrepreneurs. They have an ongoing need for advice in how to compose their insurance and income products. In the professional (large) business market, a trend has been developing in recent years leading to transparency in terms and conditions and costs. In the rest of the business market, we expect an increase in the value of transparency. Clients, intermediaries and insurers are facing this new reality. The market conditions demand that we adapt our operational management to be able to respond to this trend.

Against this backdrop, we distinguish five major aspects with respect to intermediary distribution:

- Intermediaries are increasingly taking on the role of advisor to clients instead of merely marketing the product;
- As such, professionally independent intermediaries represent an important value in the chain;
- The relationship between insurers and intermediaries is becoming more professional, which requires a clear division of responsibilities;
- The client–intermediary–insurer chain operates more efficiently under pressure from transparency and competition. As a result, there is further integration in the chain;
- Intermediaries and insurers have to fundamentally review and adapt their business models to the more efficient chain.

In our opinion, these improvements will produce a stronger intermediary distribution channel. Professional intermediaries remain the most important distribution channel for ASR Nederland.

Direct distribution

At the moment, the direct channel of ASR Nederland appears in several forms:

- Large companies that take out pension and sick leave contracts without using an intermediary. These employers often rely on the assistance of actuarial advisory firms, that charge their hours directly to their clients.
- Selling simple risk products through Ditzo, our insurance provider over the internet. This label was launched at the end of 2007 and started selling insurance in 2008. In 2009, the production and the portfolio more than doubled. With a spontaneous label recognition rate of 83% and best choice awarded by the Consumer Bond, Ditzo is ideally positioned to meet the needs of clients who wish to organize their things personally.
- Europeesche Verzekeringen and Ardanta offer the possibility to take out insurance over the internet.
- Affinity partners are selling over the internet: in addition to direct sales to consumers, we recognize opportunities for affiliation marketing.

We are striving to increase the share of direct distribution of our production from 14% to 25% in 2012, in line with the market trend. With 65% of the share, intermediaries will continue to remain our most important distribution channel.

Banking distribution

Most banks have affiliated themselves to one specific insurer (often owned by the bank), but it is not clear, especially in the business segment, whether banks would wish a broader product range than that which their in-house insurer offers. Our focus is to agree to a partnership with banks and to become one of their main preferred suppliers of business insurance policies. The first step in this direction was taken with the partnership with Rabobank. In the private sector, we identify only limited opportunities for distribution through the banking channel. Our aim is to achieve 10% of the production via the banking channel in 2012.

2.4 Product lines

Property and Casualty

- Growth in market share
- Increase in the claims incurred
- Most valued operational performance by intermediaries
- Introduction of MultiZeker policy as the first next generation non-life product

The P&C product line is offered through the ASR Verzekeringen and Ditzo labels. The overall portfolio consists of diverse non-life insurance products for, among other things, motor, fire, travel and leisure, third party and legal assistance. ASR Verzekeringen concentrates on the intermediary distribution channel and Ditzo on the direct channel over the internet.

Market position

In 2008 and 2009, the market for P&C grew by on average 0.5%. Premium income from the P&C product line increase by 3% over the same period. P&C gross premium income grew stronger than the market during the year under review. With a market share of around 8% in 2009, ASR Nederland strengthened its position as the third player on the Dutch P&C insurance market.

Market trends

In recent years, various new providers entered the market that offered their products at increasingly competitive prices. This trend is particularly prevalent in the market for motor insurance.

In 2009, the claims incurred by the sector increased due to a larger number of road accident claims and several major fires. ASR Nederland has taken different measures to lower the combined ratio. For example, motor insurance premiums were increased, the no-claims benefit was abolished and portfolio management was tightened. The relatively sharp increase in the number of major fires has prompted more detailed investigations by means of site re-inspection and additional focus on the quality of the acceptance policy.

From all the major, full-service companies on the non-life market the performance of the ASR Verzekeringen label has been awarded as the best. Intermediaries rated our overall service at 7.6 (on a scale from 1 to 10). This gives us the fourth position in a field of fourteen market parties, with ASR Nederland representing the first of the insurance companies behind three smaller parties.

Outlook

In 2010 we will continue to invest in a more efficient organization, offering products that respond to and fit with the changing market conditions, including products that belong to the next generation with clearer terms and conditions and appropriate cancellation terms. In addition, we are focused on turning around the loss-making components of our portfolio.

We have high expectations of the new flexible IT platform for performance. The system offers better integration with the chain and supports the main production processes. Intermediaries, for example, are able to put policies together online, which are then automatically accepted. In addition, standard claims are automatically processed; this considerably cuts down the processing time thus improves our service to our clients.

On the one hand, because answers to smaller claims are quicker and, on the other, our people now have more time to focus on more complex claims.

The MultiZeker policy, introduced at the beginning of 2010, is the first product on the new IT platform. We will also transfer the existing portfolio to this platform. The new transparent insurance offered by the MultiZeker policy was developed in partnership with client panels and intermediaries. The policy provides flexible claims adjustment offering the widest cover guarantee, immediate cancellation and immediate cessation of premium payments upon cancellation. The policy and all the related correspondence are written in understandable Dutch, it was comprehensibly tested by external client panels and considered positive. Another major change is that intermediaries can now adjust their own commission in order to have greater commercial freedom in their operations.

Finally

In spite of the stagnation in the private market segment and the high claim ratios, the non-life market offers opportunities for growth. With the new IT platform and Cockpit, the front-office system for intermediaries, we are in a good starting position to strengthen our position in the private market. With the growing number of self-employed people, we are also seeing a lot of opportunities in the business market.

To achieve this, it is vital that we expand our share with larger intermediaries and that we reduce our costs. The new applications on the IT platform will make a significant contribution to the latter target. Moreover, with our new products we will respond to the need for transparency, simplicity and service. Immediate cancellation of an insurance policy, including the immediate cessation of premium payments, will become one of the standard conditions.

Disability and Health

- Market leader in disability insurance
- Increase in intermediary confidence in disability
- Disability insurance market under severe pressure on volume and price
- Growth in number of health insured people continues
- Claims incurred of supplementary health insurance under pressure
- Integration of back offices of ASR Verzekeringen and De Amersfoortse

With its labels De Amersfoortse and ASR Verzekeringen, ASR Nederland offers disability and health insurance through the intermediary distribution channel. The disability insurance range includes individual disability, sick leave, accident and group disability (WIA) insurance. The health insurance range includes basic health, additional health insurance packages and different additional modules.

The target groups for disability and health are mostly self-employed entrepreneurs, managing director and shareholder, employers and employees in small and medium enterprises. Because income situations and healthcare needs are a personal matter for everyone, we offer diverse disability and health insurance variants. Part of the product types are services in the field of waiting list intervention, prevention and reintegration. Our own labour specialists and reintegration specialists thus make an essential contribution to the speedy and successful recovery of sick or disabled clients. Our partnership with the reintegration agency, Keerpunt - in which ASR Nederland has a 50% stake - also contributes to this. In order to effectively negotiate waiting lists, sufficient qualitative health care has to be bought. Healthcare purchasing organization Multizorg VRZ, in which ASR Nederland is a shareholder, is responsible for purchasing care for health insurance.

Market position

ASR Nederland is market leader in disability insurance with a total market share of 23% in 2009. As a whole, the disability insurance market shrank by around 5% in 2009, while our portfolio in this difficult market remained fairly stable.

Since mid-2009, integration into a single product line for disability, and the previously independent back offices of De Amersfoortse and ASR Verzekeringen are now under one management. This has established a major precondition for implementing further cost savings. It has led to reduction of some 10% in the staffing of the disability product line compared to 2008.

For example, with more efficient processes implemented on the basis of the OpEx programme, the operational performance remains at the desired level.
The share of ASR Nederland in the medical expenses market was 1.2% in 2009, which makes it a niche player in this field. In contrast to the major medical expenses insurers that work on a regional basis, ASR Nederland has a wide geographical spread. Since 2007, our health business has grown steadily. The portfolio increased by 8% in 2009, representing the highest growth rate in the entire health insurance market.

In 2009, the result from additional health insurance modules came under pressure. A first series of measures were therefore introduced in 2009 to improve the result. Changes were also made to the products of 2010.

Both De Amersfoortse and ASR Verzekeringen can be happy with an increase in intermediary confidence in disability in 2009. In the 2009 IG&H Performance survey, these labels take up positions three and four; in 2008, they were in fourth and seventh position. In the 2009 NVA/NBVA/DAK performance survey, the labels were in fourth and fifth positions, compared to fourth and ninth in 2008.

Intermediary confidence in De Amersfoortse in the health insurance market declined slightly. On the other hand, ASR Verzekeringen saw a slight improvement compared to 2008. In the 2009 NVA/NBVA/DAK performance survey, De Amersfoortse is in the third position (second in 2008) and ASR Verzekeringen in fourth position (fifth in 2008).

Market trends

Premium income for many disability insurers declined in 2009. Due to a fall in the number of business starting up, the number of bankruptcies, a decline in the number of managing director shareholders, stagnating wages and increasing unemployment, the disability product line faced a shrinking market. New providers are active in this smaller market, usually with a price-cutting proposition. This means that not only volume was squeezed, but also margins.

Moreover, insurers are also confronted with a higher total of claims incurred due to a substantial increase in the number of claims made and a higher disability rate.

The number of policy cancellations increased by 15% to 20% in 2009, with cancellations due to bankruptcies even increasing by 135%.

The increasing claims incurred combined with pressure on premium income development make it clear to us what challenges we are facing in the vital market for us.

The introduction of basic health insurance in 2006 created a price market for health insurance, with intense battles to win clients. In 2009, only 3.5% of policyholders changed to another insurance company, and the health insurance market now appears to be relatively stable.

However, more changes can be expected from politicians. The implementation of the new DBC system (DBCs On the Way to Transparency (Op weg naar Transparantie)- DOT) is planned for 2011. There are also the political intentions to allow health insurance companies and local governments execute the exceptional medical expenses act (AWBZ) in 2012 and to abolish healthcare offices (zorgkantoren). There will be more clarity about the direction to be taken following the general election in June 2010. It is as yet unclear which component of the AWBZ will be executed by healthcare insurers, but with a total worth of €21 billion it implies a considerable expansion of the market.

Healthcare costs are forever on the increase and, according to Statistics Netherlands (CBS), major savings in healthcare are absolutely essential.

Outlook

In terms of the disability product line, we are seeing an improvement at operational level due to the effort to digitize the administrative processes between intermediaries and the product lines. This process will continue in 2010. In addition, we will reap the benefits of the simplification of both insurance portfolios by limiting the number of different products available.

Finally

Our aim is to maintain our position as market leader in disability insurance in 2010 by further improving our client focus. We will achieve this by introducing new products and services, streamlining the organization to make it more efficient, and by further reducing the cost-premium ratio.

In 2010, we want to further improve the condition of our health insurance portfolio. Furthermore, we want to focus on our client performance in order to continue the growth of 2009 in the course of 2010.

Individual life

- Sharp fall in production
- Far-reaching changes in the market due to legislation and regulations
- Focus on margin
- Introduction of VermogenGarant as first next generation product

The individual life product line offers ASR Verzekeringen, Falcon Leven and De Amersfoortse life insurance policies for consumers and businesses. In most cases, these products are for accumulating or protecting capital, such as death risk insurance, investment insurance policies, annuities and guarantee insurance. The bulk of our products reaches clients through the intermediary distribution channel.

Market position

Production in 2009 fell short by about 30% of our targets. We also lagged behind the market average. Apart from the economic causes and the climate surrounding investment insurances, our mortgage proposition fared badly through the lack of funding and the rapid advance of tax driven bank savings. Today, tax driven bank savings already account for a market share of 30%. Following the acquisition of ASR Bank at the end of 2009, we are able to offer a proposition that responds to market demand.

In the latest NVA/NBVA/DAK performance survey among intermediaries, appreciation of our life operations by intermediaries jumped from the twelfth to the fifth position.

Market trends

The individual life insurance market is going through drastic changes due to a number of coinciding events. The economic recession and low consumer confidence mean that fewer houses were sold, lower mortgage loans were taken out and, eventually, in other words, less capital was accumulated.

New legislation and regulations profoundly changed the market. More providers and more transparency in products and services put a squeeze on margins. Tax driven bank savings have been put under the same tax regime as life insurance, and banks are now entering the market in which, traditionally, only insurers were active.

Forced to greater efficiency, insurers opt for fewer labels and products, and have to adapt their existing products to the demands of our time. We will see a lot of new products in 2010.

In 2009, the life product line introduced the new Vermogen-Garant product, which is a combination of a guaranteed capital with a chance of a higher return. This is our response to the call for greater flexibility and transparency. What is unusual about this product is that it is a net product for intermediaries; they are free to negotiate their own fees with clients. In our communication, we see VermogenGarant as the example of a financial product that is easy to understand, and it serves as our guiding principle in further adapting our communication about all other products.

Outlook

VermogenGarant is our first move towards achieving our aspiration to remain a top-3 player in the market for private capital accumulation and safeguarding. With our new IT platform, in the future we will be able to introduce new propositions faster and more cost-effective to achieve our ambition.

We will also continue to work on simplifying our organization and improving our services. The most visible outcome of this is that we accommodate the activities of Falcon Leven with ASR Verzekeringen in September 2010.

Finally

The programme for change, Marktgerichte Lenigheid (‘lean for the market’) was introduced in 2009 specifically for the individual life product line. One of the aims of the programme is to make our products and systems more flexible.

Group life

- Maintaining 18% market share in SME (Small Medium Enterprises)
- Margins under pressure
- Growth in SME portfolio
- A lot of focus on integrating labels, processes and systems to reduce costs

At the beginning of 2009, the decision was made to merge the group life organizations of ASR Verzekeringen and De Amersfoortse in a more efficient and flexible organization. The businesses were merged under single management in May 2009.

The newly-created Group Life product line offers ASR Pensioenen, ASR Verzekeringen and De Amersfoortse solutions to retirement issues for our business clients, including individual entrepreneurs, medium and small enterprises (SME) and major business clients. The portfolio includes all the usual retirement propositions, such as average and final salary schemes, defined contribution plans, defined benefit plans, but also top-up insurance for reversionary pension benefits (ANW) and disability (WIA) gaps. For distribution we are work closely together with intermediaries, specialist pension advisors and fee consultants.

We have a good position in the pension fund market with ASR Pension Fund Services, which offers administrative and support services in the field of reinsured pension funds.

Market position

In 2009, the group life product line successfully maintained its share of 18% in the SME market despite difficult market conditions. Gross premium income was in line with the figures for 2008, laying a firm foundation for our position in the market. Our large enterprises portfolio increased in spite of the fact that we lost a few contracts during renewal negotiations. The group portfolio gross premium income increased by 6.3%.

Both in the SME portfolio and in the large enterprise portfolio, new production is under pressure at the moment due to postponement of salary increases and fewer new staff being appointed, among other things. In the SME segment we are also seeing that, due to the pressure of the current economic crisis, companies are reluctant to take out new pension plans.

Market trends

In 2009, the group life market was practically tied down. The credit crunch produced more bankruptcies and redundancies, and wages were as good as frozen. The result was an unavoidable but negative development in turnover. On top of that, insufficient coverage produced a low indexation capacity for funds and deposits. In the large enterprise market, we deliberately acted with caution, especially with a view to the low interest rates and the aim to a higher new business margin. Contracts with marginal profitability expectations were avoided, thus accepting a drop in our market share.

A positive development was the growing awareness of pensions among consumers. Prompted by the ongoing debate about the investment climate, cover ratios and increasing the minimum age of the General Seniority Law pension are currently top of mind.

Outlook

To achieve a better performance in this challenging market, the group life product line made further investments in the last two quarters of 2009 to a more efficient organization, while work continues in the context of the OpEx programme to further improve processes. In addition, a big step was taken in April in our chain integration programme due to the modernization and integration of IT systems. Using this new application, pension advisors can make up online offers, businesses can report changes and employees can gain immediate insight into their pension build-up (www.mijnpensioen.nl).

We are fully confident that these new services will increase client satisfaction, just as our extra effort to rewrite all our letters and overview statements explaining the different products in client-friendly plain language.

Finally

The group life product line operates in a highly competitive market with huge pressure on margins. We will have to continue improving our operating performance in the market in order to maintain our position and to expand it in specific market segments.

Banking

- Acquisition of ASR Bank
- Introduction of new mortgage product: WoonGerust Hypotheek (comfortable living mortgage)
- Disentanglement from Fortis Bank Nederland
- Drafting and implementing multi-funder strategy

The banking product line develops and manages two types of products: mortgages and equity products in the shape of savings and investments. The ASR Verzekeringen label offers mortgages, particularly for buying a house or a practice, through the intermediary distribution channel. ASR Nederland pursues the policy of funding the money required for taking out a mortgage loan from third parties (funders) and, in this way, linking self-financed and self-developed mortgage products to corresponding insurance products from the Individual Life product line. Such as life assurance or insurance in respect of death.

The other category of products is designed for clients who wish to accumulate and/or protect capital. The savings and investment products required for this are developed, administered and managed by ASR Bank, which operates as an independent bank within ASR Nederland. ASR Nederland acquired ASR Bank on 29 December 2009 from Fortis Bank Nederland.

Market position

The mortgage sales of ASR Nederland were largely determined by the changing relationships in the former Fortis Group in 2009. As a result of the disentanglement, mortgages, which had previously been borne in full by Fortis Bank Nederland, had to set up anew. With the introduction of the WoonGerust Hypotheek, the introduction of a second funder, BNP Paribas Personal Finance, to the banking line is also a fact. This mortgage, with national mortgage guarantee (NHG), responds to the needs of consumers for security combined with a sharp price. It also responds to the market need for mortgage products with lower costs, more transparency in the fee structure and plain communication.

ASR Bank made all the necessary preparations in 2009 to operate as an independent bank as part of ASR Nederland. For example, ASR Bank drafted its own financial and risk management policy and, where necessary, engaged the required additional expertise. Furthermore, for guaranteeing the day-to-day services to clients, agreements have been reached with Fortis Bank Nederland concerning the management and use of the required banking administration system in the coming years.

Market trends

In their search for security in an economic recession, clients increasingly chose saving-, tax driven bank saving- and NHG mortgages. Falling house prices, the fear of unemployment and double housing costs make consumers extra cautious. As a consequence, house sales and also mortgage sales dropped significantly in 2009. The government responded by increasing the NHG guarantee to €350,000 in a bid to offer extra security to both consumers and mortgage lenders. Banking responded to this development with the introduction of the WoonGerust Hypotheek.

Banks and intermediaries remain our main distribution channels for mortgages. Besides, consumers are more likely to orientate themselves in advance as to the different types of mortgages by visiting comparative sites, and a small but growing group actually take out their mortgage over the internet.

The market for capital accumulation and protection is growing rapidly, mainly due to the ever-growing group of people over the age of 45 who have access to more capital. Both banks and insurance companies are responding to this. Whereas clients in the past usually automatically went to their bank for saving and investment products and to their broker or insurance company for long-term capital accumulation or protection, this is now clearly changing: providers increasingly offer a total package of financial solutions. With the introduction of tax driven bank savings products, ASR Nederland will actively act in response to this trend.

Outlook

2009 was a year during which the compilation of product lines and the separation from Fortis Bank were the main priorities. This process will continue in 2010, and the banking line will further invest in strengthening its market position. We will enter into partnerships with third parties to outsource our IT systems and components of our primary processes, both for mortgages and for savings and investments. Not only do we expect that this will enable us to manage and save costs more effectively. The new set-up also allows us to respond more rapidly to market trends with new products that meet changing client needs. Finally, these systems will also facilitate our distribution through the direct channel Ditzo. We are thus taking the required steps in order to continue to expand our product portfolio in the coming years with a wide selection of banking products for mortgages and capital accumulation and protection. With our new WoonGerust Hypotheek, we expect to win back our declining market share in recent years.

With the acquisition of ASR Bank, ASR Nederland can also be active in the market for capital accumulation and protection.

Finally

The market in which Banking operates is changing rapidly. As an organization, we have taken the necessary steps for adapting our processes and systems to the new demand to respond quickly to changing market trends with products that better meet the needs of our clients. Banking embarks on 2010 with a great ambition to continue to renew and to enrich our products and distribution.

Efficiency not only from the organization's perspective

Jan Lindeboom speaks
Commercial director at Meeting Point

‘Meeting Point aims to be a digital hub between insurance companies and the other parties in the chain, such as intermediaries. One intermediary deals with as many as perhaps 20 to 30 different insurance companies. You should see Meeting Point as a sort of department store. Clients and intermediaries can see via the internet what the affiliated insurance companies have on offer. That is easy, until the moment you want to take the next step. Then you’re faced with all sorts of different systems used by the different insurance companies. That is where there is room for improvement, for innovation.

Innovation is not only about standardization and maintenance of the software of the different parties, but more about the so-called chain integration. For instance, look at the claim settlement in the case where a client’s garden fence was blown over. Everyone has a mobile telephone with a photo camera. If the client can mail the photo via the internet to the intermediary with the message: ‘Mind taking care of that for me, please’, the latter can immediately inform the carpenter. The chain of people involved in insurance and reporting claims can also work like this. There are clearly many other opportunities.

We are also seeing intermediaries where clients can personally compare products. I know of intermediaries where they have terminals so clients can first personally have a go and then ask the advice of the intermediary. This means that the market has to make processes accessible on the website of the intermediaries. We will also have to move into that direction, in other words, look further than your own extranet.

ASR has set the standard with Cockpit, the digital system for intermediaries. ASR is therefore one of the companies doing well. My vision for the future is that it will become easier and easier to reduce the duplicates that occur in recording information. And that we will have linked even more information, for example, payroll systems. And that clients will have insight into their own process and become more involved. Because only greater standardization of processes enables insurers to work on a lower cost base in due time.’

In conversation with Jolanda Hillebrand
Director of P&C at ASR Nederland

‘You constantly have to ask yourself: Are our products still up to scratch?’

What is the essence of efficiency?

‘With efficiency, you focus 100% on processes and costs. However, you cannot only look at it from the organizations’ perspective. You must especially identify the needs of clients and then build your products and processes on that. In other words, ask clients how we can serve them best. And that you cannot do by sitting behind your desk; you really have to go to the client.’

What did ASR Nederland do for efficiency in 2009?

‘We worked hard to improve the efficiency of our processes. We introduced methods to improve continuously. At P&C, we also introduced a new IT platform for our new product lines. With the implementation of this new system, a lot of manual work has been done away with, which means we can work at reduced overheads. And we can also deliver policies to clients much more rapidly, which represents an enormous efficiency improvement.’

Has the need for more efficiency been recognized by the entire ASR Nederland organization?

‘It is going well, although I notice some differences. There are colleagues who argue in favour of leaving things as they were. Of course, this is not a viable option, because the world around us is changing. Clients want different things from us than ten years ago, and we want to respond to this. We want these colleagues to understand that they too have to go along with these changes. But I also see members of staff who face the challenge full on, at the private insurance unit of P&C, where major changes are underway. There are people working there whose position will eventually cease to exist. And yet, they are committing themselves with enthusiasm at the moment. I greatly admire that.’

Do the clients of ASR already notice some changes?

‘Our new MultiZeker policy can only be applied for electronically by insurance advisors. The policy is immediately processed and forwarded by email. There is no quicker way. And another thing that clients will notice, is that fewer mistakes are made because more processes are now electronic.’

Where do the insurance advisors fit into the picture of efficient market players?

‘ASR deliberately chooses to work with the intermediary market. We wish to deliver products that appeal to clients at competitive prices and in a process that works without a hitch. Competing with internet providers is only possible if clients continue to appreciate the added value of intermediaries. Clients must be able to say: things run smoothly when I need them, they are there for me. Especially in case of loss, insurance advisors play a pivotal role. We do everything in our power to prepare ourselves as best we could, because that is a precondition for remaining competitive.’

What is your opinion regarding the need for innovation?

‘We must keep on innovating. We must always ask ourselves the question: What do clients think about us? Do our products continue to meet their needs? It must involve an ongoing process of improvement. If certain products or services no longer fully respond to the needs, we must do something about it immediately.’

What does ASR plan to do about this?

ASR Nederland strives for continuous improvement

All the activities, except Europeesche Verzekeringen and Ardanta, will be accommodated at one location in the Utrecht region no later than 2015. At the end of 2010, we will announce our choice for this central location. The concentration of activities brings with it lower overheads, better cooperation and the strengthening of the reflection of ASR Nederland as a single company.

The OpEx (operational excellence) programme puts continues learning and improvement of staff and the organization centre stage. Staff are encouraged on a day-to-day basis to share and implement suggestions for improvement. OpEx is making a major contribution towards improved efficiency and quality and lower overheads. All the business units of ASR Nederland follow the OpEx way, so it will become a part of our own culture.

Apart from that, the organization has changed from business lines to product lines that share back offices. In addition, the support services departments of the different business units were merged. Programmes have also been launched that focus on establishing the added value of all the indirect costs of the support services and to reduce the large diversity of products. The aim is to implement substantial cost savings.

New products were developed on the new flexible IT platform in 2009. This platform allows the introduction of new product at lower costs. Examples of these products include the MultiZeker policy and ASR VermogenGarant.

ASR Nederland is also in the process of further digitizing the business, with a balance being sought between maintaining the existing systems and investing in new systems.

2.5 Companies

Europeesche Verzekeringen

- Best travel insurer 2009
- Focus on the field of travel and leisure insurance

Since its founding in 1920, Europeesche Verzekeringen has grown into the specialist in the insurance of risks that people face while travelling and in their leisure time. Consumers can come to the Amsterdam based insurer for a broad range of products, such as travel, cancellation, business travel and leisure insurance, for for example, boats, motorcycles or caravans.

It is essential for the services of Europeesche Verzekeringen that they are there when clients call on them in need. That is why we set up the European helpline, one number for all types of assistance, often medical. Insurances are offered through all the available channels, such as intermediaries, travel agencies, authorized agents, health insurers, banks and the direct channel.

Market position

The impact of the recession is evident in the drop in the number of holiday reservations. The result from the leisure products, in particular, is facing a squeeze. With the introduction of new products, we have made efforts to hold on to our share in this declining market. For example, by responding to the events of insuring the Elfstedentocht with the Uit-in-Nederland insurance (out in the Netherlands) and transfer insurance (Omboekverzekering), we attracted new clients and, in addition, managed to create attention in the media. With the new golf insurance and wellness insurance products, we once again emphasize our reputation as specialist in the field of leisure.

At the same time, we seriously committed ourselves in 2009 to reducing costs and improving service delivery. We successfully implemented improvements in our internal processes and in communication with clients. This has resulted in better products, processes and systems. Clients can see it immediately because Europeesche, for example, abolished the cancellation period. Online changes in Meetingpoint is now also a reality. With respect to fraud prevention, Europeesche Verzekeringen was even top of the class, awarded by the Centre for combating insurance fraud (Centrum voor Bestrijding Verzekeringsfraude). All 67 members of staff who participated in a life long learning programme to meet the Financial Supervision Act (PE-WFT) passed.

On top of that, in January 2010, we were appointed the best travel insurer of 2009 by Dutch travel agencies. We take great pride in this. Among non-life insurers, Europeesche is the biggest climber in the 2009 NVA/NBVA/DAK performance survey.

Market trends

The recession put a damper on consumers with an urge to travel. They travelled less and not so far, or spent their holidays at home or in the Netherlands. Still, more providers entered the market also offering continuous travel insurance in their non-life packages. It is striking that the market for leisure insurance is growing, which is mainly due to the increase in the number of people over the age of 50 who are spending more money and time on leisure at home and abroad.

Outlook

Despite a fragile economic recovery in 2010, we expect the number of holiday reservations to remain steady or even decline slightly. In view of this forecast, we will continue to focus on client experience and quality improvements in 2010

in order to continue to grow. This means that cost savings will go hand-in-hand with investments in electronic modules that make it easier for clients to deal with claims, requests and changes electronically. We also want to bring distribution fees more in line with the added value created for clients.
We will continue to work on reducing the complexity of our products, processes and systems. This will be achieved, among other things, by improving processes through the reduction of wastes.

Finally

The battle for clients in this market will be won by the company that finds the best way to latch onto the perception of clients. We strive to give our clients the feeling of belonging to the club of Europeesche Verzekeringen, the specialist that offers the best choice tailored to the individual wishes of our clients.

Ardanta

- Growing interest in funeral insurance
- Gross premium income increases by 14%
- Expansion in Belgium and entry into the German market

Ardanta, based in Enschede, has been the specialist in funeral insurance for more than forty years now. By taking out this insurance, clients protect their nearest and dearest against the high costs of a funeral or cremation. We offer five different forms of insurance from which clients can choose the insurance that meets their specific needs. Of course, clients are fully entitled to choose the undertaker of their wishes.

Ardanta mainly relies on intermediaries for distribution, but there is a clear increase in the number of applications through the direct channel.

Market position

We introduced a number of changes in our range of products. Profit-sharing now applies to all five different forms of insurance, and new product extras have been added. Measures have been taken to prevent cancellations and non client-friendly transfers. The fee system for intermediaries has been overhauled, the earning period for handling fees has been extended from three to five years and there is the option for continuous commission (doorlopende provisie).
We also offer the option that accumulated capital from an existing policy can be transferred to a new product range without additional cost.

Bonus commission has been abolished and fees for advice and administration are required to comply with socially accepted standards (inducement). Through the introduction of premiums without commission, intermediaries are free to agree on a fee based on part of the premium, in consultation with clients.

Market trends

Five out of eight Dutch people have taken all the necessary measures with respect to their passing away. Nevertheless, the market for funeral insurance is growing. This is mainly due to the ever-increasing funeral costs and people wishing to make a very personal affair of their funeral or cremation.
In line with this growing demand, the number of providers is also on the increase, meaning a squeeze on prices of funeral insurance policies. At the same time, this market is going to see strong growth in the coming years due to demographic developments in the Netherlands.

Outlook

As part of our strategy to gather and bring together all knowledge, Ardanta will take over the administration of the funeral portfolio from ASR Verzekeringen in 2010. That again offers us additional opportunities to improve efficiency and further reduce the number and complexity of the IT systems. Moreover, we will expand the activities launched earlier in Belgium. On top of that, we see favourable opportunities on the German market. A next step will be to enter the German market using an intermediary platform.

Finally

With the changes we implemented in the past year, the expansion abroad and a strengthening of our focus on clients, Ardanta will remain a leading player in 2010 in the field of products and, as such, benefit from the growth in the market.

2.6 ASR Vastgoed

- Focus on urban redevelopment of ageing locations
- Selective real estate portfolio sales policy continued
- Considerable number of new and redevelopment projects in the pipeline
- Tangible impact of credit crunch on the real estate market

With its labels ASR Vastgoed Vermogensbeheer (ASR Real Estate Asset Management) and ASR Vastgoed Ontwikkeling (ASR Real Estate Development), ASR Nederland is active on the Dutch market. Through ASR Vastgoed Vermogensbeheer, we have been investing part of our equity in land, homes, retail outlets and offices for more than a hundred years now. The land portfolio comprises 31,000 hectares. This makes us the biggest private landowner in the Netherlands. We also believe that land is a solid long-term investment. The bulk of it is used for agricultural purposes under lease or permanent lease. In addition, we own rural, woods and leisure areas. We take a proactive responsibility as a member of the Nature and Countryside Management Foundation (Stichting Beheer Natuur en Landelijk gebied - SNBL), the Private Landowner Federation (Federatie Particulier Grondbezit) and the Utrecht Landscape Foundation (Stichting Het Utrechts Landschap).

Our housing portfolio consists of some 8,000 housing units. The portfolio varies, including both detached houses and flats. Most of our housing property is located in the Randstad conurbation. We strive for the best possible quality for our portfolio. In this context, we provide proper maintenance and proper contact with our tenants.

The offices portfolio comprises 300,000m^2 and the retail outlet portfolio more than 500,000m^2. By maintaining good contact with our tenants and properly maintaining our buildings, we can ensure that our portfolio continues to meet the current demands of retail and office users with respect to premises. Sustainability is a major focus in this context: it promotes client satisfaction and, at the same time, returns.

Our other label, ASR Vastgoed Ontwikkeling, is a leading developer of homes and retail outlets in the Netherlands. ASR Vastgoed Ontwikkeling has a portfolio worth €3.3 billion, consisting primarily of large retail and home construction projects or combinations of these. Our aim in all our development projects is to find a balance between real estate, nature, landscape, the quality of life and accessibility.

Market position

In 2009, VGM/Locatus appointed ASR Vastgoed Ontwikkeling as Dutch retail developer of the year. This prize is an award for the strategic change in direction started earlier. ASR Vastgoed Ontwikkeling is increasing its focus on urban development and regeneration of older districts, often including major retail component. Striking examples include the completion in 2009 of the regenerated part of the centre of Lelystad and the redevelopment of the Aalmarkt in the historic centre of Leiden, which was added to our portfolio in 2009.

In 2009, we received the international SAS 70 Type-1 certification for ASR Vastgoed Ontwikkeling. This is a highly regarded quality standard for reviewing and monitoring internal processes.

Also in 2009, ASR Vastgoed Vermogensbeheer pursued its sales policy introduced earlier. In addition, there is still a considerable amount of new and redevelopment projects in the pipeline. In the housing segment, sales focused on remnant sales and houses outside the Randstad conurbation. This mainly involves smaller parties in which particularly private investors are interested. In the office segment too, ASR Vermogensbeheer continued to pursue its sales policy of recent years. Sales in the retail outlet segment concerns exclusively those outlets that do not really fit in the portfolio.

Earnings achieved by ASR Vastgoed Vermogensbeheer in 2009 are in line with the applicable benchmark (IPD).

Market trends

2009 was a difficult year for the real estate market in the Netherlands. All the segments, but in particular the office segment, faced a strong decline in demand. Major institutional investors were holding back investments, and banks have become very cautious about extending credits. At the same time, heavy downward adjustments had to be booked in the value of especially offices and homes. Again in 2009, our historically acquired agricultural land portfolio proved its stability in uncertain markets.

The credit crisis also left its mark on ASR Vastgoed Ontwikkeling. Sales and rentals lagged behind expectations, and a number of new projects were postponed. In response to this, the business implemented a cost-cutting drive.

Outlook

We are expecting a cautious recovery of the economy in 2010 and 2011. For ASR Vastgoed Vermogensbeheer, the uncertainty on the market means that both tenants and investors are looking for quality, with the location of the property once again being a leading aspect. In addition, sustainability will continue to play an ever-more important role.

In the retail market, prime locations will remain attractive and thus maintain their value. In the housing market, the rebound will mean that the downward price curve will stabilize while, in the office market, the squeeze on prices for secondary locations – particularly due to competition – will remain high. The rural portfolio will make a stable contribution to the portfolio result. A main priority for ASR Vastgoed Vermogensbeheer is to make the right choices here and to offer investors long-term returns at an acceptable risk profile.

A very promising development is ASR Vastgoed Vermogensbeheer acting as fund, asset and property manager for institutional investors. This means that our expertise is valued, which supports us in maintaining our trendsetting role in this market.

Other priorities for ASR Vastgoed Ontwikkeling remain urban development and regeneration, sustainability, area development and service to (institutional) investors.

2.7 Capital management

Capital position and policy

The total equity of ASR Nederland comprizes total equity attributable to shareholders, other shareholders' equity instruments and minority interests. Total equity attributable to shareholders at year-end 2009 amounted to €1,389 million.

ASR Nederland has issued shareholders' equity instruments (hybrid Tier-1 capital) for a total of €515 million, as a consequence of which total shareholders' equity amounts to €1,955 million. These instruments are listed on Euronext Amsterdam. The minority interest in total shareholders' equity at year-end 2009 was €51 million.

With effect from 3 October 2008, the shares are in the hands of the Dutch State. ASR Nederland did not received any capital injection from the Dutch State, nor were any guarantees or loans extended. The capital policy of ASR Nederland is aimed at an ideal solvency ratio of at least 250% of the minimum set by the regulating authority for both life insurance business and non-life insurance business. We are also aiming for a solvency ratio for ASR Nederland at an 'A' rating.

Solvency

The available solvency for ASR Nederland at year-end 2009 in accordance with regulatory standards amounted to €3,515 million, or 232% of the minimum required solvency ratio. This is an increase of 62 percentage points compared to year-end 2008, when the solvency ratio stood at 170%.

This increase is primarily due to the recovery of the financial markets in 2009. One of the three mainstays of the strategy pursued by ASR Nederland is to be a financially solid player on the Dutch insurance market. To this end, the solvency development is followed with a keen eye and the associated risks are actively managed.

To calculate solvency, the revaluation of property and other items allowed by legislation are added to total shareholders' equity, including the equity instruments, and adjusted for capitalized goodwill and VOBA, for example. At the end of 2009, the solvency ratio for ASR Levensverzekering N.V. was 277% and for ASR Schadeverzekering N.V. 295%, based on the calculations of the supervisor.

In accordance with IFRS accounting principles, the buffer capital for ASR Nederland NV is 293%. For calculating this standard, an additional test margin is taken into account with respect to the solvency calculation performed by the supervisor to determine the available capital. As a result, the buffer capital is 61% higher than the solvency ratio, based on the standard set by the Dutch central bank (De Nederlandsche Bank).

Disentanglement from Fortis

Since ASR Nederland has been 'standing on its own feet', the capital positions and the market risks should be assessed on a stand-alone basis. One of the consequences of the separation is the created interest rate position which was balanced in the consolidation of Fortis, but which now has to be extended as a stand-alone business within ASR Nederland.

With the aid of government loans, swaps and swaptions, the duration in the investment portfolios was extended during the first six months of 2009. This drastically reduced the risk to interest rate changes resulting from the disentanglement to a very acceptable level. To cover the other market risks, a de-risking policy was pursued in the first instance, 'for safety's sake'. In practice, this means that the position in shares, which had been started in 2007 already, was further reduced. Later in 2009, the position in shares was increased again under protection of the improved solvency position. The choice for liquid investments in more defensive instruments was made. The structured credit portfolio was managed hands-on, further reducing the interest under fair conditions. This policy will be continued in 2010. Our solvency position allows us to do it in 2010, only if, from a business economical perspective, adequate attractive opportunities should arise. A start was also made in 2009 with shedding some of the real estate portfolio. With the simultaneous availability of real estate property with respect to which commitments had already been made, this was barely noticeable in the figures.

A further consequence of the disentanglement is that access to the mortgage market was restricted due to the reliance on a funder that was no longer part of the same group. In addition to the agreement with Fortis Bank Nederland, a second agreement was reached in 2009 involving BNP Paribas Personal Finance.

Funding

Although the funding requirements of an insurer are traditionally relatively limited, the options of secured and unsecured financing will again be scrutinized in 2010 to enable the best possible access to financial markets.
By obtaining a rating in 2009, the first step was taken in expanding our own funding activities. In order to strengthen its liquidity position, ASR Nederland ensured itself at an early stage of facilities in the field of security lending, thus ensuring access to these financial instruments in the longer term.

During the first six months, ASR Nederland took measures to restructure a number of Tier-1 loans with a principal of €650 million in total. Hybrid Tier-1 instruments issued directly by ASR Nederland and guaranteed by ASR Levensverzekering N.V replaced the loans, which had been structured based on a US model.

Permission was asked from investors for the restructuring and for the abolition of the US structure (TOPrS). In addition, investors were offered the option to convert their investments into new hybrid Tier-1 instruments. The vast majority of the investors (91%) agreed with the proposed restructuring. As a result, the US structure was dissolved on 10 August 2009 and four new bonds of ASR Nederland are listed on Euronext.

ISIN CODE	NL 000 92 135 45	NL 000 92 135 52	NL 000 92 135 29	NL 000 92 135 37
Nominal amount	€ 386 million	€ 38 million	€ 85 million	€ 12 million
Coupon	10%	7.25%	3 months Euribor + 230 bps	6.25%
Coupon payment date	26 January 26 April 26 July 26 October	30 September	26 January 26 April 26 July 26 October	31 March 30 June 30 September 31 December
Call date	26 October 2019	30 September 2019	Callable at each coupon payment	Callable at each coupon payment
Rating S&P	BBB+	BBB+	BBB	BBB
Rating Fitch	BBB	BBB	BBB	BBB

With the takeover of ASR Bank from Fortis Bank Netherlands at the end of 2009, ASR Nederland again obtained an entity with a banking licence. As part of the takeover, the corresponding savings portfolio also transferred to ASR Nederland. ASR Bank administers some 250,000 accounts of mainly private accountholders: 60,000 investment accounts and 190,000 savings accounts. A significant portion of the savings accounts are so-called employee savings accounts (100,000 accounts). The remaining savings products mainly concern directly available savings. The acquisition of ASR Bank has further strengthened the funding position of ASR Nederland.

Dividend

With a view to the solvency position of ASR Nederland and possible future capital requirements arising from Solvency II, the profit available to shareholders for 2009 will be added to the total shareholders' equity.

Ratings

On 20 May 2009, Standard & Poor's confirmed the 'A' rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. with a negative outlook. On 5 June 2009, Fitch Ratings reclassified the rating ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. from 'A+' to 'A' with a negative outlook. In addition, Fitch Ratings has given a rating to ASR Nederland N.V. of 'BBB+' with the same outlook.

In 2009, outlook on the rating of virtually the entire Dutch insurance market were put on negative by the different rating agencies. Moreover, the rating of most of the Dutch insurers has dropped from category 'AA' to 'A'.

	STANDARD & POOR'S			FITCH RATINGS		
ENTITY	TYPE	RATING	DATUM	TYPE	RATING	DATE
ASR Levensverzekering N.V.	FSR	A	19-08-2009	IFSR	A	05-06-2009
ASR Levensverzekering N.V.	CCR	A	19-08-2009	Long term IDR	A-	05-06-2009
ASR Schadeverzekering N.V.	FSR	A	19-08-2009	IFSR	A	05-06-2009
ASR Schadeverzekering N.V.	CCR	A	19-08-2009	Long term IDR	A-	05-06-2009
ASR Nederland N.V.				Long term IDR	BBB+	05-06-2009

Staying on our toes with client experience, that’s what it’s all about

Diny Zwaard-van Eck speaks
Retired and client of Ditzo

'Actually, I didn't want to have anything to do with insurers. In the past I even felt cheated by them, because everything was painted far rosier that it really was. But since I am insured again, I understand that things can be done differently. Warmer, more compassionate.

When I bought a new car, my son alerted me to the Ditzo insurance. He works in the car industry and found their adds on TV very clear and understandable. It also appealed to me. After a while I drove into a traffic bollard, and it had to be settled via the contact centre. Much to my surprise, I got a very friendly gent on the line. "There is nothing to worry about, madam, we'll sort it out for you." Well, I couldn't believe my ears. And when I turned up at the service station, they had already been told. Everything went perfectly well.

The second time that I dealt with them, I was again given excellent service. I had just been discharged from hospital and a public transport bus drove into my side. I even got into the local paper. I was momentarily totally confused, and again it was the nice man from the call centre who assured me everything would be OK. I almost burst into tears, so helpful.

This has restored my confidence in the insurance world a bit again. Because, to be honest, disappointments are everywhere. Without mentioning any names, but in the past I quite often got steamed up. Funds were booked from my account, and I had no idea what it was for. And then you have to go all over the place to find out the truth.

For a time, I had no insurance broker, because everything was handled by my then advisor, who was a tax consultant. Nowadays, I do as much as possible myself. I used to own my own business and always kept proper accounts. So I can't see any problems arising.'

In conversation with Ronald van Lier
Director at Ditzo

'Distribution eventually ends up in the hands of consumers themselves'

Why Ditzo?
'When Ditzo started out, our ambition was to become intellectual market leader, to make sense of everything that was not logical. The biggest recognition is that the market will follow in the footsteps of Ditzo. In other words, that was a thumbs up, also towards consumers. We're not an ephemera, here today, gone tomorrow; we are a serious contender.'

Changing the client experience chain. How do you do that?
'In everything we do, we talk about what the experience is. Take, for example, a P&C product. What is a client's experience with a car? That then leads to a discussion about damage: what are you going to do to get rid of the damage? We hear consumers saying: 'If I submit a claim to an insurer now, it is bound to be resolved in the end, but then I will first have to report and explain in detail, whereas I was going somewhere and my day is now ruined.' That is what consumers remember. Therefore we have now introduced the collection and delivery service. If there is damage to your car, you phone Ditzo. We drive to your work and pick up the car, leave a rental car, and on the website you can see at which panel beater your car is being fixed.'

And this talking to clients, does it happen on a regular basis?
'Oh yes, that is our First Monday: every first Monday of the month. The managers have to keep their diaries free for the afternoon and evening. And then we talk to consumers. Because if we're not careful, it becomes difficult. Let us be realistic, we have to be alert and maintain a sharp proposition. For instance, we invite people who have recently taken out a mortgage, or we approach people on the street and ask if they want to cooperate. Listening and learning. Everything can be interpreted differently in reality.'

If we have this direct contact with clients, what is the added value created by intermediaries?
'ASR Nederland goes for multi-distribution. A label such as Ditzo is a direct channel, ASR Verzekeringen works through intermediaries and Europeesche Verzekeringen uses a mix of these two. There is a blossoming future for intermediaries. To start with, product development must appeal to consumers. Consumers then decide: am I going to do it on my own, or am I going to for auxiliary support. Our channels serve all income and social classes. Our products are not complex, but someone's financial situation may very well be complex. A mortgage loan as such is not complicated. What does make it tricky is one's own financial situation. And that is where intermediaries come into play with their advisory role. I believe that the advisory role will remain, and that distribution will eventually pass into the hands of consumers.'

What is ASR going to do about this?

ASR Nederland talks to customers

Winning client appreciation is one of the major objectives of ASR Nederland. To get this appreciation, we need to know something about clients. A lot of research has already gone into clients in the different divisions of ASR Nederland. And yet, there are still many things that we don't know about our clients or potential clients. A programme has been launched in order to bundle the knowledge we have and to fill in the 'blind spots'. Using interviews, client forums and questionnaires, we identify what it is that clients really want.

During client forums, staff engage with consumers to submit and test, for example our communication, to see whether people understand it. New products are designed exclusively on the basis of these new insights. Examples of products in the next generation range include the MultiZeker policy and ASR VermogenGarant.

All the organizational divisions of ASR Nederland will gradually fully switch to understandable Dutch. This is plain language that the vast majority of the population will understand effortlessly. Ditzo and Europeesche Verzekeringen are leading the field in this.

We also adapt our products. In anticipation of new legislation, Europeesche Verzekeringen has abolished cancellation terms. Ditzo already did that. Ardanta also launched new products in the course of 2009.

Client opinion is measured or expressed in the Net Promoter Score (NPS). This is an international standard for measuring the extent to which clients serve as ambassadors for your label by actively recommending you. The NPS measurement is done regularly. Management is encouraged take account of client appreciation via NPS.

2.8 Risk management

Risk management

ASR Nederland set up risk management systems with the aim to actively manage and control risks, to manage capital, value, return and risk in order to serve the interests of all stakeholders.

Risk management enables ASR Nederland to identify, assess, monitor, manage and report its risks. Evident and adequate capital buffers are held for these risks, appropriate to the chosen risk profile of ASR Nederland. Risk management must thus contribute to achieving the rating target of ASR Nederland, which is a minimum of category 'A'.

Risk management governance

Three lines of defence

The basic principle for fulfilling the risk management function of ASR Nederland is the so-called 'three lines of defence' model, which contains allocated roles and responsibilities. Implementing segregation of duties between the design, the implementation of, and the monitoring of compliance with policies achieves a high degree of risk management. The 'three lines of defence' policy means that a distinction is made between three levels of control, which are:

- The management of business units is responsible for managing the day-to-day risks on the basis of a proper and effective risk management system. This forms the first line of defence.
- Risk Management and the Compliance department together form the second line of defence. They are responsible for coordinating strategy, processes and procedures on the risks to which ASR Nederland is exposed or could be exposed to, and are responsible for ensuring proper compliance with the risk policy, legislation and regulations so that the financial buffers remain at the desired level.
- The internal audit department (Audit ASR Nederland) is the third line of defence, responsible for the independent review of the adequacy and effectiveness of the internal control systems and the governance system.

Structure of the risk committees

In 2009, ASR Nederland set up a new risk management committee structure as an aid to shape the risk management function in practice. This was directly prompted by the organizational changes in ASR Nederland.

Final responsibility for the risk profile is borne by the ASR Nederland Executive Board. The members of the Executive Board all sit on the Risk Committee. The ASR Risk Committee is assisted by two important committees, the Financial Risk Committee and the Non-Financial Risk Committee.

Risks are managed with reference to the risk categories as defined in the financial institutions' risk analysis method (Financial Instellingen Risico analyse Methode (FIRM)) of the Dutch central bank:

- The Financial Risk Committee manages the risk profile of ASR Nederland with respect to the financial risks, including matching and interest rate risk, market risk, credit risk and technical insurance risk.
- The Non-Financial Risk Committee manages the risk profile of ASR Nederland with respect to the non-financial risks, including environment risks (including reputation risk), operational risk, outsourcing risk, IT risk, integrity risk and legal risk.

In this context, the business units – the first line of defence – bear particular responsibility for identifying, assessing, monitoring, managing and reporting on the risks and the risk profile of the business unit within a given framework. Each business unit has a Risk Committee to implement these tasks.

Priorities for 2010

ASR Nederland operates in a rapidly changing financial landscape, with new lines drawn in public standards with respect to financial services. In addition, new insights into supervising and regulating financial institutions mean that risk perceptions are changing. In this changing environment, ASR Nederland has identified the following priorities for 2010:

- Recent events and developments make it clear that the importance of reputation management is on the increase. The top priority of ASR Nederland is therefore to proactively manage and strengthen the reputation of ASR Nederland and its labels in word and deed.
- The credit crunch once again highlighted the importance of risk analyses. In part due to this, ASR Nederland is paying extra attention to its risk management techniques, scenario analyses and a clear limiting risk management framework.
- An increase in legislation and regulation, including the requirements imposed by Solvency II, IFRS and pensions legislation, demands a huge effort from ASR Nederland to comply with these on time.
- With regard to the investment policy, the balance sheet risks were significantly reduced in 2009. Never the less, an active policy will again be pursued in the coming years to continue to reduce the balance sheet sensitivities, to align the investments even better with the obligations, thus also reducing the required buffer capital where possible.
- IT will continue to become a more important and critical factor in the operations of ASR Nederland. There will be a strong focus on developing and simplifying the system. Furthermore, awareness about information security must be increased, and continuity remains an ongoing focal point because of the ever-increasing dependence on these systems.
- ASR Verzekeringen distributes its insurance products through intermediaries. Precisely because of the belief in the added value of this channel, ASR Nederland will continue to be committed to healthy intermediary distribution with a secure future.

Risk management in 2009

As far as risk management efforts in 2009 are concerned, ASR Nederland distinguishes itself with its line of risk committees, financial and non-financial risks.

Financial risk

2009 was overshadowed by the need to manage financial risks. The jitters on the financial markets put some serious pressure on the solvency position of ASR Nederland at the beginning of the year, caused by oversensitivity to interest rates following the exit from the Fortis group.

Measures were implemented in the first half of 2009 to minimize these risks, including:

- Reducing the interest rate exposure by acquiring long-term government bonds and swaptions.
- Reducing equity exposure.
- Reinsuring life risk.

In the second half of 2009, the financial markets recovered strongly. As a result, the solvency position of ASR Nederland improved again. The previously reduced share exposure was then gradually expanded with great caution. As one of the very few major financial institutions in the Netherlands, ASR Nederland did not receive any financial support from the State.

The interest rate, market and credit risks are managed on the basis of the strategic asset mix and various risk reports. The table below illustrates the sensitivity of the available solvency (DNB) to the major financial risks at year-end 2009.

SENSITIVITY DNB SOLVENCY RATIO FOR MARKET RISK	SCENARIO	EFFECT ON SOLVENCY
Equity	-20%	-20%
Interest	-1.0%	-9%
Spread (credit risk)	0.75%	-18%
Real Estate	-10%	-19%

Should the various scenarios occur simultaneously, it will have a cumulative negative effect on the solvency ratio of 66%. This meant that at year-end 2009, the DNB solvency ratio would come to 166%.

The technical insurance risk concerns all the risk as a result of which future payment obligations cannot be raised from premium and/or investment income due to incorrect and/or incomplete technical assumptions and principles in the development premium fixture of the product, meaning the provisions are insufficient.

All the technical insurance risks are modelled and measured consistently, based on the measurement of the fair value of assets and liabilities and the development of a model for spreading the value across the best possible estimate.

ASR Nederland recognizes provisions for potential claims. To avoid the risk that ASR Nederland can no longer meet its obligations towards policyholders and others, ASR Nederland keeps extra solvency capital.

In addition, reinsurance and other risk mitigating measures were also used in 2009 to reduce, limit or to spread the negative impact of volatility as an alternative to the required capital. For example, the insurance risk was mitigated in the first half of 2009 by reinsuring 50% of the current life risk. Given the improved solvency position, this was brought back to reinsuring 10% of the current life risk at the start of 2010. The reinsurance contract offers the necessary flexibility to increase the level of reinsurance at the request of ASR Nederland.

Non-financial risks

The FIRM risk categories include the following non-financial risk categories: environment risk (including reputation risk), operational risk, outsourcing risk, IT risk, integrity risk and legal risk. A number of activities undertaken in the context of these risks are listed below.

At the end of 2009, the annual control risk self-assessments (CRSAs) were performed in all the business units of ASR Nederland. As part of the process, the management identified the major risks (both financial and non-financial) of the business unit on a qualitative basis. Using these results, the Executive Board does an aggregated CRSA at a higher level for the whole company, with the Executive Board identifying the most important risks facing ASR Nederland (see chapter on Priorities for 2010).

Following the split with Fortis Bank Nederland, ASR Nederland set up Business Continuity Management. For example, ASR Nederland prepared itself in 2009 for a widespread outbreak of the Mexican flu, and held crisis training courses at various locations in which a crisis was simulated (for example, a major fire).

Solvency II

Following the break with Fortis, ASR Nederland independently continued preparations for Solvency II in 2009. Solvency II is the new regulatory framework for European insurance companies which – as expected – will be implemented in October 2012. Solvency II offers solvency requirements that are better aligned to the risks faced by insurers and will form an integral part of the operational management of insurers. Investments and obligations are valued on the basis of market value under Solvency II.

ASR Nederland has set up a Solvency II programme which, in the first instance, performed a gap analysis between the current situation and the situation that would comply with Solvency II requirements. This provided us with insight into the divisions that requires attention from ASR Nederland in the Solvency II context.

As part of the preparation for Solvency II, ASR Nederland also took part in the RiSK 2008 quantitative impact study initiated by the Dutch central bank. Both the insurance holding company and the different legal entities took part, giving ASR Nederland a better understanding of the divisions that not yet fully comply with the anticipated Solvency II regulations.

Further steps will be taken in 2010 to be fully prepared for the implementation of Solvency II.

2.9 Human resources

- Ongoing focus on cultural change
- Development of new remuneration policy
- Dialogue on next generation work

Introduction

The Human Resources (HR) department of ASR Nederland sees to the substance and implementation of the group-wide HRM policy. ASR Nederland aspires to be an attractive employer for current and potential members of staff whose main focus in their careers are flexibility, client focus and the need for personal development.

The three main objectives of the HR policy are:

- The personal development of staff and managers.
  ASR Nederland offers much room for training and development. We are spending around 5% of total wages on training courses and our career centre enjoys high attendance numbers.
  We deliberately opt for a horizontal organization with direct communication lines. This offers a greater degree of initiative in actions and communication to both managers and staff. The consequence of this is, for instance, that the coaching skills required of managers are gaining in importance.
- Supporting the culture change.
  ASR Nederland aspires to be a business that operates with an eye to the market and puts clients centre stage. This means that we are committed to a permanent improvement of our culture. Using culture coaches, training courses and HR activities, we guide and support this envisaged change and embed it into the organization.
- Sustainable remuneration policy.
  In the public debate about remuneration in the financial world, our position is that the remuneration policy must promote sustainable wealth creation for all the stakeholders. A start was made with this in 2009 by awarding senior management for their performance on client satisfaction and staff engagement, in addition to the financial indicators.

Looking back

As an organization, ASR Nederland has gone through constant change in the past period. The Focus on Delivery programme, with the organization being made more efficient and client focused, led to a reduction in the number of staff. Also the decisions taken in the context of the relocation policy caused the necessary anxiety. At the same time, we are seeing a clear shift in the competency profiles of our staff to more specialist knowledge and client focused profiles.

The culture programme is an essential pillar in supporting the changes. Launched in 2006, the programme was further elaborated in 2008 with new core values (personal, trustworthy and accessible) carrying an internal motto (‘personally guaranteed’). In 2010, attention will continue to be focused on embedding these core values.

In 2009, we started a dialogue with our staff about next generation working (NGW). Our aim is to perform our tasks with a greater client focus, more efficiently and effectively. At the same time, we definitely do not want to lose sight of the wishes and needs of our staff in terms of flexibility and space. NGW puts staff centre stage by offering room, freedom and resources to determine personally how, when and where they work.

Outlook

In the years ahead, ASR Nederland wants to continue to develop as a more client focused and efficient player in the market. This commits us to a greater focus on the development of the capacities of our people. For our staff, this is anchored in the personal development plan that forms part of our career policy, and for managers in the management development programme. At the same time, we use our trainee programme and learning networks on an ongoing basis to bind new, motivated and talented people to our organization. In 2009, we gave an additional impulse to this ambition with a new internet site and with our own staff representing ASR Nederland as ambassadors at schools for higher vocational education (HBO), among others.

Finally

Diversity is an essential prerequisite for successful team processes and healthy operational management. Our special focus in this context is on stimulating diversity in the higher management echelons. The purpose of our diversity policy in particular is to increase the percentage of women in management positions to a minimum of 25% in 2014. We are also very proud about the launch of our Colourful Ambitions network for minority ethnic members of staff to support and to assist them in building a career at ASR Nederland.

2.10 Corporate social responsibility

- Embedding sustainability in all processes
- Transparency of products, conditions and communication
- Further development of sustainable products and investments
- Proactively promoting policy to all our stakeholders (internally and externally)

Introduction

The development, coordination and organization of the corporate social responsibility (CSR) policy at ASR Nederland fall under the responsibility of the CSR department. With our CSR policy, we are striving for a clearer and more transparent balance between social and public interests, the environment and a healthy profit for sustainable operational management. We believe that the only guarantee for profit in the long term is if our business also pays explicit attention to the impact of our operations on people, the public and the environment.

Corporate social responsibility is all about the ecological, economic and social impact of our operating activities and accounting for it. Corporate social responsibility focuses on activities or investments by the company in the local sphere in which the company operates. We have been able to make a contribution towards this latter aspect in partnership with Fortis Foundation. With effect from 2010, both the policy and its implementation will be put in the hands of ASR Foundation.

Our role as insurer

Our primary duty is to offer security to our clients, both in the short and in the long term. Continuity and confidence are crucial for achieving this; our clients must be confident that we are able to fulfil our financial promises. From that position, winning back client confidence in our sector is the centrepiece of our philosophy.

Within the parameters of international legislation and regulations, codes of conduct and standards, we must successfully embed sustainability in all our basic processes[3]. Moreover, we carry a responsibility as insurer and as investor. In recent years, we have been putting a lot of effort into the transparency of our products, improving the transparency of our processes and simplifying the range and presentation of sustainable insurance products, including four sustainable investment funds. In 2009, ASR Nederland published its own social annual report for the first time, covering 2008 in line with the guidelines of the GRI (Global Reporting Initiative). The report is a clear reflection of our CSR policy in the field of insurance, asset management, the environment, employership and our social involvement and commitment.

Our role as institutional investor

In our role as institutional investor, our social responsibility is expressed in the application of sustainability criteria. With this in mind, we drafted our current policy on socially responsible investments (SRI) in 2007. This policy places the emphasis on the positive selection of best practices and best products based on ESG criteria (environmental, social, governance). This applies to investments in countries (government bonds) and in businesses (shares and corporate bonds).

We make extra investments in companies that, within their business sector, achieve the highest score on ESG criteria or that make a sustainable contribution to society. Accordingly, an investment was made in 2009 in the context of sustainability funding in a clean energy fund. Exclusion criteria that we apply include: controversial weapons, nuclear energy, pesticides, alcohol and tobacco, the gaming and sex industry and companies that use animals in laboratory tests.

With respect to the internal investment portfolio, we apply the ESG definitions of Forum Ethibel, complemented with the exclusion criteria of ASR Nederland. Twice a year an independent research organization (Vigeo) screens our entire portfolio, and we make our performance and programmes in the field of corporate social responsibility public knowledge. This independent certification process took place for the first time at the end of 2008.

ASR Nederland has drafted an active voting policy with respect to the larger security positions, with both our SRI policy and the guidelines set by the corporate governance code being taken into consideration. Both the voting policy as the full accounting for votes are published on our website www.asrnederland.nl.

We use external asset managers in accordance with our investment policy. Since the interpretation and application of SRI criteria will differ for each asset management fund, we accept minor deviations. Both with the selection and monitoring of these external asset managers, SRI criteria form part of the overall process: here, too, we invest in managers with a high SRI score and we exercise our influence on the policy of asset managers with respect to corporate responsibility and investments. At the moment, more than 95% of our current external asset management funds are signatories to the United Nations Principles for Responsible Investments.

In 2009, we joined VBDO, the Association of Investors in Sustainable Development (Vereniging van Beleggers voor Duurzame Ontwikkeling). Among other things, we actively participated in the VBDO benchmark for responsible investments by insurers. The benchmark is evidence of the fact that we are pursuing a sustainable investment policy. The conclusions and recommendations referred to in the report have been discussed with VBDO to enable us to continue to improve SRI policy in certain divisions.

Our role as real estate investor

Sustainability is a subject in the real estate sector that attracts continues attention and that forms an inseparable component of operational management. In this context, the Association of Institutional Investors in Property in the Netherlands (Vereniging van Institutionele Beleggers in Vastgoed in Nederland (IVBN)) plays a pioneering role. 2009 saw the establishment of the IVBN sustainability taskforce with the aim to identify the status quo in the field of sustainable investment and to formulate a vision. As a member of IVBN and the task force, ASR Vastgoed Vermogensbeheer contributes to the aims of the task force.

For more than one hundred years now, we have been investing part of our capital in rural property and land. Our estates include exceptional areas of natural beauty, and we manage our woods in a sustainable manner. All our estates are open to the public to pursue outdoor activities or enjoy the peace and quiet, the space and the natural environment. In 2009, we again created new natural and green spots on several of our properties. We also took part in two major national land swaps with the authorities. We will continue to pursue this policy in the coming years with other parties.

Our role as real estate developer

ASR Vastgoed Ontwikkeling is one of the founding members of the Dutch Green Building Council (DGBC). This is an organization that devotes its energy to developing a sustainable label for Dutch buildings and areas. With this label, ASR Vastgoed Ontwikkeling gives measurable substance to its aspirations in the field of sustainability and translates this into specific project measures. At the same time, clients can obtain more specific information about our sustainability performance.

In 2009, ASR Vastgoed Ontwikkeling launched the 'land-for-land' initiative (Land voor Land-initiatief). For every square metre that is built on, Land voor Land compensates one square metre of nature. Association for nature conservation (Natuurmonumenten) and the Agency for rural area development (Dienst Landelijk Gebied) support this initiative. ASR Vastgoed Ontwikkeling is also represented in the NEPROM sustainability and environmental working group. The members of the group have set a target of 50% less energy consumption in 2015: with effect from 2020, all the developed property must be carbon neutral.

Our role as employer

Our guiding principle is to create a positive working environment in which staff feel themselves at home and in which their natural talents blossom. To this end, we offer

3 The 2002 CSR code of conduct of the Dutch association of insurers. The purpose of this code is to construct a framework within which we as insurers, individually, and with due respect for the applicable competition rules, elaborate our objective to allow us to operate with due consideration for corporate responsibility.

opportunities for personal development, career planning and, in the end, room for achieving personal ambitions. We would like the staff of ASR Nederland to mirror our multi-faceted society: we are convinced that that is the only way in which we can really tailor our services to the market needs. We also encourage staff to become involved in various networks to promote their vision and personal growth. A good example of such a network is the Colourful Ambitions network for minority ethnic staff. And, finally, it goes without saying that we put a lot of effort into equality for all our members of staff.

Our role as organization

To minimize our impact on the environment, we have implemented an environmental management system in order to use energy and water efficiently, and we are also consciously busy with waste disposal, mobility and CO2 emissions. This is formulated in the covenant that we signed with the government in 2008 with the intention to reduce energy consumption in 2010 by 30% per FTE compared to 2005, at our head office at Archimedeslaan 10, in Utrecht.

Apart from the fact that all the energy consumed in 2009 was generated with renewable energy sources, we also use the long-term energy storage concept (Lange Termijn Energie Opslag (LTEO)) at our head office in Utrecht. An energy storage system located underground contributes to the heating and cooling of the building.

In 2009, we continued working on the 'completely digital' project with the aim of full digital collaboration between ASR Nederland and intermediaries. In addition to process improvements, this project has a sharp focus on paperless working.

ASR Nederland purchases sustainable products, thereby trying to gradually reduce the impact of the goods and services we use on the environment. In future, the sustainability aspects will be taken into account with all new contracts and contract renewals. Furthermore, we insist on the entire production process of goods and services that we purchase respects international human rights.

Finally, we actively pursue a mobility policy to increase accessibility to our offices and reduce CO2 emissions. We have also signed mobility covenants for our offices in Utrecht, Amsterdam and Amersfoort.

Social involvement

Despite the economic climate, we like to give something back to society. With our 'Verzekerd van Jeugdzorg' (ensuring care for the young), youth welfare work has been a special area of our attention for some years now. In 2009, we structurally engaged with eight nationwide institutions to provide support for young people in the youth service. It mainly concerns raising young people's awareness about their talents and offering them opportunities to continue to develop themselves. One of the fixtures of the 'Verzekerd van Jeugdzorg' programme is the ASR Youth Run. This is a sportive coaching project, with staff of ASR Nederland preparing young people and their carers from twelve youth service institutions for the five or ten kilometre run of the Fortis Marathon in Rotterdam. This gained us the SponsorRing award in 2009.

In partnership with the Fortis Foundation, ASR Nederland performed voluntary work at numerous projects in the Netherlands. In July 2009, for example, the fort on Pampus was tackled by twenty members of staff and given a facelift together with other people. With effect from 2010, ASR Foundation is responsible for the policy and activities in the field of social involvement.

Outlook for 2010

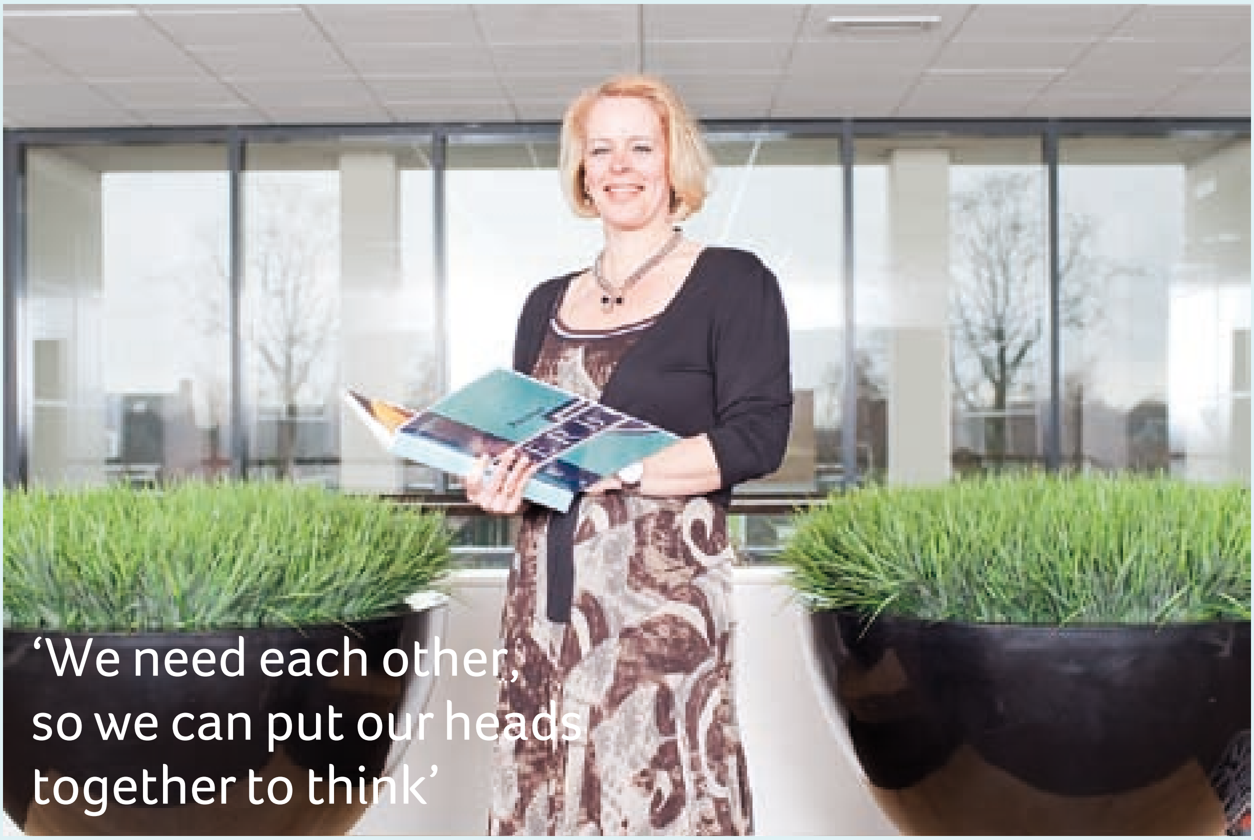
In 2010 also, we will continue to actively monitor the impact of our operations on people, society and the environment. Het Nieuwe Werken (the 'new way of working') will be further promoted and publicised. We will also continue to pursue current initiatives with respect to energy, resources and water conservation. An energy efficiency plan has been drawn up for our head office in Utrecht for the period from 2009-2012. The respect of management, regulations, ethics and codes of conduct will be our priority. The emphasis in our insurance operations will be on regaining the confidence and trust of our clients.

We will further embed CSR in our operating processes in 2010. We are working towards positive appreciation both internally and externally, explaining and providing information about our CSR policy to our staff, insurance advisors and our clients. It must be clear to every single consumer in 2010 exactly what the product it is they are buying, what the corresponding terms and conditions are and how long the contract is valid for.

The investment policy pursued by ASR Nederland as asset manager will be publicised more widely in 2010 both within ASR Nederland and outside. Our information in this area will be more accessible to policyholders, advisors, shareholders and the public. Our SRI policy and information about out sustainable funds will therefore be included as a permanent feature in our brochures. In terms of ASR Vastgoed Vermogensbeheer, sustainability criteria for existing property will also be drawn up in 2010.

Talking about improvement is great, but make sure you do something tangible

Saskia Verbossen speaks
Director at Verbossen Assurantiën en Risicobeheer BV



'Personally, I have been dealing with ASR in a business capacity for more than fourteen years now and, as a business, since 1971. My personal ties with ASR go back to 1996, when I did research there for my graduation thesis.

I expect insurance companies to deliver high-quality products at fair, market related prices. But that is not all; maintaining contacts with the people on the shop floor is vitally important, and we expect them to be professional and to be knowledgeable about the business! We prefer to work with our regular contacts. Our calling card, for instance, is claims settling, and that is the moment that you can show what you what you're worth. And then you need people you know and with whom you can put your heads together and think.

In recent times, the relationship with insurers has changed. Insurers are inclined to go under, to merge, to demerge, whatever. As a result, we are facing ever-changing contacts, and that doesn't always have a positive impact on business. Digitizing and the use of extranet in the private sector market is the right decision, but using these new opportunities is not always practical for us. We operate mainly in the business market, and standardization is not an option for us. Communication is and remains vital for doing business together.

The relationship between clients and intermediaries is also changing. Clients are more assertive and more knowledgeable. We also see the critical approach from clients to intermediaries. As an intermediary, you must continue to make clear what your added value is and convince clients that they are making the right decision to go into business with you. We see it as an opportunity and expansion of services, which makes work more varied and interesting.

Our partnership with ASR will depend on how they choose to continue working with intermediaries. If ASR continues to deliver good products and services and, in particular, nurtures the relationship with intermediaries, I am positive about the future. Don't forget, we need each other! ASR must continue to develop and renew. Stagnation means decline!'

In conversation with Boudewijn van Uden
Marketing and Sales Director at ASR Verzekeringen

‘If intermediaries do not know us or do not know our products, they can’t recommend them to clients’

‘What is ASR Verzekeringen’s position regarding client focus?

‘That we as ASR focus on clients is absolutely essential, but it can only be successful if we do that in combination with excellence in our intermediary distribution channel. Intermediaries are going through a process of change. Whereas in the past, things like the relationship and commission were taken into account, the modern-day task is to establish who has the best proposition. Clients are judging intermediaries more and more on the recommended product, and that must be right.’

Events that occurred in the past two years meant that consumer confidence has taken a dive. How do you propose regaining that?

‘Make sure that you deliver proof. To talk about it is fun, but the proof of the pudding is in the eating. This means that we deliver products which we are convinced will meet consumer demands. And whatever we put on the market, must also include sound ‘processes’, that is, settlement, transactions and systems.’

Is there really such a client-friendly product?

‘The MultiZeker policy. This is a product for clients who want security and ease and who do not compare everything on price. We went out to consumers to find out: what does a specific type of client want? Well, they want to be properly insured, and in the event of something happening, the settlement must go smoothly and without a hitch. That’s why it offers the most comprehensive cover. This is not bargain basement product, but regarding content very good. And the more insurance policies you take out with us, the higher the discount, for example.’

How is the relationship with intermediaries changing?

‘ASR Verzekeringen opts for intermediary distribution. Clients do not do direct business with us. Maintaining a good relationship with our intermediaries is very important. If they don’t know our products or us, they are not able to recommend us to clients. What we’re seeing is that business models for intermediaries are changing, and that the fee structures are also changing. The products offered by intermediaries are no longer our only insurance products, but especially their advice and support. And we have to support intermediaries in that. Intermediaries will be less inclined to link their loyalty to how much commission they earn, but will ask themselves: what sort of products does the organization offer? Are they good products? Do I get sufficient support? Are the processes in good order? The relationship will become more business-like, and we must be absolutely aware of that.’

What does ASR plan to do about this

ASR Nederland invests in further development of its distribution

In 2009, ASR Verzekeringen organized several meetings with intermediaries to talk about future distribution and the corresponding distribution models.

Since 2007, the account managers of De Amersfoortse have been attending a three-year post-bachelor course in business administration. This enables them to offer intermediaries the kind of support required in the new set-up, and we establish ties with intermediaries by offering them knowledge and skills. ASR Verzekeringen pursues this model.

Most banks have committed themselves to one particular insurer (usually belonging to the same group). In the business banking segment, clients expect a wider product range than offered by their in-house provider. ASR Nederland focuses on expanding partnerships with banks in order to become one of the major preferred insurers for business insurance products. The first step in this direction has been taken with our partnership with Rabobank.

2.11 Statement of compliance

The Executive Board declares that, to the best of its knowledge:

1 the financial statements are a fair presentation of the assets, liabilities, the financial position and the result of the company;
2 the financial report contains no material misstatements, and that the risk management and control systems functioned properly during the year under review;
3 the annual report is a true reflection of the state of affairs as at balance sheet date, developments during the financial year, and that the material risks facing the company have been adequately described.

Utrecht, 22 April 2010

Executive Board
Jos Baeten
Roel Wijmenga
Hans van der Knaap
Roeland van Vledder

PART III GOVERNANCE

3.1 Members of the Supervisory Board

Dr. C. (Kick) van der Pol (1949)
Chairman of the Supervisory Board
Member of the Selection, appointments and remuneration committee

In the past, Kick van der Pol was vice-chairman of the Executive Board of Eureko/Achmea and the chairman of the Board of Directors of Interpolis. At present, his positions include the chairman of the Board of Ortec Finance, commissioner of Raet and Valstar Simonis and the chairman of the Advisory Board of Syntrus Achmea.

Tenure: 15 December 2008 to 15 June 2010

Drs. C. (Cor) H. van den Bos (1952)
Chairman of the Audit Committee

Until 2008, Cor van den Bos served as member of the Executive Board of SNS Reaal NV, where he took responsibility for all their insurance operations. In addition, he is the chairman of the Supervisory Board of CED, the Noordwijkse Woningstichting and the Stichting Verzekeringswetenschap. He is also a member of the Supervisory Board of NIBE-SVV and Trust Hoevelaken.

Tenure: 15 December 2008 to 15 June 2011

Drs. M. (Margot) A. Scheltema (1954)
Member of the Audit Committee

Until 2009, Margot Scheltema served as Financial Director of Shell Netherlands B.V. In this context, she has fulfilled various international management positions with Shell. Among other things, she is a supervisory director of Triodos Bank NV, supervisory director of Schiphol Group, member of the Supervisory Board of the Rijksmuseum in Amsterdam and Energie Centrum Nederland (ECN, Energy centre Netherlands and a member of the AFM financial reporting committee (AFM, authority for financial markets).

Tenure: 15 December 2008 to 15 June 2012

3.2 Report of the Supervisory Board

The Supervisory Board mainly concentrated on the emancipation of ASR Nederland to an independent organization and the restructuring of the organization.
An important focus in this was preparing the strategy that rests on three pillars: financial solidity, improving cost efficiency and winning back consumer confidence.

Composition of the Supervisory Board

During the year under review, there were some changes to the Supervisory Board. Following the recommendation by the Staff Council (OR), Marieke Bax joined the Supervisory Board on 12 February 2009. Due to a business change in her immediate sphere, Marieke Bax recently decided to step down as supervisory director. With effect from 10 March 2010, she is no longer a member of the Board. The Supervisory Board will await a recommendation by the works council and then nominate a new member for the Supervisory Board.

Supervisory Board meetings

2009 was the first full year during which the Board supervised the operations of ASR Nederland. A range of introductory and 'getting-to-know-one-another' sessions were held at the beginning of that year in order to provide the supervisory directors with rapid and proper insight into the operations of ASR Nederland. The supervisory directors also met individually with the members of the Board of Director, senior members and members of the works council.

The Supervisory Board met twelve times with the Board of Directors. Prior to these meetings, the Supervisory Board met separately to discuss, among other things, the remuneration policy and corporate governance. The full Supervisory Board attended 10 of the 12 meetings in 2009; two of the meetings were attended by three of the four supervisory directors.

MEETING DATE	KICK VAN DER POL	MARGOT SCHELTEMA	COR VAN DEN BOS	MARIEKE BAX
12 February	X	X	X	X
24 February	X	X	X	X
24 March	X	X	X	X
21 April	X	X	X	X
26 May	X	X	X	X
23 June	X	X	X	X
17 July	X		X	X
9 September	X	X	X	X
13 October	X	X	X	
24 November	X	X	X	X
15 December	X	X	X	X
18 December	X	X	X	X

Evaluation

Based on a questionnaire, the chairman of the Supervisory Board spoke to each member of the Supervisory Board individually about their own performance. The results of these interviews formed the basis of a meeting of the Supervisory Board at the end of the year. At this meeting, the Board discussed the profile, composition and performance of the Supervisory Board.
The Supervisory Board has been composed in accordance with the principles of the Frijns committee and has been able to perform its tasks with full independence.

Committees

Audit Committee

The Audit Committee, whose members are Cor van den Bos (the chairman) and Margot Scheltema, met seven times. The CFO, the external auditor, the managing directors of the Audit, Risk management and Accounting, Reporting & Control departments and the head of Compliance attended the meetings for the respective agenda items. At four of the meetings, discussion of the financial results was central. The Audit Committee discussed the financial results with reference to the annual report, the financial statements and the actuarial report for 2008. The Audit Committee issued a positive report to the Supervisory Board. Other topics were also raised in the Committee, for instance, the Audit Committee looked at the audit plans for 2009 and 2010 of both the Internal Audit department and the external auditor, and both plans were approved. The compliance plan for 2010 got the stamp of approval from the Audit Committee. In addition, the external auditor's reports were discussed, and the audit and compliance reports are on the agenda every quarter. Next to the seven meetings, the Audit Committee met once with only the external auditor present.

During the first half of 2009, the Audit Committee focused a lot of attention on developing the solvency position, refinancing outstanding hybrid securities and continuing the IT demerger with Fortis.

The Audit Committee looked at the processes of the Control Risk Self Assessment, and evaluated the follow-up on risk identified in the process. One of the items on the agenda was the programme comprising Solvency II, IFRS and integrated risk management.

Based on the 2010 to 2012 policy plan, the Audit Committee discussed the 2010 budget and the 2010 to 2012 financial outlook. The Audit Committee endorses the importance of three central themes in the policy plan: financial solidity, efficient market player and client-focused services.

In the Committee's opinion, a solid foundation was laid in 2009 to ensure the successful implementation of the policy plan. To achieve our ambitions objectives, the Committee will closely monitor the progress of building a more efficient organization. The 2009-2010 cost-cutting programme announced in April and the restructuring of the organization are two first important steps in achieving this.

The chair of the Audit Committee presented a verbal report covering the main issues to the Supervisory Board at every subsequent meeting of the Board. In addition, the Audit Committee submitted written reports to the Supervisory Board of its considerations, findings and recommendations.

Selection, appointment and remuneration committee.

The Selection, appointment and remuneration committee was set up in 2009. The Committee, consisting in 2009 of Marieke Bax (chairwoman) and Kick van der Pol, met four times. In the second half of the year, the two other members of the Supervisory Board also attended the meetings of the Committee.

The Selection, appointment and remuneration committee was installed in 2009 and drafted their rules of practice. The Committee discussed the issues of the succession of the Board of Directors and the senior management in the company. The Committee drafted a proposal to the Supervisory Board for a new and sustainable remuneration policy. The chairman of the Supervisory Board discussed this with the Ministry of Finance. The policy is in line with the Dutch Corporate Governance Code, the 'gentlemen's agreement' and the recommendations of the banking committee. In the context of the new policy, the salaries of the members of the Board of Directors were compared to a benchmark. Based on the results, the fixed salary component and the performance related components are far more in line with the remuneration levels in the market. The Supervisory Board approved the proposal. The proposal will be tabled at the annual General Shareholders' Meeting.

The chairwoman of the Selection, appointment and remuneration committee regularly reported verbally to the Supervisory Board on the issues discussed and reported in writing to the Supervisory Board on their considerations, findings and recommendations. All the members of the Supervisory Board received a copy of these reports.

Information concerning the remuneration policy can be found further on in this report on page 73 of the financial statements.

Contacts with the works council (OR)

The Supervisory Board attended a meeting of the works council three times, in different compositions. An important part of the meetings was devoted to the restructuring of the organization and the requests for advice usually involved in such a process. The Supervisory Board found the meetings to be constructive and would like to express its appreciation for the open tone and the involvement of all the members of the works council.

Topics on the agenda

The Supervisory Board focused particularly on a number of items in their meeting with the Board of Directors.

Governance

The Supervisory Board convened their first meeting on 15 December 2008, while it was still in the process of being set up. In 2009, the Board's governance was agreed upon, in harmony with those expected from an independent organization. The Articles of Association, including the dividend policy, rules of conduct, covenant and the rules of engagement, were drawn up and discussed with the shareholder.

Finances / Solvency / TOPrS

At each meeting, the Supervisory Board discussed the financial results. Particular attention was paid to the solvency position, the measures to minimize risks and the progress of the cost-cutting programme. The Supervisory Board gave approval to the restructuring and refinancing of the hybrid securities.

Strategy / Policy plan

The Supervisory Board discussed the development and elaboration of the new strategy with the Board of Directors. This took place over several meetings. The aspirations of ASR Nederland have been formulated based on market trends and the lessons learnt from the past. The two main driving forces are regaining client confidence and striking a good balance between the interests of clients, staff and shareholder. The Board admires and endorses this approach, and is aware of the fact that ASR Nederland is facing a tricky, threefold challenge: winning back client confidence, cutting overheads and posting a healthy return. In this context, the Supervisory Board and the Executive Board are convinced that ASR Nederland has sufficient scale to implement the strategy with success. The shared conclusion is that the strategy as set out in the 2010 – 2012 policy plan is aligned to a good balance between the interests of all our stakeholders. The Supervisory Board approved the policy plan.

Acquisition of ASR Bank and accommodation

The Board of Directors tabled two important resolutions to the Supervisory Board, that approved both of them.

- The acquisition of ASR Bank from Fortis Bank Nederland.
  With this acquisition, ASR Nederland strengthens its position in the market for wealth accumulation in that it creates the opportunity to offer tax driven bank savings products and investment products.

- The central accommodation location in the region of Utrecht.
  The Supervisory Board endorses the bringing together of all the activities under one roof, with the exception of Ardanta and Europeesche Verzekeringen. The Supervisory Board had been informed in detail about and included in the decision-making process of the Executive Board with respect to the new accommodation strategy. The advantages and disadvantages and the consequences of the proposed policy have been looked at and discussed in detail. Different criteria were employed, including social and commercial. The Board took a long time to consider the social side of this decision and is very much aware of the fact the closure of offices and locations will affect many members of staff and their families. On the other, however, the advantages are also clear: lower accommodation and other costs, improved cooperation between colleagues and the strengthening of ASR Nederland as one single company. The new head office will be realized either by renovating the current head office in Utrecht or by constructing a new building in the vicinity of Utrecht. The Supervisory Board agreed with the Board of Directors to postpone this and the corresponding investment decision until the end of 2010.

Financial statements and dividend

We discussed our financial statements for 2009 with our external auditor, KPMG. The Board of Directors submitted their report and the financial statements for 2009 to the Supervisory Board. The Supervisory Board subsequently approved the financial statements at their meeting on 22 April 2010. KPMG audited the financial statements and issued an unqualified auditor's report, which is included on page 179 of this report. The Supervisory Board confirmed that our external auditor was independent with respect to ASR Nederland.
The Board tabled the financial statements at the annual General Meeting of Shareholders. The Board also recommended adopting the financial statements and discharging the Board of Directors from their responsibilities for the policy they pursued and the Supervisory Board for their supervision of the Board of Director.

The profit appropriation, which has been approved by the Supervisory Board, is included on page 182 of this report.

New management structure at the top

At the end of 2009, the Supervisory Board explored the ideas for a new efficient top management structure with the chairman of the Board of Directors. The Board discussed the job descriptions and the positions of the Board of Directors. Our diversity policy formed part of the discussions. At the start of 2010, the Supervisory Board approved the proposal for a new top management structure. The Board of Directors was changed to a Executive Board with the tasks and responsibilities that meet the needs of the current position ASR Nederland as an independent company. The Supervisory Board is convinced that the team in its current composition has the best papers for the challenges that lie ahead in the coming years.

Future

The Supervisory Board is very much aware of the fact that 2009 has been a remarkable year in many aspects, with financial institutions still having to deal with the turbulent after-shocks of 2008. A year in which the recession's impact became noticeable on a global scale. The demerger with Fortis and the required changes in strategy and organization provided ASR Nederland with an extra challenge. As a supervisory body, the Board not only sees it as its task but as its duty to support the Executive Board wherever it can. And it does this with full independence and taking account of the organization's stakeholders.

The Supervisory Board is concentrating on reshaping the organization to become an insurance company that is highly valued by its clients because of its solidity and continuity.

Finally

The Supervisory Board would like to take this opportunity to emphatically express its gratitude to the Executive Board and all our members of staff for their loyalty, contribution and massive effort they made in what will be remembered as a difficult 2009. We also thank those managers who have left or taken up another position, such as Jacqueline Rijsdijk and Theo Pluijter. And last but not least, a warm word of thanks to Marieke Bax who, until stepping down at the beginning of March 2010, showed great commitment in fulfilling her role as supervisory director.

Utrecht, 22 April 2010

Board of Supervisors
Kick van der Pol
Cor van den Bos
Margot Scheltema

3.3 Remuneration policy

Towards on a new remuneration policy

In consultation with the Ministry of Finance, a new and sustainable remuneration policy was worked on in 2009. This policy supports the new strategy of ASR Nederland and the documented aspirations.

The centrepiece of the remuneration policy is to further promote and maintain the integrity and solidity of ASR Nederland with an eye on the long-term interests of all our stakeholders. The remuneration policy provides an impulse to our staff to commit themselves to the interests of our clients and other stakeholders, within the parameters of our duty to care.

The shape of the policy is tailored to the framework set by the Dutch Corporate Governance Code and the different and relevant advisory committees. In terms of the specifics of the remuneration policy, the principles for a controlled remuneration policy (Principes voor beheerst beloningsbeleid) by AFM/DNB and the banking code were guiding principles.

The aim is to agree on the policy in the first half of 2010 and to implement it.

Remuneration policy 2009

The foundation of the remuneration policy in 2009 is partly based on the former Fortis policy. We will replace the '2009 remuneration policy' with the identified sustainable remuneration policy. The 2009 remuneration structure consisted of four components:

The fixed salary component

There are three levels within the Executive Board: the chairman, the serving members of the Board and the new members of the Board. The salary of the new members of the Executive Board is incremented in steps to the level of the serving members of the Board. Should market conditions dictate such, the fixed salary component of the members of the Executive Board will be aligned to the applicable market conditions. Indexing is in line with the collective labour agreement (cao) conditions for the insurance sector.

Annual target-based remuneration

The chairman enjoys an on-target remuneration of 50%, the serving members of the Executive Board 40-45% and new members of the Executive Board 30% of the fixed salary component. The maximum is set at twice the on target percentage. The variable component is linked to achieving targets set for 2009.

The targets are based on an individual component (making up 1/3), a component related to client value and staff engagement (representing 1/3) and a financial component (representing another 1/3) consisting of costs, gross premium income and profit.

The client value and staff engagement target was achieved as planned. Of the financial targets, the projected profit was far exceeded, the cost targets were achieved as planned and gross premium income lagged behind the set target.

Long-term variable remuneration: until now, this wage component was based on the long-term awards scheme used by Fortis Group. In 2009, no long-term variable remuneration was awarded in the form of shares, options or cash. ASR Nederland will draw up its own long-term remuneration policy in consultation with the Ministry of Finance.

Pensions

The three longest-serving members of the Executive Board are entitled to a final wage scheme at 60 years stemming from the Fortis period, with a target of 65% of the fixed salary. To achieve the agreed pension commitments, the chairman receives a supplement of 33.75%, one of the members a supplement of 5.5% and the other member 4% of the fixed salary that can be put to use in a career-break savings scheme (Levensloopregeling). The newest member of the Board is entitled to an indexed average-wage scheme with retirement at 65 years, with a 4% supplement of the fixed salary.

Other remuneration elements

The members of the Executive Board have a chauffer-driven car or a lease car. Their monthly expense allowance is €200 untaxed and €253.75 taxed. They are entitled to staff benefits that apply to all the members of staff of ASR.

Pending the outcome of discussions with the State, the remuneration policy did not change significantly in 2009 in relation to 2008.

However, a number of changes were made:

- For the member of the Executive Board who joined on 1 February 2009, the bonus upon departure has been maximized to one year's fixed salary.
- New members of the Executive Board follow a 'catching-up' scenario, following the same remuneration level as the sitting members of the Executive Board. The variable component level will also be adjusted.
- At its own initiative, the Executive Board waived every form of variable remuneration for 2008 (to be paid in 2009).
- For the 2009 financial year, the members of the Executive Board were also not awarded variable remuneration.
- Senior management and higher echelon management also did not receive variable remuneration in 2009 (for 2008).
- The elements forming the basis of target-related pay for senior management and higher echelon management in 2009, has been adjusted: individual targets (representing 1/3 part), financial targets of ASR Nederland (representing 1/3 part) and client satisfaction and staff involvement (representing 1/3 part), maximized to 100%.

3.4 Corporate Governance

General
On 3 October 2008, the Dutch State bought ASR Nederland N.V. from Fortis. Since then, the State has been the sole shareholder. This makes ASR Nederland legally independent from Fortis.

Management structure
ASR Nederland is s statutory two-tier company to which the so-called 'attenuated' applies. ASR Nederland is subject to the attenuated regime because the State, as a legal entity according to public law and all the issued capital is for its own account (section 2:155a of the Dutch Civil Code (BW)). This means different rules apply to the appointment and retirement of supervisory directors than apply to companies not under attenuated regime. In addition, certain management decisions referred to in the Dutch Civil Code must be approved by the Supervisory Board.

The company has an Executive Board, previously known as the Board of Directors, and a Supervisory Board.

Executive Board
The Executive Board is in charge of the day-to-day running of the entire ASR organization, draws up plans for the future, determines the strategy and sketches the policy. The Executive Board takes major decisions, where necessary with the approval of or in consultation with the Supervisory Board.

Composition of the Executive Board:
Jos Baeten (CEO)
Roel Wijmenga (CFO)
Hans van der Knaap (COO)
Roeland van Vledder (CCO)

Supervisory Board
The Supervisory Board has all the authority that the law ascribes to the Supervisory Board of a two-tier company subject to the attenuated regime. The basic tasks and responsibilities of the Supervisory include: supervising the policies of the Executive Board and the general state of affairs in the company and its associates, and advising the Executive Board.

Composition of the Supervisory Board:
Kick van der Pol (Chairman)
Margot Scheltema
Cor van den Bos

Articles of Association
Articles of Association and rules of business of the Executive Board and the Supervisory Board can be accessed on our site www.asrnederland.nl. The Articles of Association can also be consulted on the site of the Chamber of Commerce (Kamer van Koophandel) www.kvk.nl (file number 30070695).
The Articles of Association are currently being amended to fit better with the new legal structure. This takes place in close consultation between the Dutch State and ASR Nederland.

Rules for the appointment and retirement of managers and supervisory directors
The General Meeting of Shareholders (GMS) appoints the members of the Supervisory Board upon nomination by the Supervisory Board. Both the GMS and the works council can nominate people for a supervisory position. The Supervisory Board informs them in a timely manner when they can nominate a supervisory director, why, and what kind of profile the person must have.

If the enhanced right applies to the supervisory directory vacancy, as referred to in article 17(7) of the Articles of Association, the Supervisory Board will also include this information. Enhanced right implies that for one third of the members of the Supervisory Board, the Board appoints a person nominated by the works council, unless the Supervisory Board objects because it believes that the nominated person will be unsuitable for the position of supervisory director, or that the Supervisory Board will not have the proper composition with the appointment of the nominated person. The enhanced right of nomination applied to the appointment of one member of the Supervisory Board.

A member of the Supervisory Board can only be dismissed by the Enterprise Section of the Amsterdam Court of Appeal if the member is negligent in his or her duties, because of other serious reasons or because the circumstances have changed drastically. In addition, the AGM can pass a no-confidence vote in the entire Supervisory Board, which leads to the summary dismissal of all the supervisory directors. Finally, the Supervisory Board can also suspend an individual member of the Board.

Corporate Governance Code

The Dutch corporate governance code (the Code) was drawn up and agreed by the then Tabaksblat Committee. The Frijns Committee amended this Code in 2008. The Frijns Code took effect on 1 January 2009.

The Code does not apply to ASR Nederland, because the shares or the depository receipts for shares of ASR Nederland are not admitted to an official listing on a stock market or similar system. The Code does not apply to the current listing of bonds on Euronext Amsterdam. Although ASR Nederland is under no obligation to do so, it strives to comply with the Code to the best of its abilities. The Code has therefore been taken into consideration in the drafting of the new Articles of Association and rules.

Even if the result is not immediately visible

Corine Schep speaks
Pensions Business Expert at ASR Nederland

'I've now been working here for more than 21 years, right from the start of my working life. Through an open application, I started at, at the time, AMEV in their proposal department of Life and Pensions. I still work in Pensions and am now Senior Business Expert. The job of my life, as I like to say. The 'AMEV home' was a familiar environment. Entire families worked here. And I still enjoy working here, even though there have been some drastic changes in recent times. Especially the reduction in staff numbers caused a lot of concern. You see your colleagues leaving. Personally, I'm not that concerned about my position, but I can see around me that the same does not apply to all my colleagues.

Still, to me ASR Nederland is an excellent firm to work for. You are offered opportunities, and if you grab them, you can grow. I understand that we need fewer people to do the work to cut on overheads. But it is important that we don't compromise on quality in the process. As a company, you must continue to invest in your own people. In this context, I want to maintain the feeling that I create added value, that I make an important contribution to the quality of ASR Pensioenen.
We have seen many positive changes in recent years. For example, the management style is different than in the past. It was then mostly a top-down structure with several layers, while now the organization is 'flatter' and personal initiative is emphatically encouraged and appreciated.

In my view, the coming years have to focus on winning back client confidence. Our clients do not receive tangible products from us, but a service documented on a piece of paper. It is our duty to assure them that they can be certain that will get what they expect from us.
That has not gone well in investment insurance. I sometimes wonder whether clients will have doubts now because of that, for example about the non-life insurance policies they hold with us. I can see actions being undertaken in different places in our organization to get an even better understanding of our clients motives. You have to really understand why clients choose us.

Something that actually strikes me as exceptionally positive of our Executive Board is that it is composed of people who have been with the company a long time. They know the business inside out and are therefore in a good position to make the right decisions.'

In conversation with Arja Hilberdink
Director of Business Support at ASR Nederland

‘Allowing room for initiative, that is our philosophy for working together’

How would you define the culture at ASR Nederland?

‘A number of years back, the culture was that whatever came from up high, everyone had to do. This was then translated to staff down ‘the line’, who were therefore very dependent on their manager. Adherence was the main issue. In those times, too, there were people with good ideas, but they did not always clearly come to the surface of the organization.

Through our culture change, every member of staff can now make a difference. Every good plan has a chance of being implemented, irrespective of whether it came from a member of staff or a director. What this means for attitude and behaviour is that managers now show themselves on the work floor more frequently and that staff can personally take control of the change. Staff have been given far more recognition.’

What does ASR consider a learning organization?

‘Staff are learning because they are given more room to do things. We believe in that. Even if the result is not always immediately visible, it still has an effect. Take, for example, our correspondence with clients: we want to communicate in plain language. On their own initiative, a small group of staff regularly give client letters to their partners, parents or friends to read. At the moment, everyone understands the letters. This is how you hand initiative to the staff. This is encouraged by the managers - coaching on the job - with questions asking: can I help you with something or what do you see as a solution?’

By creating a more efficient organization, does it mean asking more of staff?

‘We are creating a more efficient organization if we stop doing certain things. And we have to do it with fewer people. We therefore clearly ask more of our staff. What I see as a positive development is that people are showing exceptional commitment and flexibility. Simply because they enjoy committing more of themselves to their work!’

What does ASR plan to do about this?

ASR Nederland works on the 'new way of working'

'The changes in our organization have been going on for a little while now, and will continue. Up to now, we have weathered all the changes. The culture programme is an essential element in supporting the changes. Culture coaches and ambassadors from our staff pool have been trained to support this programme.

Each year, we measure engagement, also called the commitment, of our staff. In 2009, more than one third of our staff were fully committed to our organization. This rate is too low, and our aim is to increase engagement to 60% in the coming years.

The next generation working (NGW) programme was launched in 2009. This programme offers staff the responsibility and freedom in their choice of how, where, when, with what and with whom they wish to work. NGW will make an important contribution towards improving customer relations, staff engagement, productivity and the cost ratio, and NGW ensures that our core values and our motto actually becomes tangible.

2009 CONSOLIDATED FINANCIAL STATEMENTS ASR NEDERLAND N.V.

All the amounts quoted in the tables contained in these financial statements are in millions of euros, unless otherwise indicated.

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Consolidated balance sheet

(before profit appropriation)

	CHAPTER	31 DEC. 2009	31 DEC. 2008	1 JAN. 2008
Intangible assets	6	371	407	405
Deferred acquisition costs	7	560	646	678
Property, plant and equipment	8	151	264	227
Investment property	9	2,157	1,839	1,673
Investments in associates and joint ventures	10	203	162	185
Derivatives	11	312	371	183
Investments	11	18,352	16,701	17,043
Investments on behalf of policyholders		8,808	7,487	10,234
Loans and receivables	11	6,098	6,280	6,628
Deferred tax assets	12	235	612	17
Reinsurance	13	545	523	528
Other assets	14	814	768	642
Cash and cash equivalents	15	685	654	483
Total assets		**39,291**	**36,714**	**38,926**
Share capital	16	100	100	100
Share premium reserve	16	962	962	962
Other reserves	16	72	10	311
Undistributed result	16	255	-640	889
Total equity attributable to shareholders		**1,389**	**432**	**2,262**
Other equity instruments	16	515	-	-
Equity attributable to holders of equity instruments		**1,904**	**432**	**2,262**
Non-controlling interests		51	97	97
Total equity		**1,955**	**529**	**2,359**
Subordinated liabilities	17	20	687	687
Liabilities arising from insurance contracts	18	21,928	21,150	20,045
Liabilities arising from insurance contracts on behalf of policyholders	18	9,823	8,263	10,633
Provisions for employee benefits	19	1,946	1,933	538
Provisions	20	30	29	26
Financing	21	127	509	1,057
Derivatives	11	37	37	23
Deferred tax liabilities	12	83	136	241
Due to customers	22	1,392	622	898
Due to banks	23	889	1,651	1,207
Other liabilities	24	1,061	1,168	1,212
Total liabilities		**37,336**	**36,185**	**36,567**
Total liabilities and equity		**39,291**	**36,714**	**38,926**

A number of restatements have been made in the consolidated financial statements. The comparative figures have been adjusted accordingly. The figures following the categories in the consolidated balance sheet refer to the relevant chapters in the notes.

Consolidated income statement

	CHAPTER	2009	2008
Gross premiums	25	4,873	5,777
Reinsurance premiums	26	-291	-260
Net premiums		**4,582**	**5,517**
Investment income	27	1,420	1,632
Realized gains and losses	27	22	197
Fair value gains and losses	27	-56	-214
Gain (loss) on investments on behalf of policyholders		1,437	-2,870
Fee and commission income	28	89	120
Other income	29	367	190
Result of associates and joint ventures		15	27
Total income		**3,294**	**-918**
Insurance claims and benefits	30	-5,856	-2,741
Insurance claims and benefits recovered from reinsurers	30	195	126
Net insurance claims and benefits	**30**	**-5,661**	**-2,615**
Operational and staff expenses	31	-676	-685
Acquisition costs	32	-572	-571
Impairments	33	-214	-933
Interest expense	34	-207	-352
Other expenses	35	-216	-288
Total expenses		**-1,885**	**-2,829**
Result before taxation		**330**	**-845**
Income tax expense	36	-70	212
Net result for the period		**260**	**-633**
Net result attributable to non-controlling interests		-5	-7
Net result attributable to holders of equity instruments		**255**	**-640**
Attributable as follows:			
Net result attributable to shareholders		242	-640
Net result attributable to holders of other equity instruments		18	-
Tax on result of other equity instruments		-5	-
Net result attributable to holders of equity instruments		**255**	**-640**

A number of restatements have been made in the consolidated financial statements. The comparative figures have been adjusted accordingly. The figures following the categories in the consolidated income statement refer to the relevant chapters in the notes.

Consolidated statement of comprehensive income

	2009	2008
Net result for the period	**260**	**-633**
Unrealized change in value of available-for-sale financial assets	1,533	- 2,103
Shadow accounting	-693	622
Share of other comprehensive income of associates and joint ventures	28	-26
Exchange rate differences	10	2
Unrealized change in value of cash flow hedges	-3	-1
Other changes recognised directly in equity	-	-
Income tax relating to components of other comprehensive income	-156	316
Other comprehensive income for the year, after tax	**719**	**-1,190**
Total comprehensive income	**979**	**-1,823**
Attributable to:		
- Shareholders	961	-1,830
- Non-controlling interests	5	7
- Holders of other equity instruments	18	-
- Tax on result of other equity instruments	-5	-
Total comprehensive income	**979**	**-1,823**

Consolidated statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	UNDISTRIBUTED RESULT	UNREALIZED GAINS AND LOSSES	EXCHANGE RATE DIFFERENCES RESERVE	OTHER	OTHER RESERVES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS	OTHER EQUITY INSTRUMENTS	NON CONTROLLING INTEREST	EQUITY
Balance sheet at 1 January 2008	100	962	889	544	-12	-221	311	2,262	-	97	2,359
Net result current financial year	-	-	-640	-	-	-	-	-640	-	7	-633
Total other comprehensive income	-	-	-	-1,192	2	-	-1,190	-1,190	-	-	-1,190
Total comprehensive income	**-**	**-**	**-640**	**-1,192**	**2**	**-**	**-1,190**	**-1,830**	**-**	**7**	**-1,823**
Result carried over from previous financial year	-	-	-889	-	-	889	889	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-8	-8
Increase (decrease) in capital	-	-	-	-	-	-	-	-	-	1	1
Balance sheet at 31 December 2008	**100**	**962**	**-640**	**-648**	**-10**	**668**	**10**	**432**	**-**	**97**	**529**
Balance sheet at 1 January 2009	100	962	-640	-648	-10	668	10	432	-	97	529
Net result current financial year	-	-	255	-	-	-	-	255	-	5	260
Total other comprehensive income	-	-	-	709	10	-	719	719	-	-	719
Total comprehensive income	**-**	**-**	**255**	**709**	**10**	**-**	**719**	**974**	**-**	**5**	**979**
Result carried over from previous financial year	-	-	640	-	-	-640	-640	-	-	-	-
Dividend	-	-	-	-	-	-1	-1	-1	-	-5	-6
Repayment on Trust Capital Securities	-	-	-	-	-	-	-	-	-	-50	-50
Increase (decrease) in capital	-	-	-	-	-	-16	-16	-16	-	4	-12
Issue of other equity instruments	-	-	-	-	-	-	-	-	521	-	521
Cost of issue of other equity instruments	-	-	-	-	-	-	-	-	-6	-	-6
Balance sheet at 31 December 2009	**100**	**962**	**255**	**61**	**-**	**11**	**72**	**1,389**	**515**	**51**	**1,955**

Unrealized gains and losses also include shadow accounting. For more detailed notes on the unrealized gains and losses, please refer to chapter 16.2.

Consolidated cash flow statement

	2009	2008
Cash and cash equivalents as of 1 January	**654**	**483**
Cash flow from operational activities		
Result before taxation	330	-845
Realized (gains) losses on sales	-35	-141
Unrealized gains (losses) on investments at fair value through profit or loss	-14	340
Undistributed share in result of associates and joint ventures	3	4
Depreciation and amortization:		
- Intangible assets	28	24
- Deferred acquisition costs	108	123
- Property, plant and equipment	13	16
- Investment property	38	33
Amortization of investments	-16	-24
Impairments	214	933
Cash flow from result	**669**	**463**
Net increase/decrease in investment property	-160	196
Net increase/decrease in derivatives	55	-174
Net increase/decrease in investments	-176	-1,798
Net increase/decrease in investments related to for account of policy holder contracts	-1,321	2,748
Net increase/decrease in amounts due from and to customers	239	-95
Net increase/decrease in amounts due from and to banks	-781	516
Net increase/decrease in trade and other receivables	28	106
Net increase/decrease in reinsurance contracts	-42	-17
Net increase/decrease in liabilities arising from insurance contracts	776	1,164
Net increase/decrease in liabilities arising from insurance contracts on behalf of policy holders	1,560	-2,359
Net increase/decrease in other operational assets and liabilities	-839	41
Paid/received tax on result	-1	-10
Cash flow from operational activities	**7**	**781**
Cash flow from investment activities		
Investments in associates and joint ventures	-19	-14
Proceeds from sales of associates and joint ventures	1	21
Purchases of property, plant and equipment	-40	-55
Purchases of group companies (less acquired cash positions)	681	-
Sales of group companies (less sold cash positions)	-	2
Purchase of intangible assets	-15	-16
Cash flow from investment activities	**608**	**-62**

Consolidated cash flow statement

(continued)

	2009	2008
Cash flow from financing activities		
Repayment of debt certificates	-	-
Repayment of subordinated liabilities	-667	-
Proceeds from issues of other loans	2,371	793
Repayment of other loans	-2,752	-1,341
Dividends to holders of equity instruments	-1	-
Non-controlling interests	-50	-
Issue of equity instruments	515	-
Cash flow from financing activities	**-584**	**-548**
Cash and cash equivalents as at 31 December	**685**	**654**
Notes to cash flow from operational activities		
Interest received	1,165	1,238
Interest paid	-254	107
Dividends paid	30	-421

1 General information

ASR Nederland N.V, with its registered office in Utrecht, is a public limited company under Dutch law. Its registered office is located at number 10 Archimedeslaan, 3584 BA in Utrecht.

ASR Nederland N.V. and its group companies (hereinafter referred to as 'ASR') employs approximately 4,500 members of staff (FTEs) (2008: 4,600 FTEs).

ASR is one of the major insurance companies in the Netherlands and sells insurance products under the labels of ASR Verzekeringen, ASR Pensioenen, Falcon, De Amersfoortse, Ardanta, Europeesche Verzekeringen and Ditzo.

On 29 December 2009, ASR acquired 100% of the shares from Fortis ASR Bank N.V. For more information, please refer to chapter 39 'Business Combinations'.

2 Financial accounting principles

2.1 General

The consolidated financial statements of ASR are prepared in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted and endorsed for use within the European Union (EU).

Pursuant to the options offered by the Netherlands Civil Code, section 362 Book 2, ASR prepares its company financial statements in accordance with the same principles used for the consolidated financial statements.

The financial statements for 2009 were approved by the Supervisory Board on 22 April 2010 and will be tabled at the General Meeting of Shareholders for adoption. The Executive Board released the financial statements for publication on 29 April 2010.

2.2 Changes in the principles for financial reporting

The principles for financial reporting applied to the preparation of the financial statements for 2009 are consistent with the principles applied to the financial statements for 2008.

The following changes in the EU approved IFRS standards and IFRIC interpretations were applied for the first time in the 2009 financial year and had no material effect on the result and equity of ASR:

- IFRS 2: Share-based payments: The vesting conditions and conditions for cancellations, effective from 1 January 2009.
- IFRS 7: Improvement information provided about financial instruments, effective from 1 January 2009.
- IFRS 8: Operational segments, effective from 1 January 2009.
- IAS 1: Presentation of the financial statements (revised), effective from 1 January 2009.
- IAS 23: Borrowing costs (revised), effective from 1 January 2009.
- IAS 32: Financial instrument: presentation and IAS 1: Presentation of the financial statements – puttable financial instruments and obligations upon liquidation, effective from 1 January 2009.
- IAS 39: Financial instruments: recognition and measurement – hedged positions to be taken into account (amended), effective from 1 January 2009.
- IFRIC 13: Loyalty programmes, effective from 1 July 2008.
- IFRIC 14, IAS 19: The effect of minimum borrowing requirements and the recognition of an asset with respect to defined benefit plans, effective from 1 January 2009.
- IFRIC 15: Agreements for the construction of property, effective from 1 January 2009.
- IFRIC 16: Hedging net investments in foreign entities, effective from 2009 financial year.
- Improvements to IFRS (May 2008), effective from 2009 financial year. These improvements include a change in IAS 40 concerning property developed for future use as investment property. As a consequence, ASR recognized development projects worth € 140 million under investment property as of 1 January 2009. These were previously accounted for as property, plant and equipment. The change has not led to an adjustment of the comparative figures.

On 10 January 2008, the International Accounting Standards Board (IASB) published a revised version of IFRS 3, Business combinations, and corresponding revisions to IAS 27, Consolidated financial statements and separate financial statements.

In accordance with the revised IFRS 3, costs associated with acquisitions to set up a business combination are directly charged to the period in which the costs are incurred. The acquiring party can now also choose between measuring third-party interest at the fair value on the acquisition date or at the proportional interest in the fair value of the identifiable assets and liabilities of the acquired party. In addition, the partial sale of a share in a subsidiary, with control of the subsidiary ending, leads to a revaluation of the remaining interest at fair value.
ASR chose for the early application of IFRS 3 and IAS 27 with effect from 1 January 2009. The reason is that not capitalizing acquisition-related costs provides a clearer insight into the value of the acquired assets and liabilities.

The following changes in IFRS standards and new IFRIC interpretations adopted for use in the EU apply to financial years following 2009 and are not expected to have a material impact for ASR:

- IFRS 1: First time adoption of IFRS, effective from the 2010 financial year;
- IFRIC 9: Reassessment of embedded derivatives IAS 39: Financial instruments: recognition and measurement, effective from the 2010 financial year;
- IFRIC 17: Distribution of non-cash assets to owners, effective from the 2010 financial year;
- IFRIC 18: Transfer of assets from customers, effective from the 2010 financial year.

On 12 November 2009, IFRS 9, phase 1, was published, which replaces some of the existing rules for classification and measurement of financial assets (IAS 39). In this context, the number of categories in which financial assets can be classified are reduced to two: amortized cost or fair value. The standard takes effect in 2013 but, following approval by the EU, may be implemented earlier. Adoption of the standard can have a material effect on the result and financial position of ASR. This will depend on the market conditions at the time of transition and the then applicable rules for the valuation of insurance contracts. Work is currently underway on the revision of IFRS 4: Insurance contracts. The new standard is expected to take effect in 2013.

2.3 Changes in presentation

ASR has decided to introduce some presentation changes in the 2009 financial statements, in line with the character of ASR as an independent business after the disentanglement from Fortis.

Some figures have been reclassified in accordance with the new way of presentation. The comparative figures have been adjusted. Pursuant to IAS 1.39, the adjusted figures as of 1 January 2008 are also shown for items on the consolidated balance sheet.

The changes in presentation do not have any effect on the net result, the total result and the shareholders' equity of ASR.

The most important changes are:

- Balance sheet presentation:
  - The item 'other assets and receivables' (€ 8,677 million in the 2008 financial statements) has been largely reclassified. The derivatives included under this item (2008: € 371 million) are now stated separately. Accounts receivable from banks (2008: € 871 million), accounts receivable from clients (2008: € 4,406 million), and trade and other receivables (2008: € 1,005 million) are included under the item loans and receivables. The capitalizeddeferred acquisition costs (2008: € 646 million) are now stated separately on the balance sheet. This also applies to deferred taxes (2008: € 612 million).
  - The balance sheet items 'investments available for sale' and 'investments at fair value through profit and loss' included in 2008 have now been joined together under a single item 'investments'. (In the 2008 financial statements, these items amounted to € 16,291 million and € 410 million respectively).
  - The order of the presentation of the assets has changed.
  - Shareholders' equity has been further extended to separate components.
  - The item 'accrued interest and other liabilities' (€ 3,563 million in the 2008 financial statements) has been largely reclassified. The pension obligations (2008: € 1,885 million) are stated under a separate item 'provision for employee benefits'. The item 'other staff benefits' (2008: € 108 million) is partly included under the liabilities for employee benefits and partly under the other obligations. The derivatives (2008: € 37 million) are stated separately on the balance sheet. Also the item 'amounts owed to clients' (2008: € 59 million) is, together with dues to agents, policyholders and intermediaries (2008: € 481 million) and dues to reinsurers (2008: € 82 million), stated separately on the balance sheet.
  - The description of some balance sheet items has changed.

- Presentation of the income statement:
  - Better insight is given into the effects of reinsurance. The reinsurance premiums (in 2008: € 260 million), which previously used to be included under claims and payments, are now deducted from the gross insurance premiums.
  - The result of investments on behalf of policyholders (in 2008: € 2,870 million negative) is included under income; this will also be the case if the investment result is negative. In the 2008 financial statements, the negative investment result was included under expenses related to contracts on behalf of policyholders.
  - The item 'benefits' has been merged in the income statement with the item 'expenses related to unit-linked contracts' and renamed 'technical insurance expenses and benefits. The expenses related to unit-linked contracts (in 2008: € 2,359 million negative) are included under the expenses. In the 2008 financial statements, the negative expenses in connection with unit linked contracts were included under income in connection with unit linked contracts.
  - The items 'interest income' and 'dividend and other investment income' (2008: € 1,632 million) were merged under the item 'investment income'.
  - The item 'other realized and unrealized gains and losses' (2008: € 17 million negative) has been split into the items 'realized gains and losses' and 'fair value gains and losses'.
  - The item 'depreciation and amortization of tangible and intangible fixed assets' (2008: € 79 million) has been included under operating expenses and staff expenses.

- The item 'costs property projects sold' (2008: € 91 million), which was previously included under operating expenses and staff costs is now included under other expenses.
  - The description of a number of items in the income statement has been changed.

- Presentation of the cash flow statement
  - Cash flows from the purchasing and selling of investments and investment property are classified under cash flow from operating activities, because these cash flows belong to the core activities of ASR.

- Several summaries in the notes have been changed to provide clearer insight and maintain the reconciliation with the changed presentation of the balance sheet and the income statement.

2.4 Consolidation principles for group companies

The consolidated financial statements include the financial statements of all the group companies. Group companies are companies or other entities whose financial and operational policy ASR, directly or indirectly, controls. This is the case if more than half of the voting rights can be exercised or if ASR has decisive say in controlling the entity. Group companies are included in the consolidation from the day on which ASR obtains control until the moment that such control ends. In this context, uniform principles for valuation and result determination are applied.

Third-party interests are stated separately on the consolidated balance sheet and income statement.

Associates and joint ventures

Associates and joint ventures are accounted for using the equity method.

Elimination of transactions in consolidation

All the intergroup balances and transactions between group companies in the consolidation are eliminated.

Gains and losses on transactions between ASR and associations and joint ventures are eliminated in proportion to ASR's share.

2.5 Estimates

The preparation of the financial statements requires ASR to use estimates and assumptions that have an effect on the figures reported in the financial statements.

The most important estimates and assumptions mainly concern:
- the recoverable amount in case of impairments;
- the fair value of unlisted financial instruments;
- the estimated useful life and residual value of property, plant and equipment, investment property, and intangible assets;
- the measurement of capitalized deferred acquisition costs;
- the measurement of obligations arising from insurance contracts;
- actuarial assumptions about the measurement of pension obligations;
- when forming provisions, the required estimate of existing obligations arising from events in the past.

The estimates and assumptions with respect to actual facts, actions and events are made to the best of the management's knowledge. The actual outcomes may eventually differ from the results reported earlier on the basis of estimates and assumptions. A detailed explanation of the estimates and assumptions is included later in the report and in the relevant notes to the consolidated financial statements.

2.6 Foreign currency

The consolidated financial statements report in Euros, the functional currency used by ASR.

Transactions denominated in foreign currency are initially recognized at the exchange rate on the transaction date.
Monetary balance sheet items in foreign currency are translated at the applicable exchange rate as at balance sheet date.
Foreign exchange gains and losses arising from the settlement of these transactions and from the translation of monetary items are recognized in the income statement.

For monetary items carried at fair value, by which changes in the value are recognized in the revaluation reserve in equity, the exchange rate differences with respect to the cost price are recognized in the income statement.

Non-monetary items carried at historical cost are translated using the original exchange rate on the transaction date.
For non-monetary items carried at fair value, with changes in the fair value are taken to the revaluation reserve in equity, exchange rate differences are recognized directly in shareholders' equity.
For non-monetary items carried at fair value through profit and loss, exchange rate differences are recognized as part of the value changes.

The table below shows the exchange rates of the major foreign currencies for ASR:

	EXCHANGE RATE AT			AVERAGE EXCHANGE RATE	
1 EURO=	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008	2009	2008
Pound sterling	0.89	0.95	0.73	0.89	0.80
US dollar	1.43	1.39	1.47	1.39	1.47
Australian dollar	1.60	2.03	1.67	1.77	1.74
Turkish lira	2.15	2.15	1.72	2.16	1.93
Brazilian real	2.50	3.24	2.60	2.77	2.92
South African rand	10.57	12.85	10.03	11.66	11.26

The assets and liabilities of foreign group companies using a different functional currency to the euro are translated at the applicable exchange rate at balance sheet date. The items of the income statements of the relevant group companies are translated using the average daily exchange rates.
The exchange rate gains and losses arising from this method are recognized in equity.

2.7 Segmentation

At an organizational level, the operations of ASR are divided into the Life and Non-life business segments. There is a clear difference between the risk and return profiles of these two segments.
With respect to transactions or transfers between the business segments, the usual commercial conditions apply that would also apply to non-related parties.
Detailed information per segment is included in chapter 5 ‘Segmentation’.

2.8 Netting of financial assets and liabilities

Financial assets and liabilities are netted and the net result stated on the balance sheet, if there is a legally enforceable right to settle the amounts net, with the intention to settle the balance as such net or simultaneously.
Netted financial assets are recognized after deduction of any impairment losses.

2.9 Transaction date and settlement date

All the purchases and sales of financial instruments, which have to be settled in accordance with standard market conventions, are recognized on the basis of the transaction date, which is the date on which ASR becomes involved as a party to the contractual stipulations of the instrument.
All the other purchases and sales are accounted for as forward transactions until the time of settlement. These transactions are explained in chapter 2.18 ‘Derivatives and hedge accounting’.

2.10 Securities lending

If ASR lends out securities, collateral is received in the form of securities or cash. Cash received is recognized on the balance sheet with a liability against it.
Securities lent remain on the balance sheet. Securities received as collateral are not included on the balance sheet.

2.11 Lease agreements

ASR as lessor

In the context of investment property, ASR enters into lease agreements with clients. For these operating leases, the risks associated with the property remains for the account of ASR. Consequently, the investment property remains on the balance sheet of ASR. The principles are explained in more detail in chapter 2.16 ‘Investment property’.

ASR as lessee

ASR primarily enters into operating lease agreements for the rental of property and operating assets. Payments arising from such contracts are recognized in the income statement. When an operating lease is terminated before expiry of the lease term, the payments in the form of penalties to the lessor are stated under expenses in the period in which the agreement is terminated.
Any benefits received from the lessor in connection with operating lease transactions are deducted from the lease expenses in the period to which the benefits refer.

If the lease agreement transfers virtually all the risks and benefits associated with the property to ASR, the agreement is accounted for as a financing lease and the relevant asset is included on the balance sheet.
At the start of the lease period, the asset is recognized at the fair value of the leased asset or, if lower, the cash value of the minimum lease payments due. The cash value is determined on the basis of the implicit interest rate.
The leased asset is depreciated over the expected useful life or over the lease period if it is shorter.

The lease obligations are recognized under financing at amortized cost based on the effective interest rate method.

2.12 Cash flow statement

In the cash flow statement, the cash flows are divided into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.
ASR presents the cash flow from operating activities in accordance with the indirect method.

The cash flow statement includes interest received and paid and dividends received in the cash flow from operating activities. Cash flows from the purchasing and selling of investments and investment property are included net in the cash flow from operating activities. Paid dividends are recognized as cash flow from financing activities.

2.13 Intangible assets

Intangible assets are included on the balance sheet at cost, decreased with any cumulative amortization and any cumulative impairment losses. The residual value and the estimated useful life of intangible assets are reviewed on each balance sheet date and adjusted where applicable.

Goodwill

Acquisitions by ASR are accounted for using the purchase method. Goodwill represents the positive difference between the cost of the acquired group company and the interest of ASR in the fair value of the obtained identifiable assets and liabilities and contingent liabilities as at acquisition date. If the difference is negative (negative goodwill), it is taken directly to the income statement. At the acquisition date, the goodwill is allocated to the cash-generating units that are expected to benefit from the business combination.

Goodwill is not amortized.
ASR performs an annual impairment test, or more frequently if events or circumstances give rise to it, to ascertain whether the goodwill has been subject to impairment.

As part of this, the recoverable amount of the cash-generating unit to which the goodwill had been allocated applies. The recoverable amount is the higher of the net realizable value or value in use value. The “value in use” of a cash-generating unit is determined by the present value of the estimated future cash flows. If the net realizable value of the unit is lower than the balance sheet value of the unit, the difference is immediately recognized as an impairment loss in the income statement.

In the event of an impairment, ASR first reduces the balance sheet value of the goodwill allocated to the cash-generating unit. This is then followed by the other assets of the unit, pro rata to the balance sheet value of all the assets in the unit.

Value Of Business Acquired (VOBA)

The value of business acquired represents the difference between the fair value and the balance sheet value of insurance portfolios acquired in the context of a business takeover or that have been taken over from an insurance company.
VOBA is recognized as an intangible asset and amortized over the term of the current insurance contracts at acquisition date, in conjunction with the corresponding obligations.
The value of the VOBA is reviewed annually to ascertain whether it has been subject to impairment. This takes into account the results of the annual compulsory adequacy test related to insurance contracts (see chapter 2.28).

Should the balance sheet value of the VOBA exceed the difference between the balance sheet value of the obligations arising from insurance contracts and the obligations calculated as part of the adequacy test, an additional write-down is carried out on the VOBA to the level where the values are equal.

Software

The cost of software is capitalized if it concerns identifiable assets that ASR can have at its disposal and with which it is expected to generate future economic benefits.
The costs mainly concern licensing fees.
The capitalized software is depreciated using the straight-line method over its expected useful life, with a maximum of five years. If there are objective indications thereto, the capitalized software is tested for impairment.

2.14 Deferred capitalized acquisition costs

Commission payments directly or indirectly related to the acquisition of new or extended insurance contracts are capitalized to the extent that these acquisition costs (‘deferred acquisition costs’ or ‘DAC’) are hedged by the estimated future surcharges of the underlying contracts.

In the case of life insurance products, the capitalized deferred acquisition costs are amortized on the basis of the expected premiums or the surcharge included in the premium for repaying acquisition costs. This will depend on the type of insurance contract. The expected premiums are estimated on the date of the policy issue. The amortization periods can correspond with the total duration of the premium payments or a shorter period depending on the type of insurance contract.

With respect to the insurance products included in the Non-life business segment, the capitalized deferred acquisition costs are amortized over the period in which the relevant premiums are realized.

The value of the capitalized deferred acquisition costs is assessed at each balance sheet date to ascertain whether there are indications of impairment. As part of the process, the results of the mandatory annual adequacy test for the obligations arising from insurance contracts are also taken into account.

If the balance sheet value of the capitalized deferred acquisition costs exceeds the difference between the balance sheet value of the obligations arising from insurance contracts and the obligations calculated in the context of the adequacy test, an additional write-off is performed on the capitalized deferred acquisition costs to the level where the values are equal.

2.15 Property, plant and equipment

Property held for own use, buildings under construction and operating assets are recognized at cost, less cumulative depreciation (except for land that is not depreciated) and any cumulative impairment losses.

The cost is the same as the cash paid or the fair value of the consideration paid to acquire the asset.

Buildings are depreciated using the straight-line method based on the expected useful life, taking into account the residual value. The useful life of buildings is assessed for every individual component (component approach) and is assessed each year anew. Property is divided into the following components: land, shell, outside layer, fittings and fixtures (both rough finish and detailed finish).

For the maximum useful life of the components, please refer to the summary in chapter 2.16.

Operating assets are depreciated over their useful life, which is determined individually (usually between three and five years).

Expenses for repairs and maintenance are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of the asset are capitalized if it is likely that the future economic benefits will fall to ASR and the cost can be determined reliably.

The accounting for borrowing costs for the construction of property, plant and equipment is the same as accounting for borrowing costs for investment property as explained in chapter 2.16.

If objective indications give rise thereto, property, plant and equipment are tested for impairment.

2.16 Investment property

Investment property is real estate kept for generating rental income and/or appreciating in value. ASR also utilizes investment property partly for its own use. If the components in own use cannot be sold separately, the properties are treated as investment property as soon as ASR maintains an insignificant part for its own use.

Investment property is recognized at cost minus cumulative depreciation and possible impairment losses. Buildings are depreciated using the straight-line method based on the expected useful life and taking account of the residual value. Land is not depreciated. The residual value for the estimated useful life is determined separately for every main component (component approach) and is assessed at every balance sheet date.

ASR generally lets homes for an indeterminable period. The other investment property is let for defined periods by means of lease agreements that cannot be cancelled in the interim. Certain contracts contain extension options. The rental income is accounted for as investment income in the period to which they relate.

If there is change in the designation of property, it can lead to:

- reclassification to investment property: at the end of own use or at the start of an operating lease to a third party; or
- reclassification from investment property: at the start of own use or at the start of developments with a view to selling to a third party.

The table below shows the maximum life of components:

(EXPRESSED IN YEARS) COMPONENTS	HOME	OFFICE	SHOPS	PARKING
Land	Not applicable	Not applicable	Not applicable	Not applicable
Skeleton	50	50	40	50
Outer shell	40	30	30	40
Systems	20	20	15	30
Furnishings	15	15	10	15

Development projects for future use as investment property are stated under investment property with effect from the 2009 financial year.
Valuation is at cost, including all the direct costs and borrowing costs (construction period interest), less any impairment losses. Borrowing costs directly attributable to the acquisition or development of an asset are capitalized. Borrowing costs are capitalized as soon as:

- expenses for the asset and the financing are incurred; and
- work required to get the asset ready for its intended use or for its sale is underway.

Capitalization is ended when the asset is ready for use or sale. If the development of the assets is interrupted for a longer period, capitalization is suspended. If the construction is completed in different phases and each part can be used separately, capitalization is ended for each part reaching completion.

If objective indications give rise to it, investment property is tested for impairment and, if necessary, written down.

2.17 Associates and joint ventures

Associates

Investments in associates concern interests in which ASR has significant influence on the operating and financial policy, without having control.
Associates are recognized using the equity method from the date at which ASR first has significant influence until the date at which such influence ends. This means that the participating interest is initially recognized at cost, including any goodwill paid. Subsequently this value is adjusted to take account of the share of ASR The result is adjusted in accordance with the accounting principles used by ASR.
Losses are accounted for until the balance sheet value of the investment has reached zero. Further losses are only accounted for to the extent that ASR has legally enforceable or actual obligations concerning these participating interests.

If objective indications give rise thereto, associates are tested for impairment and, if necessary, written down.

Joint ventures

Joint ventures concern contractual agreements with ASR and one or more parties entering into a partnership and with strategic financial and operational decisions taken unanimously.
These interests are accounted for using the equity method as applied to associates.
The interests are recognized in the financial statements from the date on which ASR first obtains joint control until the date of which this joint control ends.

If objective indications give rise thereto, joint ventures are tested for impairment and, if necessary, written down.

2.18 Derivatives and hedge accounting

ASR uses derivatives for hedging interest rate and exchange rate risks and for hedging future transactions.

Derivatives

Derivatives are derived financial instruments, such as exchange and interest rate swaps, future contracts, interest rate futures and options.
Such instruments have a value that changes due to changes in the underlying market factors, such as interest rates, exchange rates or indices such as a stock index (underlying value).
Derivatives require little or no start-up investments in relation to other types of contracts that react similarly to changes in the identified market factors and are settled at some point in the future.

Upon first recognition, derivates are stated at fair value at the start of the contract.
Subsequent changes in the fair value are taken to the income statement under ‘fair value gains and losses’.

The fair value is based on listed market prices or, if these are not available, on valuation methods, such as cash value methods or option valuation models.
Derivatives with a positive fair value are recorded separately under the assets, and derivatives with a negative market value are recorded separately under the liabilities.

Financial assets or liabilities can contain embedded derivatives. These derivatives embedded in a contract are separated from the basic contract and valued separately if the basic contract is not stated at fair value through profit or loss and if the economic features and risks of the embedded derivative do not closely match those of the basic contract. The measurement of this separated embedded derivative is at fair value through profit or loss.

Hedge accounting
Hedge accounting means that, on the date that a derivative is agreed, ASR can define the contract as:
- a hedge of the fair value of a recognized asset or fixed obligation (fair value hedge); or
- a hedge of uncertain future cash flows attributable to a recognized asset or liability, or an expected, highly likely future transaction (cash flow hedging).

The hedging of fixed commitments are fair value hedges, except hedges of foreign currency risks, which are accounted for as cash flow hedges.
During the period under review, ASR did not apply fair value hedge accounting.

At the start of the hedging position, ASR documents the hedging objectives and strategy, the relationship between the hedged position and the derivative used as hedging instrument, and the method that will be applied to assess the effectiveness of the hedging transaction. It is also confirmed that the hedge is expected to be effective during the entire hedging period. For the duration of the hedging period, the effectiveness of the hedge is tested in every reporting period.

A hedge is considered effective if the change in the fair value or the cash flows of the hedged position is virtually fully compensated by changes in the fair value or the cash flows of the hedging instruments.
Only assets, liabilities, fixed obligations or highly likely expected transactions involving a party from outside ASR are deemed to be hedged positions.

Changes in the fair value of the effective portion of derivatives that have been identified and qualify as cash flow hedges are recognized in shareholders' equity as an unrealized gain or an unrealized loss. The fair value changes of the ineffective portion are recognized in the income statement.

The amounts accounted for in shareholders' equity are transferred to the income statement and recognized as income or expenses in the periods when the hedged fixed obligations or expected transaction impacts on the result.
If the hedge no longer meets the criteria for hedge accounting or is terminated in any other way, the cumulative hedging result remains in shareholders' equity until the expected transaction or the fixed obligation is settled. If the expected transaction or the fixed obligation is no longer expected to take place, the cumulative hedging result in shareholders' equity is taken to the income statement.

2.19 Investments
The investments of ASR mainly consist of listed fixed income securities and listed shares.

The measurement and recognition of the results of financial assets depends on the classification in one of the following categories:
a Loans and accounts receivable.
b Financial assets held to maturity.
c Financial assets at fair value through profit and loss.
d Financial assets available for sale.

Loans and accounts receivable are accounted for separately and are part of the investments item.

ASR determines the classification of the financial assets upon first time recognition on the balance sheet. The measurement and recognition of the results are as follows:
a Upon first time inclusion on the balance sheet, loans and accounts receivable are carried at fair value plus transaction costs. Subsequently, they are valued at amortized cost based on the effective interest rate method, less impairment losses where deemed necessary.
b Financial assets, not being derivative, held to maturity are financial instruments with fixed or determinable payments and a fixed term. At the moment of acquisition, there is the intention and the option to hold these investments until maturity. Upon first time inclusion on the balance sheet, they are measured at fair value plus transaction costs. Subsequently they are valued at amortized cost based on the effective interest rate method, less impairment losses where deemed necessary. None of ASR's investments fall in this category.
c Financial assets at fair value through profit and loss include:

1 financial assets held for trading, including derivatives that do not qualify as hedge accounting (see chapter 2.18); and
2 financial assets, which ASR irrevocably, upon first time inclusion or upon first time adoption of IFRS, identified as carried at fair value through profit and loss. This only applies to the extent that:
   a it eliminates or significantly reduces an inconsistency in valuation that would otherwise exist if financial assets or liabilities were valued using different principles; or
   b ASR manages a group of financial instruments (assets, liabilities or both) on the basis of fair value;
   c it concerns financial assets containing embedded derivatives and ASR does not separate the derivative from the basic contract.
   The financial assets at fair value through profit and loss are stated at fair value. Upon first time recognition, the transaction costs are charged to the result. Realized and unrealized value changes are taken to the income statement.
   d financial assets available for sale are financial assets that are not accounted for as (a) loans and accounts receivable, (b) financial assets held to maturity, or (c) financial assets at fair value through profit and loss. Upon first time recognition, financial assets available for sale are carried at fair value (including transaction costs). Subsequently, they are carried at fair value with incorporation of the unrealized fair value changes in shareholders' equity, taking into account deferred tax liabilities. Financial assets available for sale include shares, preference shares, bonds, other fixed-income securities, unit trusts, variable-income securities and interests in investment pools.

Fair value of financial instruments
ASR determines the fair value of a financial instrument as far as possible on the basis of listed prices in an active market. In the absence of an active market for the financial instrument, the fair value is determined with the aid of valuation methods. Valuation methods use as much as possible market information. However, the results are affected by the applied assumptions, such as discount rates and estimates of future cash flows.
In the unlikely event that it is not possible to determine the fair value of a financial instrument, it is carried at cost.

ASR uses the following three hierarchical levels for determining the fair value of financial instruments:

1 **Fair value on the basis of listed prices in an active market;**
Level 1 includes financial assets and liabilities whose value is entirely or partly determined by quoted prices in an active market. A financial instrument is quoted in an active market if:
- quoted prices are available on a continuous basis (obtained from a market, broker, sector organization, providers of financial market information, or a regulatory body); and
- these prices represent current and regularly occurring transactions in line with market conditions.

Investments in this category primarily consist of shares and bonds listed on a stock market.

2 **Fair value on the basis of available market information.**
Determining the fair value at level 2 is based on valuation methods that refer to observable market variables. These variables include:
- quoted prices for similar assets or liabilities in active markets;
- input variables other than quoted prices, such as interest rate and yield curves, current risk surcharges for the different sector specific risk factors and other market information.

Investments in this category primarily consist of corporate bonds listed on a stock market.

3 **Valuation not based on available market information.**
At level 3, the fair value of the assets and liabilities is determined in full or in part by using a valuation method that refers to non-observable market variables. In these situations, there are minimally or non-active markets for the assets or the liabilities. The financial assets and liabilities in this category are assessed individually. The valuation is based on the best estimate by the management. These estimates are based on own information and information that is generally available. The basic principle of fair value determination remains calculating a fair selling value. This category includes, for instance, private equity investments.

Impairment of investments
At each balance sheet date, ASR assesses whether there are objective indications of impairment of financial assets available for sale.
Financial assets at fair value through profit and loss are not involved in the assessment, because in the valuation and the result incorporation of these assets, any possible impairment losses would already have been evident.

Investments in shares are considered to have been impaired if the fair value has dropped significantly or permanently below the cost price.

This is the case if the fair value:
- has dropped 25% or more below the cost price; or
- dropped below the cost price for an interrupted period of twelve months.

The other investments can be tested for impairment if there are objective indications that ASR will not receive all the payments due by the counterparty. Objective indications include: bankruptcy, financial restructuring or payment arrears of more than thirty days. The assessment may also involve circumstances requiring a more detailed estimate, such as: negative shareholders' equity, recurring payment problems, downgrading of the credit rating and other creditors reverting to legal action.

Impairment losses are recognized directly to the income statement and represent the difference between the amortized cost and the fair value at balance sheet after deduction of previously recognized impairment losses.

If at a later stage the fair value of the financial assets available for sale should increase and the increase can objectively be attributed to an event that occurred after the recognition of the impairment loss, the impairment loss is reversed in the income statement. Impairment losses on shares are not reversed, and the increase in fair value is taken to shareholders' equity.

2.20 Investments on behalf of policyholders

Investments made for the account and risk of policyholders mainly concern unit linked insurance contracts. In addition, it concerns savings banks and group pension contracts with policyholders running the investment risks.
These investments are carried at fair value.
The realized and unrealized value changes of the investments are accounted for in the income statement as result on investments on behalf of policyholders.

2.21 Loans and accounts receivable

Loans and accounts receivable are measured at amortized cost based on the effective interest rate method, less impairment losses where deemed necessary.

Accounts receivable from clients

Accounts receivable from clients primarily concern business loans and mortgage loans.

Accounts receivable from banks

Accounts receivable from banks concern business loans, deposits and the savings portion of mortgages insured by ASR.

Trade and other receivables

Trade and other receivables concern accounts receivable arising from normal business operations of ASR.

Impairment of loans and accounts receivable

At each balance sheet date, ASR assesses whether there are objective indications of impairment of the financial assets included under loans and accounts receivable.

An individual impairment is a fact if there are objective indications ASR will be unable to collect all the amounts due by the counterparty in accordance with the contractual terms and conditions. The amount of the impairment loss is equal to the difference between the balance sheet value and the net realizable value. The net realizable value is the same as the present value of the expected future cash flows, including amounts realized from guarantees and sureties furnished, discounted at the original effective interest rate of the financial asset.
Loans and accounts receivable that are individually of lesser importance are assessed collectively in accordance with classification in groups of loans and accounts receivable with comparable risk profiles.

Impairment based on the collective approach is determined by applying risk models for similar financial assets, taking account of historical information and regularly updated parameters for uncollectibility.

Likely losses in parts of the loan portfolios (IBNR: 'incurred but not reported') are also taken into account.

IBNR is estimated with reference to historical loss patterns. The current economic climate is reflected, and account is also taken of possible higher credit risk based on an analysis of the political-economic situation.
Impairment losses are charged to the income statement.
If, at a later stage, the impairment losses should decline, and the decline is the result of an event after recognition of the impairment loss, the reduction is added to the result.

2.22 Deferred tax assets

Deferred tax assets are recognized on the basis of:
- temporary differences between the balance sheet value of the assets and liabilities and their value for tax purposes; and
- available carried forward tax loss possibilities.

This applies to the extent that it is likely that sufficient taxable profits will be available in the future for settling the temporary differences and the deductible losses.

Determining the deferred tax assets is based on the tax rates at which the assets will be realized.
Deferred tax assets are reviewed at balance sheet date. Should it no longer be deemed likely that the receivables will not be collected, the net realizable value is reduced.

2.23 Reinsurance contracts
Contracts that transfer a considerable insurance risk from ASR to third parties are accounted for as reinsurance contracts, and defined as outgoing reinsurance.

The amounts that can be collected from reinsurers are estimated using a method that is in line with the reinsurance contract and the method for determining the obligations arising from the reinsured insurance contracts.

The assets arising from reinsurance contracts are recognized under reinsurance contracts, except for the current receivables from reinsurers, which are included under loans and accounts receivable.

An impairment test is performed at every balance sheet date on the assets from reinsurance contracts. If there has been an impairment, the balance sheet value is reduced to the estimated net realizable value.

2.24 Other assets
Other assets include accrued investment and interest income, development projects, tax assets and accrued assets.

The development projects consist of property under development commissioned by third parties.

Measurement is at cost including all the direct costs and construction period interest, less invoiced instalments and any impairment losses. If the result can be reliably estimated, it is accounted for on the basis of the progress, using the percentage of completion method. This does not apply if major risks and income associated with the project property have not been transferred by ASR to the client. In that case, the result is accounted for upon completion of the development project (the completed contract method).

2.25 Cash and cash equivalents
Cash and cash equivalents include ready cash, cash on demand at banks and other current receivables from banks with a term of less than three months after the date of first withdrawal.

2.26 Shareholders' equity

Share capital and premium reserve
The share capital stated on the balance sheet consists of issued and fully paid-up share capital on ordinary shares.
The premium reserve comprises capital contributed by shareholders to the extent that this exceeds the face value of the shares.

Other reserves
The other reserves consist of retained ASR earnings.

Other equity instruments
The amount shown here represents the nominal value of the Tier-1 hybrid instruments issued in 2009, less costs after deduction of taxes directly attributable to the issue.

Unrealized gains and losses
This reserve consists of the unrealized result of financial assets available for sale after deduction of taxes and taking account of the adjustments due to the applied shadow accounting (see chapter 2.28).

It further includes:
- the share of ASR in the unrealized result of associates and joint ventures (see chapter 2.17);
- unrealized results on the effective portion of cash flow hedges after deduction of taxes (see chapter 2.18);
- the discretionary profit-share reserve (see chapter 2.28).

Reserve for exchange rate differences
This reserve comprises the exchange rate differences arising from financial assets available for sale.

2.27 Subordinated debts

Upon first time recognition, subordinated debts are stated at fair value less direct transaction costs. Subsequent valuation is at amortized cost using the effective interest rate method.

2.28 Liabilities arising from insurance contracts

General
This includes the obligations arising from insurance contracts issued by ASR that transfer significant insurance risks from the policyholder to ASR. In addition, these contracts can also transfer financial risks.

Obligations arising from life insurance contracts
The future obligations in respect of policy benefits for life insurance contracts are calculated based on a net premium method (the present value of future obligations less the present value of future net premiums) using the same principles for calculating the premium for the insurance contract. A provision for future administration costs is recognized for contracts whose future premium payment period is shorter than the future maturity of the insurance policy, or for which no premiums are

paid anymore. For certain types of individual and group life insurance contracts, additional provisions are formed in connection with longevity risk. This is in case that the original assumptions concerning life expectancy no longer apply.
Profit-sharing policies include the additional obligations in terms of any contractual dividends or profit sharing.
The obligations are stated after deduction of capitalized interest rate rebates. These interest rate rebates are amortized in accordance with actuarial principles to the degree that the expected surplus interest is achieved.

Obligations arising from non-life insurance contracts
The obligations concern a provision for claims payments and current risks, and a provision for unearned premiums.
The provision for claims payments and current risks is based on estimates of the claims to be paid and of current risks.
The claims to be paid concern unpaid claims and claim handling costs, and claims already incurred but not yet reported.
The estimates are based on individual assessments of the reported claims, on past experiences and estimates of the trend in claim behaviour, social factors, economic factors and applicable legislation.
In the process of determining the obligations, the amounts to be recovered from third parties and the expected income from subrogation and insured goods obtain in propriety are taken into account.
Loss obligations in respect of occupational disability are carried at net cash value. The recognized provisions are sufficient to cover the cost of claims and claim handling fees.
ASR discounts obligations for loss only for claims with determinable and fixed payment terms.

The provision for unearned premiums is equal to the gross unearned premium income less commission paid. The provision is determined on a time proportional basis.

Reinsurance obligations
Reinsurance obligations, with ASR being the reinsurer and with significant insurance risk being transferred, are accounted for in the same way as the normal directly written insurance contracts and are included under the obligations arising from insurance contracts.
Obligations to insurers for which ASR serves as the reinsurer, and with no significant insurance risk being transferred, are recognized as debts related to reinsurance of the debts to clients.

Life insurance contracts with a discretionary participation feature (DPF)
These concern life insurance contracts where the policyholder, in addition to guaranteed benefits, is also entitled to additional benefits:
- that probably form a considerable portion of the total contractual benefits;
- whose level or timing is contractually determined by ASR; and
- that are contractually based on:
  - the return on a specific pool of contracts or a specific type of contract;
  - realized and/or unrealized investment results of a specific pool of assets held by ASR; or
  - the result of ASR, a fund or another entity that issues the contract.

For DPF life insurance contracts, the expected entitlements to discretionary profit sharing are stated in shareholders' equity. Once a decision has been taken for profit sharing, the profit share is included in the liabilities.

Shadow accounting
In some of the financial instruments held by ASR, the realized returns on investments have a direct effect on the valuation of (part of) the obligations arising from the insurance contracts.
ASR applies shadow accounting to the unrealized value changes of fixed-income financial assets available for sale and of synthetic CDOs, swaptions and interest rate swaps.
This means that the relevant unrealized value changes are treated the same as realized value changes and attributed to the liabilities in connection with insurance contracts. These value changes will therefore not be a part of equity or the result.
Shadow accounting is applied to the extent that the previously identified investments are related to the valuation of liabilities arising from profit-sharing insurance contracts.
With respect to non-profit-sharing insurance contracts, shadow-accounting is applied if and to the extent that the current interest rate is lower than the actuarial interest rate, which forms the basis for calculating liabilities arising from insurance contracts.

No shadow accounting is applied to:
- impairments;
- revaluations of subordinated debt instruments of financial institutions that have been subject to impairment.

Adequacy test for liabilities in connection with insurance contracts

This test is performed annually at balance sheet date to ascertain whether the recognized obligations in connection with insurance contracts are sufficient. In the test, the future contractual and the corresponding cash flows are estimated with reference to, among other things, the development of mortality tables, invalidity, claim handling costs, profit sharing and administration costs. Cash flows from guarantees and options embedded in insurance contracts are also taken into account. These cash flows are discounted using the European Central Bank (ECB) AAA curve.

The present value is increased with a margin for risk and uncertainty. The adequacy of the obligations is assessed at the level of homogenous risk groups (groups of insurance contracts with similar risk profiles).
For each homogenous risk group of life insurance contracts, account is taken of the prudential filters required by the Dutch central bank (DNB), such as the surrender threshold for life products.

Should the liabilities be inadequate, the liabilities recognized in connection with insurance contracts are increased at the expense of the result to the required level of adequacy calculated in accordance with DNB principles.

Options embedded in insurance contracts

Options embedded in insurance contracts are not stated separately but treated in accordance with the main contract. These options are measured in the context of the adequacy test, taking into consideration the intrinsic value and the time value.

2.29 Liabilities arising from insurance contracts on behalf of policyholders

The liabilities arising from insurance contracts for the account and risk of policyholders mainly concern unit linked contracts. These concern insurance contracts in units. An investment unit is a share in an investment fund that the ASR acquires on behalf of the policyholders using net premiums paid by the policyholders. The benefit upon maturity of the contract is equal to the current value of the investment units of that fund. The current value of an investment unit (unit value) equals the fair value of the investments of the investment fund divided by the number of units.

The liabilities arising from a unit linked contract is the sum of the number of units of the insurance times the current unit value. Account is also taken of liabilities in connection with technical insurance risks (death, occupational disability).

Some of the unit linked contracts carry a minimum guarantee with respect to the amount in benefits at maturity. To cover these guarantees, an additional obligation is recognized on the balance sheet that depends on the current fund value and the level of the guarantee. In determining this obligation, account is taken of the actuarial assumptions of future fund developments and mortality.

The liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings accounts and group pension contracts, with policyholders bearing the investment risk.

The obligations further include a provision for compensating the costs of these contracts as agreed in 2008 with consumer organizations. This provision equals the present value (based on an actuarial interest rate of 4%) of the agreed amounts of compensation (upon maturity), with the expenses incurred in prior periods fully provided for. In addition, estimates of additional expenses, such as the overheads for administering the compensation scheme, compensation in harrowing cases and compensation surrendered insurance contracts are also taken into account.

2.30 Liability for employee benefits

Pension liability

For its own staff, ASR has a number of defined benefit plans. These are schemes in which staff are awarded a defined pension upon retirement. This pension plan depends on a number of factors, such as salary and number of years' service. Actuaries calculate the related pension obligations at least once a year.
The liability for defined benefit plans is the present value of the pension obligations at balance sheet date, less the fair value of the qualifying investments. This provision is adjusted for unrealized gains and losses with respect to past service years.
The pension liabilities are calculated using the projected unit credit method. Inherent to this method is the application of actuarial assumptions in the field of discount rates, the rate of increase of future salaries and bonus levels, mortality rates and consumer price index. The assumptions are reviewed and updated annually, based on the available market information.
The actuarial assumptions may differ considerably from the actual results due to changes in market conditions, economic trends, mortality trends and other assumptions. Every change in these assumptions can have a considerable impact on the level of the obligations for defined benefit plans and the future pension expenses.

Differences between the expected and the actual outcomes of the actuarial assumptions are not recognized in the income statement. This is the case if the total cumulative changes exceed the corridor of 10% of the obligation arising from the plan. The part that falls outside the corridor is recognized or charged to the income statement over the expected average remaining number of years of service of the participants.

ASR Levensverzekering N.V., an insurance company that is part of the group, is the administrator of the pension plan. The investments held to hedge the pension obligations are held by this company and are therefore not designated as 'qualifying plan assets' as referred to in IAS 19.7. In the period prior to 2008, a different regime applied and investments were classified as plan assets.

The past service costs are recognized directly in the income statement. This does not happen if the changes in a pension plan depend on the number of employees that remain in service for a certain period, known as the vesting period.

Other long-term employee benefits

Plans that offer benefits for long-time service, but do not qualify as a pension plan, such as jubilees, are measured at present value using the projected unit credit method.

Other obligations after retirement

ASR offers benefits after retirement, such a mortgage loans at favourable interest rates. To qualify for these benefits, the employee is usually required to remain in service until retirement age and has served the company for a minimum period. The expected costs of these awards are attributed to the term of service. This is done using a method that is similar to that for defined benefit plans. The obligations are calculated using actuarial computations in which the likelihood of remaining in service is one of the considerations.

Employee entitlements

A provision is formed for staff leave entitlements not yet used.

2.31 Provisions

Provisions are obligations containing uncertainties about the cost and timing of payments. ASR recognizes provisions in case of legally enforceable or actual obligations in connection with events that occurred in the past, if it is likely that the settlement of the obligation will require an outflow of resources and the obligation can be estimated reliably.

Provisions are recognized on the basis of the estimated amounts required to settle the obligations and discounted at the risk-free interest rate.

2.32 Financing

Upon first time recognition, debt instruments and other loans are stated at fair value including direct transaction costs. Subsequent valuation is at amortized cost. When required, the difference between the net return and the redemption cost is recognized in the income statement over the term of the loan using the effective interest rate method.

2.33 Deferred tax liabilities

Deferred tax liabilities are recognized on the basis of temporary differences between the balance sheet value of assets and liabilities and their value for tax purposes.

The calculation of the deferred tax liabilities is based on assumed tax rates at which the tax is expected to be recognized.

2.34 Due to clients

Upon first time recognition, amounts due to clients are stated at fair value including direct transaction costs. Subsequent valuation is at amortized cost.

2.35 Amounts due to banks

Upon first time recognition, amounts due to banks are stated at fair value including direct transaction costs. Subsequent valuation is at amortized cost. When required, the difference between the redemption cost and the amortized cost (capital surplus or discount) is recognized over the duration of the debt as interest charges using the effective interest rate method.

2.36 Insurance premiums

Life insurance premiums

Life insurance contracts are defined as long-term contracts. The corresponding insurance premiums are accounted for as income when they are due by the policyholders. Obligations in connection with insurance contracts are recognized for the estimated future benefits and expenses and charged to the result.

These expenses are included under the line 'technical insurance claims and benefits'. This means that, in accordance with the matching principle, the profits over the estimated term of the policies are achieved.

In accordance with this matching, the acquisition costs are capitalized deferred and then amortized. A detailed explanation of the capitalized deferred acquisition costs is included in chapter 2.14.

Non-life insurance premiums
Non-life insurance premiums are accounted for in the period in which the premiums were earned. Invoiced but not yet earned premiums are included under the obligations arising from insurance contracts as explained in chapter 2.28.

2.37 Returns on investments
Returns on investments primarily concern interest income, dividends on shares and rental income from investment property.

Interest income
Interest income is recognized for all interest-bearing instruments, using the effective interest rate method. Direct transaction costs and share premium/discount are taken into account.
If the value of a financial asset has been impaired, the interest income is accounted for using the effective interest rate used for discounting the future cash flows when determining the net realizable value.

Dividends
Dividend income is recognized in the income statement when a right to distribution becomes vested.

Rental income
The rental income from investment property is attributed to the period to which it relates.

2.38 Realized gains and losses
The realized gains and losses include the results from the sale of investment property, investments available for sale, associates and joint ventures.

With respect to financial assets available for sale, realized gains or losses consist of sales and divestments of the difference between the income received and the amortized cost of the asset or liability sold, less any impairment losses recognized in the income statement in the preceding period and taking into account any adjustments in connection with hedge accounting.
The unrealized gains and losses previously recognized directly in equity (the differences between balance sheet value and amortized cost) are recognized in the income statement.

2.39 Fair value gains and losses
The fair value gains and losses include realized and unrealized changes in the value of financial assets at fair value through profit and loss of derivatives.
With respect to derivatives, this is based on the fair value excluding accrued interest (clean fair value).

2.40 Result of investments on behalf of policyholders
Investments for the account and risk of policyholders are measured at fair value through profit and loss.
The value changes are recorded in the line ‘result of investments on behalf of policyholders’. This also includes interest income and dividends received for policyholders.

2.41 Commission income
The commission and agency fees received particularly concern the activities in connection with reinsurance, asset management and service provision. The fees and commission on services provided are generally accounted for as income in the period in which the services are provided.

2.42 Technical insurance claims and benefits
This item includes changes in the obligations arising from insurance contracts (see chapter 2.28) and the benefits. The expenses associated with contracts on behalf of policyholders concern the changes in the obligations arising from insurance contracts on behalf of policyholders including the benefits charged to the obligations.

2.43 Operational and staff expenses
This concerns the expenses in connection with the operations of ASR that are directly related to the reporting period, such as marketing costs, information technology, advice, accommodation, temporary staff and depreciation and amortization of property, plant and equipment and intangible assets.
The staff expenses mainly comprise of salaries, social security expenses and pension costs.

2.44 Acquisition costs
This mainly concerns commission paid and amortization of capitalized deferred acquisition costs.
More information about capitalized deferred acquisition costs can be found in chapter 2.14.

2.45 Impairment
This item includes the downward value adjustment of assets whose net realizable value is lower than the balance sheet value and the recoverable amount in connection with impairment losses recognized in the past.

Non-current intangible assets, associates, investments, loans and accounts receivable and other assets may be subject to impairment. Impairment losses are recognized in the income statement as soon as they are identified. A further explanation is included in chapter 2 at the relevant items referred to above.

2.46 Interest charges

Interest charges are recognized in the income statement for all the interest-bearing instruments, using the effective interest rate method, and taking into account direct transaction costs.

2.47 Taxes

Taxes are based on the result before tax, after any adjustments for previous years, and the changes in deferred tax assets and tax liabilities.

The calculation is based on the prevailing tax rates and the applicable tax legislation.
Tax due on the result is accounted for in the period in which the result was achieved.
Deferred taxes in respect of the revaluation of assets and liabilities, whose value adjustments were directly added or charged to equity, are taken to equity and, upon realization, included in the income statement together with the value adjustments.

2.48 Off-balance sheet commitments

Contingent liabilities are liabilities not shown on the balance sheet. It concerns liabilities

- whose cost cannot be reliably estimated and in respect of which it is unlikely that the settlement will lead to an outflow of resources; or
- whose existence depends on the future occurrence of one or more uncertain events without ASR being in a position to apply decisive influence.

3 Risk management

2009 was characterized by a sharp focus on risk management and control. The jitters on the securities, interest rate and bonds markets put severe pressure on the solvency position at the beginning of the year. Measures were implemented to minimize the risks, including:

- reducing the interest rate risk by acquiring long-term government bonds and swaptions;
- reducing equity exposure;
- reinsuring short life risks.

In the second half of 2009, the financial markets recovered with vigour, which again improved the solvency position of ASR. The earlier reduced equity exposure was then expanded again. Since 3 October 2008, ASR Nederland has been wholly owned by the Dutch State. In contrast to a number of other financial institutions, ASR did not receive any capital injection. Moreover, no guarantees or loans have been furnished. As the government indicated right from the start, the aim is to return ASR to the private market.

3.1 Solvency II

During 2009, following the demerger from Fortis, ASR independently followed up on preparations for Solvency II. Solvency II is the new regulatory framework for European insurance companies, which is expected to be implemented in October 2012. Solvency II sets solvency requirements that are better aligned to the risks insurers face and will form an integral part of the operational management of insurance companies. Pursuant to Solvency II, the measurement of investments and obligations is done on the basis of market value.

As part of the process of preparing for Solvency II, ASR participated in the quantitative RiSk 2008 impact study initiated by DNB. Both the insurance holding company and the different legal entities participated and, in doing so, ASR gained a better understanding of the divisions that do not yet fully comply with the anticipated Solvency II regulations.

ASR set up a group-wide Solvency II programme centre which first performed a gap analysis covering the current situation and the requirements to comply with the Solvency II requirements. This, too, gave us a better understanding of the divisions on which ASR has to concentrate on in the context of Solvency II. Further steps have been taken in 2010 to prepare for the implementation of Solvency II.

3.2 Risk management function

The basic principle employed to fulfil the risk management function of ASR is the so-called three-lines-of-defence model, which contains clear responsibilities.

By segregation of duties between designing policies, implementing them and compliance with these policies, a high level of risk management is achieved. The three lines of defence implies that a distinction is made between the three levels of management, being:

- the management of the business units is responsible for managing the day-to-day risks based on an effective risk management system. This forms the first line of defence;
- Risk management and compliance together form the 'second line of defence'. They are responsible for coordinating strategy, processes and procedures in connection with the risks to which ASR is or can be exposed and for monitoring proper compliance with the risk policy and applicable compliance with legislation and regulations;
- the internal audit department (Audit ASR Nederland), the third line of defence, is responsible for independent assessments of the adequacy and effectiveness of the internal control system and the governance system.

Structure of ASR Risk committees
During 2009, ASR introduced a new risk committee structure in order tp shape the risk management function in practice. A direct cause is the organizational changes at ASR.

The ASR Executive Board bears final responsibility for the risk profile of ASR, and the ASR Risk Committee provides support in this context. The ASR Risk Committee is supported by two important committees, the Financial Risk Committee and the Non-financial Risk Committee. Risks are managed on the basis of risk categories as formulated by the financial institutions' risk analysis method FIRM of DNB:

- the Financial Risk Committee manages the risk profile of ASR with respect to financial risks, including the market and credit risk (including interest rate risk), liquidity risk and the technical insurance risk;
- the Non-financial Risk Committee manages the risk profile of ASR with respect to the non-financial risks, including public risk (also reputation risk), operational risk, outsourcing risk, IT risk, the integrity risk and legal risks.

The business units – the first line of defence – bear particular responsibility for identifying, assessing, monitoring, controlling, managing on the basis of and reporting on the risks and the risk profile of the business unit within the agreed framework. Every business unit has set up a Business Risk Committee to assist them in this task.

The following paragraphs of the Risk Management chapter will first discuss market and credit risk, then insurance risk and the insurance provisions and, finally, operational risk.

3.3 Market and credit risk

3.3.1 Market risk
ASR is confronted by market risk if the value of the assets does not react the same to changes in the financial markets as the value of the liabilities. The following market risks are distinguished:

- interest rate risk;
- equity risk;
- real estate risk;
- foreign currency risk;
- credit risk (spread risk).

The market risk is managed based on the strategic asset mix and a range of risk reports. The table below indicates the sensitivity of the DNB solvency ratio to the major market risks. Increasing shareholders' equity to the DNB solvency level is explained in chapter 4. The spread risk concerns potential changes in value due to deterioration in the credit rating of fixed-income investments. The spread risk of government bonds is assumed to be zero in this context.

Sensitivity of DNB solvency ratio to market risk:

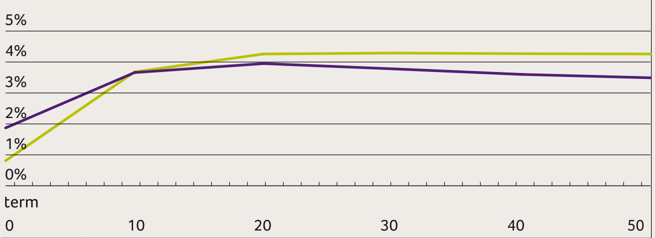
	SCENARIO	2009	2008
Interest	-1%	-9%	-67%
Equity	-20%	-20%	-12%
Real estate	-10%	-19%	-20%
Spread	+0.75%	-18%	-17%
Total impact		**-66%**	**-116%**

If the sketched scenarios take place at the same time, it has a cumulative negative effect on solvency of 66%. That means that at the end of 2009, the DNB solvency ratio would have been 166%. Below we discuss the different market risks in more detail.

3.3.1.1 Interest rate risk
Many insurance products pose an interest rate risk; the value of the products is closely related to the shape and the level of the interest rate curve. The interest rate risk of insurance products is determined by the term, interest rate guarantees and profit sharing. Life products with insurance in money are particularly sensitive to interest rates (see chapter on technical insurance provision).

Compared to 2008, the long-term interest rate increased by more than 0.5% in terms of more than thirty years, and this impacts the value of the assets and liabilities. The interest rate risk of ASR is managed by aligning the fixed-income assets to the profile of the liabilities using, among other things, receiver swaptions for hedging the specific interest rate risk due to interest rate guarantees and profit sharing in the life insurance products.

YIELD CURVE (GOVERNMENT BONDS)



2008
2009

The interest rate risk is quantified at least once a quarter by means of duration and scenario analysis. Duration is a yardstick for interest rate sensitivity and indicates how much the fair value changes with a small parallel shift in the interest rate curve. The duration of the liabilities is higher than that of the assets; the fair value of shareholders' equity decreases in the event of an interest rate drop. The duration calculation takes account of interest rate swaps and swaptions.

	2009	2008
Duration of assets	5.9	5.2
Duration of liabilities	8.8	9.9

Due to underlying features, the duration of the life products and the swaptions increases the lower the interest rate is. In addition to duration, another yardstick is required to obtain a fuller picture of the interest rate risk. This is done using scenario analyses, among other things.

The sensitivity of the DNB solvency ratio to changes in interest rates is monitored on a monthly basis. The calculation of the available solvency with respect to fixed-income investments, including swaps and swaptions, is based on the market value. As far as the technical provisions are concerned, the test margin is taken into consideration.

SENSITIVITY OF DNB SOLVENCY TO CHANGE IN INTEREST RATE	INTEREST RATE +1%		INTEREST RATE -1%	
	2009	2008	2009	2008
effect on assets	-948	-807	1,192	971
effect on DNB test margin	932	1,386	-1,326	-1,972
effect on DNB solvency	-16	579	-135	-1,001

During 2009, interest rate risk was reduced by acquiring swaptions, long-term government bonds and interest rate swaps. In addition, the interest rate sensitivity of life obligations was reduced by the higher long-term interest.

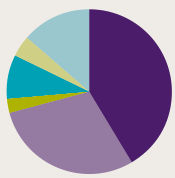
3.3.1.2 Equity risk

The equity risk depends on the total exposure to shares. In order to maintain proper insight into the actual equity risk, a number of adjustments were made in comparison to the IFRS classification of shares for own account; for example, bond funds classified in the IFRS balance sheet under shares are not included here.

The fair value of shares in similar investments was € 1,811 million at year-end 2009 (2008: € 1,306 million). On the one hand, the increase is due to the positive price development, on the other, because shares were acquired on balance. In fact, more shares were sold during the first half of 2009, but in view of the improved solvency ratio, the equity portfolio was expanded in the second half of 2009.

The shares are spread across Europe and the Netherlands (including 5% participating interests). A limited portion of the shares concerns pacific, private equity and hedge funds.

COMPOSITION OF EQUITY PORTFOLIO



Europe 42%
Netherlands 29 %
Pacific 3%
Hedge funds 9%
Private equity 4%
Other 13%

The sensitivity of the DNB solvency ratio to changes in interest rates is monitored on a monthly basis. The calculation of the impact of options on shares and the tax exemption of Dutch participating interests is taken into account. In relation to 2008, sensitivity increased because of the higher exposure for shares and expiry of the put options. At year-end 2009, the portfolio did not contain any options.

Sensitivity of DNB solvency ratio to price changes in the equity portfolio:

CHANGE IN EQUITY PRICES	2009	2008
+10%	148.5	98.5
+20 %	297.0	201.0
-10%	-148.5	-92.4
-20 %	-297.0	-177.0

The impact of price changes of shares on the IFRS result is limited to the value changes of the options and the impairment of shares. With a 10% decline in the price of shares, the effect is € -7 million (2008: € -4 million).

3.3.1.3 Real estate risk

The real estate risk depends on the total exposure to property. In order to obtain proper insight into the actual property risk, a number of adjustments were made in comparison to the IFRS classification of property for own account and the revaluation of property (€ 1,398 million) is included. The fair value of property and similar investments was € 3,936 million at year-end 2009 (2008: € 3,963 million).

The property is divided into the sectors countryside, homes, offices and retail outlets in the Netherlands.

COMPOSITION OF REAL ESTATE PORTFOLIO

	Offices 12%
	Land 20%
	Shops 28%
	Houses 28%
	Other 12 %

The sensitivity of the DNB solvency ratio to changes in value is monitored on a monthly basis. Compared to 2008, sensitivity declined slightly due to lower exposure to property.

Sensitivity of the DNB solvency ratio to changes in the value of property:

SENSITIVITY OF DNB SOLVENCY TO CHANGE IN VALUE OF REAL ESTATE	2009	2008
+10%	293.2	295.3
-10 %	-293.2	-295.3

The impact of changes in the value of real estate on the result and equity is limited to the impairment of property. With a 10% drop in value, the effect is € 77 million.

3.3.1.4 Foreign currency risk

Foreign currency risk arises if there is no proper matching between the foreign currency exposure of the assets and liabilities. The policy is basically that foreign currency risk is hedged. It is possible to deviate from this policy if the impact of changes in the exchange rates is very small or if an effective hedge is operationally not possible. Exposures can be allowed within a certain corridor to benefit from a change in the value of foreign currency.

The foreign currency position is reported every quarter. The table below shows all the main foreign currency positions, including derivatives. The net exposure in USD at year-end is largely due to securities funds listed in USD.

EXCHANGE RATE RISK 2009	AUD	BRL	GBP	TRY	USD	ZAR
Exposure, assets	251	26	2	29	271	42
Exposure, liabilities	-235	-	-1	-	-119	-20
Net exposure	16	26	1	29	152	21

EXCHANGE RATE RISK 2008	AUD	BRL	GBP	TRY	USD	ZAR
Exposure, assets	228	19	2	24	133	58
Exposure, liabilities	-210	-20	-	-25	-134	-35
Net exposure	18	-1	2	-1	-1	23

3.3.1.5 Credit risk

ASR is exposed to credit risk to the extent that there are changes in the expectation that a counterparty will default on its contractual obligations. A distinction is made between the following types of assets:

- fixed-income investment portfolio
- mortgages
- loans related to savings mortgages
- derivates
- reinsurance
- loans to intermediaries

The table below shows the pledges and guarantees received as security for financial receivables and agreements:

2009	PLEDGES RECEIVED					
	CARRYING AMOUNT	FINANCIAL INSTRUMENTS	PROPERTY, PLANT AND EQUIPMENT	OTHER PLEDGES AND GUARANTEES	EXCESS VALUE OF PLEDGES RELATIVE TO IMPAIRMENTS [1]	NON-GUARANTEED OUTSTANDING AMOUNT
Cash and cash equivalents	685	-	-	-	-	685
Interest-bearing investments	15,984	-	-	-	-	15,984
Due from banks	2,350	-	-	-	-	2,350
Due from customers						
Government and public sector, total	332	-	-	-	-	332
Mortgage loans	2,041	-	2,083	-	327	128
Consumer loans	13	-	-	-	-	13
Commercial loans	372	-	-	214	93	251
Other	2	-	-	-	-	2
Total receivables due from customers	**2,760**	**-**	**2,083**	**214**	**420**	**726**
Other receivables	1,535	-	-	-	-	1,535
Total	**23,314**	**-**	**2,083**	**214**	**420**	**21,280**
Total off-balance sheet	3	-	-	-	-	3
Total credit risk	**23,317**	**-**	**2,083**	**214**	**420**	**21,283**

1 The amount of received securities and guarantees that exceeds the actual credit risk (calculated on contract basis)

2008	PLEDGES RECEIVED					
	CARRYING AMOUNT	FINANCIAL INSTRUMENTS	PROPERTY, PLANT AND EQUIPMENT	OTHER PLEDGES AND GUARANTEES	EXCESS VALUE OF PLEDGES RELATIVE TO IMPAIRMENTS [2]	NON-GUARANTEED OUTSTANDING AMOUNT
Cash and cash equivalents	654	-	-	-	-	654
Interest-bearing investments	14,779	-	-	-	-	14,779
Due from banks	871	-	-	-	-	871
Due from customers						
Government and public sector, total	382	-	-	-	-	382
Mortgage loans	2,179	-	2,039	-	284	139
Consumer loans	14	-	-	-	-	14
Commercial loans	1,832	-	-	237	112	1,707
Other	-	-	-	-	-	-
Total receivables due from customers	**4,407**	**-**	**2,039**	**237**	**396**	**2,242**
Other receivables	1,528	-	-	-	-	1,528
Total	**22,239**	**-**	**2,039**	**237**	**396**	**20,074**
Total off-balance sheet	3	-	-	-	-	3
Total credit risk	**22,242**	**-**	**2,039**	**237**	**396**	**20,077**

2 The amount of received securities and guarantees that exceeds the actual credit risk (calculated on contract basis)

The table below provides information about the period of arrears since the due date of financial assets that have not yet been subject to any impairment.

2009	CARRYING AMOUNT OF ASSETS (CLASSIFIED WITHOUT IMPAIRMENT)	< 30 DAYS ARREARS	> 30 DAYS & < 60 DAYS ARREARS	> 60 DAYS ARREARS	TOTAL
Cash and cash equivalents	685	9	-	-	9
Interest-bearing investments	15,642	-	-	-	-
Due from banks	2,337	1	-	-	1
Due from customers					
Government and public sector	332	-	-	-	-
Mortgage loans	2,036	8	3	6	17
Consumer loans	13	-	-	-	-
Commercial loans	348	11	-	-	11
Other	-	-	-	-	-
Total receivables due from customers	**2,729**	**19**	**3**	**6**	**28**
Other receivables	1,540	46	1	7	54
Total	**22,933**	**75**	**4**	**13**	**92**

2008	CARRYING AMOUNT OF ASSETS (CLASSIFIED WITHOUT IMPAIRMENT)	< 30 DAYS ARREARS	> 30 DAYS & < 60 DAYS ARREARS	> 60 DAYS ARREARS	TOTAL
Cash and cash equivalents	654	6	-	-	6
Interest-bearing investments	14,507	-	-	-	-
Due from banks	871	-	-	-	-
Due from customers					
Government and public sector	382	-	-	-	-
Mortgage loans	2,165	-	19	16	35
Consumer loans	13	-	-	-	-
Commercial loans	1,801	-	-	-	-
Other	-	-	-	-	-
Total receivables due from customers	**4,361**	**-**	**-**	**-**	**-**
Other receivables	1,528	-	-	-	-
Total	**21,921**	**6**	**19**	**16**	**41**

3.3.1.5.1 Fixed-income investment portfolio

The credit risk in the investment portfolio is managed on the basis of credit ratings as supplied by rating agencies. In so far as external ratings are not available, an internal rating is awarded.

For the management of the investment portfolio, guidelines apply with respect to the maximum deposits per rating class and per debtor that are reported. The aim of this is to avoid concentrations in the portfolio and create a wide diversification towards counterparties. In addition, management is based on a portfolio-wide risk gauge for assessing rating and duration.

	2009		2008	
	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE
AAA	7,178	42%	6,762	43%
AA	2,228	13%	2,263	14%
A	4,942	29%	5,110	32%
BBB	1,868	11%	1,317	8%
	16,215	**96%**	**15,453**	**98%**
Lower than BBB	616	4%	209	1%
No rating	70	-	132	1%
Total	**16,901**	**100%**	**15,793**	**100%**

At an overall level, the changes in the rating spread in relation to year-end 2008 are limited. The biggest change is a limited increase in the 'BBB' and 'lower than BBB' categories. This increase can be explained by an increase in the value of bonds with lower ratings in the past year on the one hand and, on the other, by rating agencies, who despite the healthy recovery of the financial markets, considered it necessary to substantially downgrade ratings across the board in 2009. The increase in value was the result of a very substantial drop in the premiums demanded by insurers to compensate for the additional risk of corporate bonds. The increase in the identified rating categories was within a restricted investment environment with a cautious policy with respect to investments in financial institutions, businesses and structured corporate bonds.

	2009		2008	
	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE
Government	7,169	42%	6,943	44%
Financial institutions	6,907	41%	6,137	39%
Corporate	2,058	12%	1,761	11%
Structured instruments	766	5%	952	6%
Total	**16,901**	**100%**	**15,793**	**100%**

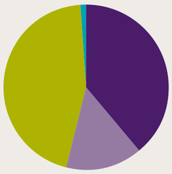
The portfolio summaries by sector underline the developments referred to above. Financial institutions, businesses and structured instruments across the board show a very decent increase in value. The active selling policy pursued by the financials and structured instrument is therefore not visible in the figures.

2009	GOVERNMENT		FINANCIAL INSTITUTIONS		CORPORATE		STRUCTURED INSTRUMENTS	
	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE
AAA	5,854	82%	921	13%	11	1%	391	51%
AA	867	12%	966	14%	295	14%	100	13%
A	304	4%	3,241	47%	1,232	60%	164	21%
BBB	112	2%	1,348	20%	393	19%	14	2%
	7,137	**100%**	**6,476**	**94%**	**1,932**	**94%**	**670**	**87%**
Lower than BBB	31	-	399	6%	126	6%	60	8%
No rating	1	-	32	-	-	-	37	5%
Total	**7,169**	**100%**	**6,907**	**100%**	**2,058**	**100%**	**766**	**100%**

2008	GOVERNMENT		FINANCIAL INSTITUTIONS		CORPORATE		STRUCTURED INSTRUMENTS	
	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE	CARRYING AMOUNT	PERCENTAGE
AAA	5,697	82%	579	9%	10	1%	476	50%
AA	564	8%	1,281	21%	184	10%	233	25%
A	633	9%	3,217	52%	1,159	66%	102	11%
BBB	24	-	934	15%	340	19%	20	2%
	6,918	**100%**	**6,011**	**98%**	**1,693**	**96%**	**831**	**87%**
Lower than BBB	26	-	94	2%	68	4%	21	2%
No rating	-	-	32	1%	-	-	100	11%
Total	**6,943**	**100%**	**6,137**	**100%**	**1,761**	**100%**	**952**	**100%**

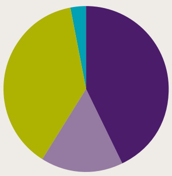
In 2009, a number of EMU member states faced downgrades. The exposure to the countries in question is limited (Ireland: zero, Spain € 267 million, Portugal € 15 million, Greece € 82 million), which means that changes in the rating spread within the public sector are limited. Financial institutions mitigated the effect of the downgrades by active reduction. Also with respect to structured instruments in the corporate sector, there was a downward trend in the rating development. The non-rated category declined in value mainly due to impairments.

STRUCTURED INSTRUMENTS 2009



	CDO 39%
	CLO 15 %
	RMBS 45%
	Subprime 1%

STRUCTURED INSTRUMENTS 2008



	CDO 43%
	CLO 16 %
	RMBS 38 %
	Subprime 3 %

Sales and redemptions in the sector for structured instruments mainly occurred in the CDO and CLO subsectors. No new investments were made in this sector in 2009.

3.3.1.5.2 Mortgages

ASR mostly issues mortgages for the risk and account of third parties. The company's own balance sheet contains a limited number of Dutch mortgages. The credit risk on these mortgages is small. The Dutch national mortgage guarantee fund (NHG) applies to some of the mortgages. Despite the stagnation in house prices, the value of the collateral of most mortgages has increased in the past two years since the effective date of the mortgage.

	2009		2008	
	BALANCE SHEET VALUE	PERCENTAGE	BALANCE SHEET VALUE	PERCENTAGE
Mortgages with NHG	257	13%	275	13%
Mortgage < 75% value under foreclosure (indexed)	1,292	63%	1,343	62%
Mortgage > 75% value under foreclosure (indexed)	493	24%	560	26%
Total	**2,042**		**2,179**	

ASR does not provide redemption-free mortgages and, in addition to the compulsory life insurance, part of the loans is covered by insurance policies.

At year-end 2009, 1.3% of the mortgages were in arrears (2008: 1.2%).

3.3.1.5.3 Loans related to savings-linked mortgages

Savings-linked mortgages have been sold of which the savings insurance is stated on the balance sheet of ASR and the mortgage on the balance sheet of an external financial institution. A feature of a savings-linked mortgage is the interest on the savings insurance and the interest on the mortgage are linked. At the same time, ASR extends loans to the relevant financial institutions with a nominal value equal to the value of the savings insurance and with an interest rate linked to the interest rate of the mortgage. The value of these loans at year-end 2009 was € 1,630 million.

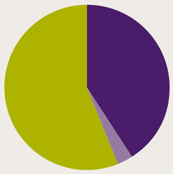
3.3.1.5.4 Derivatives

The credit risk involving the market value of derivatives of ASR with a counterparty is normally hedged with a credit support annex (CSA). In line with market conditions, this agreement stipulates that the counter value of the derivatives in liquid instruments, such as cash and government bonds, are held as surety against credit risk.

3.3.1.5.5 Reinsurance

When placing reinsurance contracts for fire and calamity, ASR requires the counterparty to have at least an 'A-' rating; with respect to long-tail business and other sectors, a minimum 'A' ating applies. The summary below shows the exposure of reinsurers per rating. The unrated exposure can be traced back to placements with the former internal reinsurer. The total exposure on reinsurers at year-end 2009 was € 545 million.

REINSURER EXPOSURE BROKEN DOWN BY RATING



	A 41%
	No rating 3%
	AA 56%

3.3.1.5.6 Loans to intermediaries
ASR is cautious in extending loans to intermediaries. Upon application, the credit rating of intermediaries is estimated on the basis of an internal risk-rating model. Following strict criteria, the credit committee decides whether to approve the loan.

At year-end 2009, the outstanding amount of loans to intermediaries was € 169 million with a corresponding provision of € 39 million. The loans are secured, usually in the form of an insurance portfolio. Twenty-one percent of the loans are in arrears.

	2009		2008	
	BALANCE SHEET VALUE	PERCENTAGE	BALANCE SHEET VALUE	PERCENTAGE
Loans < 75% value under foreclosure	48	28%	67	38%
Loans > 75% value under foreclosure	122	72%	109	62%
Total	**169**		**176**	

In addition, there are current account receivables from intermediaries in connection with normal business operations amounting to € 190 million and a corresponding provision of € 17 million.

3.3.1.5.7 Subordinated debt instruments of financial institutions
To test for the impairment of debt instruments of financial institutions, ASR uses an internal classification system in so-called 'levels of concern'. The classification in levels of concern is partly based on the events referred to in IAS 39.59 that could lead to impairment.

The events surrounding an issuing institution and the features of the relevant financial asset are considered to determine the level of concern. All investments are categorized as level of concern 0, 1, 2, or 3, with level of concern 0 implying that there are no serious reasons for concern. In the level of concern category 3, it is assumed that there will be an expected permanent and irreversible change in value, which leads to the recognition of an impairment loss.

An increase in the fair value of a fixed-income instrument that has been impaired, does not necessarily lead to the reversal of the impairment loss. For lowering the level of concern from three to a lower level, there must be a change in the situation that prompted the recognition of an impairment loss. In other word, it will be an important, irreversible and objectively identifiable development, in which there can be no reasonable doubt about the collectability of a financial asset.

3.3.2 Liquidity risk

ASR must at all times be in a position to meet its obligations towards policyholders and other creditors. The liquidity risk is limited. Most life insurance products, by the nature of the product (pension, mortgage) and the related (tax) requirements, have a long-term character, with early cancellation being undesired or disadvantageous to the policyholder. As a result, benefits to policyholders can be forecast, and an unexpected demand for benefits without acceptable losses of investments is virtually unheard of. At year-end 2009, the liquidities are € 745 million, and the portfolio containing liquid government bonds is worth € 6,374 million. In the short term, repayment obligations towards loans worth € 720 million have been recognized.
In addition, savings amount to € 570 million that are largely on call.

The following table shows the contractual cash flows of the investments and liabilities. For the liabilities arising from insurance contracts, the natural turnover and expected decline in the portfolio are taken into account. Equity and real estate have not been included.

CASH FLOWS 2009	< 1 YEAR	1-5 YEAR	5-10 YEAR	10-20 YEAR	> 20 YEAR
Fixed-interest investments	3,565	12,248	7,731	9,000	5,507
Liabilities	-3,821	-5,794	-5,560	-10,371	-18,508
Difference	-256	6,454	2,171	-1,371	-13,001

CASH FLOWS 2008	< 1 YEAR	1-5 YEAR	5-10 YEAR	10-20 YEAR	> 20 YEAR
Fixed-interest investments	3,200	12,353	9,315	7,039	4,361
Liabilities	-4,455	-5,523	-4,944	-9,962	-17,369
Difference	-1,255	7,100	4,370	-2,923	-13,007

3.3.3 Insurance risk

The insurance risk concerns all the risks as a result of which the expected future payment obligations cannot be raised by premium and/or investment income due to incorrect and/or incomplete technical assumptions and principles for the development and pricing of the product, leading to insufficient provisions.

ASR offers a complete range of insurance products. The insurance risk is divided into life and non-life risk. The insurance portfolio has a moderate risk profile. The life portfolio is spread across insurance policies covering short life (death) risk and long life risk. The non-life portfolio is represented in almost all the property and casualty, occupational disability and health care sectors.

ASR controls the insurance risk with a combination of acceptance policy, pricing, provisions and reinsurance contracts. The task of the departments charged with risk management of, or within every insurance division is to assess and minimize the risks. This is done on the basis of policy and guidelines agreed at group level.

3.3.3.1 Risk management

Every insurance division within ASR forms provisions for future claims arising from these policies and identifies assets for these provisions. This includes estimates and assumptions that could impact the assets, liabilities, equity and the result in the coming year. These estimates are reviewed at each balance sheet date by means of statistical analyses based on internal and external historical data.

Due to potential accuracies that are inherent to the techniques, assumptions and data used for the statistical analyses, the risk that claims can eventually exceed the provisions formed for the insurance contracts cannot be fully eliminated. To avoid the risk of ASR being virtually unable to meet its obligations towards policyholders and others, ASR holds extra solvency equity.

Reinsurance and other risk mitigating measures are employed to reduce and contain the volatility of the results, or to spread the negative impact on the value as an alternative for the capital requirement.

3.3.3.2 Provisions policy

Every insurance business in ASR recognizes provisions for future claims arising from policies and designates assets for these provisions. The provisions for life and occupational disability risk is basically based on a base of premium calculation taking into account, among other things, market-specific assumptions and assumptions based on social issues. The provisions for the remaining non-life risk are based on historical claims settlements of the ASR portfolio. No provisions are formed for equalization and emergencies as these are not allowed under reporting under IFRS.

3.3.3.3 Life insurance risks

A life insurance product provides entitlement to a benefit upon the death of a policyholder and/or a benefit upon the policyholder remaining alive.

This death risk particularly impacts the duration and the moment of paying the insured cash flows and premiums and single premiums received. If the benefit is insured in the event of death, the death risk arises from the risk that the policyholder passes away earlier than previously calculated (short life risk). In the event of a benefit paid during the life of the policyholder, the death risk for the insurer arises from the risk that the policyholder passes away later than previously calculated (long life risk).

Life insurance risk in relation to the best estimate assumptions arises from volatility, uncertainty and/or extreme events.

- Volatility: The random fluctuations in annual mortality rates in relation to the modelled trend.
- Uncertainty: Greater than expected increase or decrease in the insured life expectancy.
- Extreme events: An extreme event is defined as large-scale damage from a single cause of revolutionary developments in medical science as a result of which life expectancy increases dramatically.

The trends in mortality tables are analysed on an annual basis by the life insurance companies in the context of risk control, using mortality tables from official publications and comparison with the own portfolio. The forming of the long life provision is based on these annual analyses.

The risks are managed through insight into the risk factors and assessing them. The impact of changes in the parameters becomes visible in the context of valuing the insurance portfolio. With respect to operational parameters, the sensitivity to changes in mortality, chances of expiry and costs are taken into consideration. For ASR as a whole, the sensitivity to mortality is cushioned by the combination of short and long life risk. A good spread across long and short life reduces the mortality risk.

Prices are based on best estimate assumptions of mortality rates, surrenders, costs, actuarial interest, prudent margins and profit margin of the insurer. Based on profit capacity calculations, the assumptions are applied to the fair value of the rate, taking into account profit-sharing obligations to clients.

The acceptance of a new insurance policy is assessed on the basis of medical conditions. As far as pensions are concerned, it is not allowed to accept on the basis of medical conditions in which case limits are set for the acceptable risks. These limits are agreed with the reinsurer. Prices are reviewed retrospectively by determining the value of new contracts with reference to the annually agreed best estimate experience (second order) parameters.

3.3.3.4 Non-life insurance risk

The technical non-life insurance risk primarily centres on emergencies cover, third-party insurance and occupational disability risk, which is mainly because of the size and the long-term character of non-life products. The insurance risks include a large (negative) difference in relation to the expectations with regard to claim frequency, size of the claim, inflation, handling time, benefit and claim handling costs and biometrical risks (invalidity, convalescence, illness, death). In addition, concentration risk also counts as an insurance risk.

3.3.3.4.1 Claim frequency, size of claim and inflation

To reduce the claim risk, insurance businesses pursue a selection and acceptance policy linked to the claims history and risk models. This is done for each client segment and for each type of activity. The businesses also use the knowledge or expectations with respect to the future trends in the frequency, size and inflation claims. The risk of unexpected major damage claims is contained by policy limits, concentration risk management and specially created risk transfer contracts (for example, reinsurance).

The acceptance policy is agreed locally by each one of the insurance businesses as part of the general insurance risk management system. Specialist acceptance members of staff assess risks and the actual claims history is evaluated. To improve movements in claims and/or ensure that prices are adjusted correctly, the acceptance policy is continually refined with reference to a number of indicators and statistical analyses.

3.3.3.4.2 Handling time

The time required for handling and settling claims is an important factor. The settlement of claims that require a long handling time, such in the case of injury or liability, can take years. Regular analyses are made, including ASR’s experiences with similar cases, historical trends, such as the pattern of provisions, the increase in exposure to risk, damage payments, the size of current and not yet settled damage claims, court rulings and economic conditions.

3.3.3.4.3 Benefit and claim handling costs

Taking future inflation into account, benefit and claim handling costs are managed on the basis of regular reviews and related actions.

3.3.3.4.4 Occupational disability risk

The invalidity risks concerns the uncertainty of claims as a result of higher than expected invalidity rates and levels in the portfolios containing occupational disability, medical expenses and accident insurance products. Then there is the additional uncertainty that fewer people convalesce or die than expected. Illness, invalidity and recovering from these are affected by the economic climate, government intervention, progress in medical science and, in particularly, healthcare expenses. The degree of invalidity and recovery is to a large extent influenced by the selection decisions of the policyholders and changes in the standards applied in assessing occupational disability, and influenced by the policy pursued by ASR concerning prevention and rapid diagnosis and treatment. These risks are kept under control by means of regular evaluation of historical claims patterns, expected future developments and price adjustments, obligations and the acceptance policy. ASR also minimizes the occupational disability risk on the basis of acceptance criteria and suitable reinsurance.

3.3.3.4.5 Concentration of risk

The risk that the non-life portfolio of ASR is exposed to is geographically almost fully concentrated in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (home, contents, etc., with storm risk forming the most important factor). Storm risk is managed by means of suitable reinsurance (see also 3.3.3.6 ‘Reinsurance’).

3.3.3.5 Reinsurance

When deemed necessary, the insurance businesses of ASR agree on reinsurance contracts for life and non-life portfolios to minimize insurance risks. Reinsurance can be taken out for each separate policy (per risk) or for the whole portfolio (per event). The latter arises when the risk with respect to individual policyholders is actually within the accepted limits, but if there is an unacceptable risk of a possible accumulation of claims (disaster risks) due to human actions or natural disasters. In the Netherlands, extreme weather conditions form the biggest disaster risk, storms particularly.

The level of retention in the different reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios. This includes taking account of the cost of the reinsurance on the one hand and, on the other, the risk that is kept within the retention.

Selecting reinsurance companies is based on the management of the risk that the counterparty represents (expressed in the rating) on considerations involving the price. To limit risk concentration, the reinsurance contracts are placed with different reinsurance companies.

The partnership with the previous internal reinsurer (Fortis Re) was ended before 2009, resulting in a number of internal contracts being placed in the external reinsurance market. As a consequence, the retentions under these contracts were revised and accordingly increased to market level.

The table below shows the risk retention for each product.

RETENTIONS	2009		2008	
AMOUNTS IN € 1,000	HIGHEST RETENTION AT RISK	HIGHEST RETENTION AT EVENT	HIGHEST RETENTION AT RISK	HIGHEST RETENTION AT EVENT
Life	€ 450	€ 3,000	€ 450	€ 3,000
Disability	€ 700	€ 3,000	€ 700	€ 3,000
Industrial casualties	€ 1,000	€ 1,000	€ 250	€ 500
Casualties (travel)	€ 1,000	€ 1,000	€ 500	€ 500
Third-party motor	€ 2,000	€ 2,000	€ 1,000	€ 1,000
Comprehensive motor	€ 2,500	€ 2,500	€ 1,500	€ 1,500
Damage to property	€ 2,500	€ 15,000	€ 2,500	€ 15,000
Third-party insurance	€ 750	€ 750	€ 500	€ 500
Shipping/transport	€ 250	€ 250	€ 250	€ 250

3.4 Technical provisions

3.4.1 Adequacy of provisions

The adequacy of the technical insurance provisions is tested at least once a year and evaluated each quarter (and more frequently, if required). Any necessary increases in the provisions are recognized immediately and charged to the income statement. The ASR test policy concerning the provisions and processes comply with the requirements of IFRS and guidelines of DNB. See also chapter 2.28. 'Liabilities arising from insurance contracts - Adequacy test for obligations'.

The overall adequacy of the liabilities arising from insurance contracts as at 31 December 2009 has been confirmed by internal actuaries and certified by external actuaries.

3.4.2 Life insurance provisions

Life insurance products involve long life and short life (death) risk.

The technical provision is based on the premium calculation basis at the time of acceptance. Life expectancy has increased since then. This is unfavourable for long life risk, leading to inadequate provision.

An additional balance sheet provision was formed to cover long life risk. This provision is calculated with reference to the pension table of ASR Collectief (group insurance) and the annuity table of Amersfoortse Individueel; both tables have been designed and elaborated on by the Association of Insurers (Verbond van Verzekeraars). The chances of death are based on past experience and on expected future development of mortality rates. The tables are regularly updated. The long life provision is determined for each entity, with the group portfolio not taking into account any surpluses from individual portfolios with death risk.

The life insurance portfolio contains individual and group insurance policies. The products are sold as insurance products in cash and insurance products in investment units. With respect to insurance in cash, the investment risk is borne fully by the insurer, and with respect to insurance in investment units, the bulk of the risk is for the account of the policyholder.

The provision at year-end 2009 can be specified as follows:

BREAKDOWN OF GROSS TECHNICAL PROVISIONS (IN € 1,000)	INSURANCE IN CASH		
	INDIVIDUAL	GROUP	TOTAL
Without profit-sharing	1,865	242	2,107
Contractual profit-sharing (and interest margin participation)	9,360	5,047	14,407
Discretionary profit-sharing	1,880	-	1,880
Total	**13,104**	**5,289**	**18,393**

BREAKDOWN OF GROSS TECHNICAL PROVISIONS (IN € 1,000)	LIFE INSURANCE POLICIES WITH AN INVESTMENT COMPONENT		SAVINGS FUND INSURANCE	TOTAL
	INDIVIDUAL	GROUP		
Without guaranteed return	6,036	1,547	955	8,538
With guaranteed return	1,245	40	-	1,284
Total	**7,281**	**1,587**	**955**	**9,823**

3.4.3 Non-life provisions

3.4.3.1 Provision for unearned premium income
Generally, the provision for unearned premium income is calculated on the premium for own account, pro rata to the unexpired portion of the premiums payments before deduction of the corresponding provision. The corresponding provision is recognized separately on the balance sheet under 'Deferred acquisition costs'. A separate provision is formed for insurance contracts with increasing risk over the duration of the contract involving premiums not related to the age of the policyholder. Changes in the provision for unearned premiums are recognized in the income statement, which means that the income is recognized during the same risk period.

3.4.3.2 Provision for payouts still due
The provision for payable claims / benefits consists of the estimated amount of the reported, but as yet not settled, claims plus an amount for claims not yet reported or incurred during or before the financial year, using historical information. This implicitly includes a provision for payable external claim handling costs.

The level of provision is calculated for each homogenous product group at a reliability degree of at least 95%. This exceeds the best estimate of the expected future obligations by 15.6%. ASR also holds additional solvency capital in excess of the level of the provisions.

The provision for occupational disability insurance equals the present value of the expected benefits, taking into account the policy terms and conditions and qualifying periods, as well as chances of recovery and death.

The provisions for amounts payable and the provision for premiums at year-end 2009 can be specified as follows:

GROSS TECHNICAL PROVISION	ACCIDENT	HEALTH & INCOME	TOTAL
Provision for outstanding amounts	769	2,248	3,017
Provision for premiums	293	226	518
Total	**1,061**	**2,474**	**3,535**

3.4.3.3 Provision for unexpired risk
A provision for unexpired risk is set up to the extent that the future claims and expenses - in respect of current insurance contracts - exceed the future contractual premiums, taking into account the current unearned premium reserve.

For the WIA Eigen Rekening (work and income Own Account) portfolio, a provision for current risks is for the items concluded in 2009 and last until 31 December 2009. This provision is based on the difference between the commercially and actuarially required premiums.

3.4.3.4 Movements in non-life
The table below contains a summary of the movement in cumulative benefits in connection with the non-life portfolio for the non-life period from 2001 to the end of 2009.

GROSS CLAIMS (CUMULATIVE)	CLAIMS YEAR										
AS AT 31 DECEMBER 2009	≤ 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
At end of:											
1st claims year		1,062	1,235	1,305	1,405	1,258	1,201	1,389	1,571	1,731	
2002		1,046									
2003		1,001	1,195								
2004		981	1,145	1,180							
2005		976	1,117	1,092	1,221						
2006		975	1,112	1,068	1,113	1,141					
2007		976	1,129	1,082	1,093	1,041	1,167				
2008		962	1,130	1,083	1,092	1,002	1,076	1,294			
2009		954	1,100	1,079	1,083	1,013	1,067	1,262	1,480		
Gross claims at 31 December 2009		**954**	**1,100**	**1,079**	**1,083**	**1,013**	**1,067**	**1,262**	**1,480**	**1,731**	
Cumulative gross paid claims		886	1,020	986	994	894	898	978	1,052	783	
Gross outstanding claims liabilities (including IBNR)	**463**	**68**	**80**	**93**	**89**	**119**	**169**	**284**	**428**	**948**	**2,742**
Other claim liabilities											274
Total claim liabilities											**3,017**

Looking at the table above, one may conclude that, taking into account claim trends, the provisions for payable amounts has generally been calculated prudently.

3.5 Operational risk

The Operational Risk & Management Control (OR&MC) department of ASR is responsible for operational risk management. The insurance products of ASR are supplied by the Reinsurance department.

OR&MC is responsible for monitoring the implementation of the operational management policy. As part of the implementation of the operational risk management policy, the OR&MC department also relies on local risk managers responsible for business-specific risk management in the different business units.

Operational risks can arise due to external factors or internal factors not managed properly. A distinction is made in operational risk between event risk and business risk. Event risk concerns the risk of losses due to ineffective or failing internal processes, people and/or systems on the one hand and, on the other, the risk of losses due to external events. Legal risks are seen as event risks, while strategic risk and reputation risk fall outside this category. Event risk is managed internally and can be minimized by the correct management processes and controls.

Business risk concerns the risk of losses due to events that can cause damage to a business operation or due to the business environment, such as changes in the competitive relations or legal or tax changes. The effect is mostly visible through changes in volumes, prices or margins in relation to a fixed cost level. Business risk arises externally, but can be mitigated by effective management.

3.5.1 Operational Risk & Management Control

The field of Operational Risk & Management Control makes a distinction between four relevant specialities: Operational Event Risk, Management Control, Information Security and Business Continuity. The implementation of these specialities in ASR always follows the Management Control Framework. This Management Control Framework distinguishes between a top-down approach with standards drafted by ASR in respect of these specialities and a bottom-up approach with the business units reporting on the basis of the ‘comply or explain’ approach.

3.5.1.1 Operational Event Risk

The purpose of the Operational Event Risk field is to:

- identify, measure and manage operational risk;
- manage and implement the Operational Risk Framework for Solvency II and underlying methods such as Risk Self Assessment and Loss Data Collection;
- calculate the economic capital to hedge the operational (event and business) risk for ASR;
- ensure that the Operational Risk Framework and its implementation complies with the applicable legislation and regulations such as Solvency II and the Dutch corporate governance Code (‘Tabaksblat’)

To support an effective and efficient identification and management of operational risks, the following instruments and techniques are used:

- collection of loss data;
- risk assessments;
- significant risk indicators;
- equity requirements.

3.5.1.2 Management Control

In the management of Operational Event Risk, the emphasis is on operational event risks that result in losses. The measures that are taken are mainly repressive, aimed at reducing losses. Management Control focuses primarily on the business risk (including strategic and reputational matters). In this field, the measures that are taken are mainly preventative, aimed at preventing losses. However, the management of operational risk and management control are closely interrelated; the risk estimation methods, assessment of degree of control and approach to weaknesses takes place in a similar manner:

- business risk (including strategic risk and reputational risk): assessments are made via Control Risk Self Assessments (CRSAs) carried out annually by senior management;
- Operational Event Risk: assessments are made by means of Risk Self Assessments (RSAs) performed by the responsible operational management.

The CRSAs take place annually within all of ASR's business units with the most important risks facing the business unit determined by the management. Based on this, the Management Board performs a CRSA at a higher aggregation level. The Management Board thus determines the most important risks or top risks facing ASR each year.

For these top risks and the risks per business unit, actions are formulated to reduce the risks to an acceptable level. The management is committed to the implementation of these actions. From the 2009 CRSA process, ASR has formulated the following top priorities:

- Recent events and developments make clear that the importance of reputation management cannot be underestimated. ASR's top priority is therefore to proactively monitor and strengthen the reputation of ASR and its brands in both word and deed.
- The credit crunch has made the importance of risk analyses even clearer. Partly for this reason, ASR pays special attention to its risk management techniques, scenario analyses and a clear-cut risk management framework with limits.
- Increasing laws and regulations, including the requirements from Solvency II, IFRS and pension legislation, demand a major effort from ASR to comply with them on time.
- With regard to investment risk, the balance sheet risks were greatly reduced in 2009. Nevertheless, in the coming years an active policy will be pursued in order to further reduce the balance sheet sensitivities, to align the investments even more closely to the obligations in order to also reduce the required buffer capital where possible.
- IT will become an increasingly important and critical factor in the management of ASR. Therefore, its development and simplification will receive considerable attention. In addition, the logical access security needs further improvement and continuity demands our constant attention due to the ever increasing dependence upon systems.
- ASR distributes its insurance policies primarily through intermediaries. Precisely because of the belief in their added value, ASR will continue to devote itself to healthy, future-proof intermediaries who (again) receive the social recognition that is in line with the role they play.

The risks and the actions are recorded in a system that has been specifically developed for this. As a result, the Management Board, the management of the business units and OR&MC have proper insight into the level of risk management within ASR. OR&MC regularly reports on this to the various risk committees.

The results from these risk analyses form the input for the annual procedure that leads to a signed management control statement for each business unit. In this Management Control Statement (MCS), the emphasis lies on the importance of maintaining control by having the management explicitly declare that to the best of its knowledge (and substantiated with a CRSA, for example) a system of internal control is operating within ASR with guarantees for:

- efficient and effective processes;
- a reliable supply of information;
- compliance with laws and regulations;
- safeguarding of business objectives;
- realization of business objectives.

At the end of each year, the Management Control Statements serve as affirmation of the performance of risk management and internal control systems. The MCS process covers the entire ASR organization. The previously mentioned priorities are considered in the MCS ASR. These top priorities are frequently monitored up to the level of the Executive Board.

3.5.1.3 Business Continuity Management

Business Continuity Management (BCM) is the set of activities directed towards guaranteeing the continuity of the company. It provides a framework for building a resilient organization that should be able to effectively respond to threats and is designed to protect the interests of stakeholders, reputation, brand and value-creating activities. In view of the fact that ASR is a financial services organization, the importance of BCM is acknowledged. The ASR BCM policy is based on international regulations and guidelines for best practices, as described by:

- The Business Continuity Institute: Good Practice Guidelines (BCI GPG);
- The British Standards Institute[1].

1 The standard BS25999-1: Code of practice for Business Continuity Management and BS25999-2: Specifications for Business Continuity Management

The Business Continuity Officer works within the OR&MC department, functionally controlling the local business continuity officers within the various ASR business units.

In 2009, ASR made preparations for a possible widespread outbreak of swine flu. Since the RIVM (National Institute for Public Health and the Environment) has formally declared that there is no longer any question of an epidemic, the preparations have been formally concluded.

3.5.1.4 Information Security

Information is crucially important to a financial service provider like ASR. This is because a financial service provider has a high intensity of knowledge and information and reliable information is vitally important. Information must be properly protected all the time against a wide range of threats. ASR does this by ensuring a sufficient degree of information confidentiality, integrity and availability by means of a structured approach to information security.

The ASR Information Security Policy (ISP) sets out the organizational structure, its control, the responsibilities and the mandatory guidelines to be followed for information security for ASR and the third parties with which it exchanges information. The ISP is based on international best practices ISO/IEC 27001 and ISO/IEC 17799-2005.

ASR implements the ISP according to the comply-or-explain principle. This requires the accountability of business units by means of a standardized process. Responsibility for designing and implementing information security has been delegated to the Information Security & Business Continuity Board.

The ASR Information Security Officer works within the OR&MC department, with functional control of the local business information security officers within the ASR business units.

3.5.2 Risk transfer by means of insurance: Corporate Insurance

ASR considers (corporate) insurance a useful instrument for mitigating operational risks. More specifically, ASR is insured against financial loss caused by fraud, computer crime, corporate liability and personal liability.

Entirely in line with established practices in the industry, the following insurance agreements have been concluded with third parties:

- corporate liability insurance;
- directors' liability insurance;
- fraud insurance.

4 Capital management and solvency

4.1 Objective

ASR strives for a strong capital position. That means a solvency level well above the regulator's minimum requirement (Solvency I), considering a stress test for the principal risks. An additional aim is a combination of capital position and risk profile that is at least in line with an 'A' rating. Finally, risks should be in balance with the fair value of the shareholders' equity; Solvency II requirements must be complied with. With the introduction of Solvency II, this will also be reflected in the reports to the supervisor.

4. 2 Capital management in 2009

In the first half of 2009, the interest rate risk was mitigated by buying swaptions and extending the duration of fixed-income investments. The equity risk was also mitigated in this period, by selling shares. When the solvency improved substantially in the second half of 2009, the equity exposure was again broadened. The insurance risk in the first half of 2009 was mitigated by means of the reinsurance of 50% of the short-life risk. Due to the improved solvency, with effect from 2010 this was reduced to reinsurance of 10% of the short-life risk. The reinsurance contract provides flexibility to increase the level of reinsurance at the request of ASR.

4.3 Solvency

As at 31 December 2009, the DNB solvency and buffer capital of ASR is comprised as follows:

	2009	2008
Equity (excl. non-controlling interests)	1,904	432
Non-controlling interests	51	97
Correction for third-party interest in real estate	-47	-45
Revaluation of real estate (excl. non-controlling interests)	1,019	1,228
Subordinated liabilities (after adjustment)	9	88
Correction for other equity instruments	-29	-
Innovative capital instruments	-	598
Goodwill	-37	-48
Intangible assets	-8	-16
Value of business acquired (VOBA)	-241	-256
Correction for shadow accounting	-133	-404
Test margin	1,027	851
Total available capital according to DNB solvency	**3,515**	**2,525**
Correction for test margin for surrenders and prudential filter	921	927
Buffer capital	**4,436**	**3,452**

With the consent of DNB, account is taken of the margin on the technical provisions (test margin) when determining the solvency in accordance with DNB standards. The margin is determined in accordance with the statutory adequacy test (TRT), as described in Article 121 of the Degree on Prudential Rules for Financial Undertakings (Het Besluit Prudentiële Regels Wft) and elaborated on in more detail in the Regulations in Relation to the Solvency Margin and Technical Provisions of Insurers (Regeling Solvabiliteitsmarge en Technische Voorzieningen Verzekeraars). In conformity with DNB guidelines, the test margin in the determination of the DNB solvency is limited by the commutation value requirement, which requires that the test provision must at least equal the commutation value for each homogenous risk group. In connection with the correction of the shadow accounting provision for determination of solvency, the determination of the test margin is based on a balance sheet provision without shadow accounting.

For the determination of the solvency, the test margin is capped by a prudential filter (by virtue of article 98(3) of the Decree on Prudential Rules for Financial Undertakings). This filter reduces the assumed reinvestment rate in the TRT to a prudent level of 3% (for items closed after 1 August 1999) or 4% (for items closed before 1 August 1999).

The Liability Adequacy Test under IFRS, for buffer capital purposes, is equal to the outcome of the DNB adequacy test, except for the influences of the commutation value requirement and the prudential filter.

In August 2009, ASR exchanged its outstanding Tier 1 bonds for Tier 1 bonds subject to new conditions and bonds that are comparable with the previous conditions. These bonds have been rated 'BBB+' (new bonds) and 'BBB' (comparable bonds) by Standard & Poor's and 'BBB' for both bonds by Fitch Ratings. In the consolidated balance sheet, these instruments are part of the shareholders' equity.

In the following summary, the actual solvency is related to the required solvency as reported to the regulator.

	2009	2008
Required capital according to DNB solvency	1,512	1,484
Available capital according to DNB solvency	3,515	2,525
Available capital according to DNB solvency/ required capital according to DNB solvency	232%	170%
Buffer capital	4,436	3,452
Buffer capital / required capital according to DNB solvency	293%	233 %

The solvency ratios have improved significantly in 2009. This is mainly due to the recovery of the corporate bonds and, to a lesser extent, to equity price rises and the higher long-term interest rate.

On 20 May 2009, Standard & Poor's confirmed the 'A' rating for ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. with negative outlook. On 5 June 2009, Fitch Ratings reduced the rating for ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. from 'A+' to 'A' with negative outlook. In addition, Fitch Ratings gave ASR a rating of 'BBB+' with the same outlook. In 2009 the expectations of almost the entire Dutch insurance market was given a negative rating by the various agencies. Furthermore, the rating for most Dutch insurers has been adjusted to an 'A' level, or confirmed at this level.

4.4 Dividend

In order to improve solvency, the Executive Board will recommend to the General Meeting of Shareholders not to distribute any dividend over 2009.

5 Segmentation

5.1 General

ASR distinguishes the Life and Non-life segments.
The Life segment includes financial products in the field of life insurance, collective and individual pension plans, funeral insurance and mortgages. The activities of ASR Vastgoedontwikkeling are allocated to the Life segment.
The Non-life segment includes financial products in the field of non-life and income insurance, health insurance and travel and recreation insurance.

The Life and Non-life segments have different levels of profitability and growth opportunities, and also different future prospects and risks.

'Other and eliminations' includes the figures of the parent company, ASR Bank N.V., a fully consolidated group company as of 29 December 2009, as well as the eliminations applied in the reconciliation of the segment information with the consolidated balance sheet and the consolidated income statement.

The ASR segment report shows the complete economic contribution of the various segments. The purpose of these reports is the full allocation of all items in the balance sheet and income statement to the segments that hold complete management responsibility for them.

The segment information is prepared in accordance with the accounting principles used for the preparation of the consolidated financial statements of ASR (these are described in chapter 2).

Transactions between the various segments take place under normal market conditions (at arm's length).
The operating results of the segments are assessed on the basis of the segments' income statements.
In accordance with the ASR business model, the service-providing activities of the insurance companies are not reported separately.

Balance sheet items are allocated to segments according to the products sold to external customers.

For balance sheet items that cannot be related to products sold to customers, a modified allocation is used that applies to all reported segments.

5.2 Segmented balance sheet

SEGMENTED BALANCE SHEET AS AT 31 DEC. 2009	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Intangible assets	338	10	23	371
Deferred acquisition costs	474	85	1	560
Property, plant and equipment	131	20	-	151
Investment property	1,916	241	-	2,157
Investments in associates and joint ventures	170	33	-	203
Derivatives	302	10	-	312
Investments	14,730	3,210	412	18,352
Investments on behalf of policyholders	8,684	-	124	8,808
Loans and receivables	8,056	518	-2,476	6,098
Deferred tax assets	-273	92	416	235
Reinsurance	5	540	-	545
Other assets	641	98	75	814
Cash and cash equivalents	703	98	-116	685
Total assets	**35,877**	**4,955**	**-1,541**	**39,291**
Equity attributable to holders of equity instruments	1,825	1,082	-1,003	1,904
Non-controlling interests	-	-	51	51
Total equity	**1,825**	**1,082**	**-952**	**1,955**
Subordinated liabilities	-	14	6	20
Liabilities arising from insurance contracts	20,004	3,535	-1,611	21,928
Liabilities arising from insurance contracts on behalf of policyholders	9,823	-	-	9,823
Liabilities for employee benefits	-	-	1,946	1,946
Provisions	-3	8	25	30
Financing	310	74	-257	127
Derivatives	36	1	-	37
Deferred tax liabilities	53	30	-	83
Due to customers	2,612	55	-1,275	1,392
Due to banks	881	8	-	889
Other liabilities	336	148	577	1,061
Total liabilities	**34,052**	**3,873**	**-589**	**37,336**
Total liabilities and equity	**35,877**	**4,955**	**-1,541**	**39,291**
Investments				
Intangible assets	3	1	11	15
Property, plant and equipment	40	-	-	40
Total investments	**43**	**1**	**11**	**55**

SEGMENTED BALANCE SHEET AS AT 31 DEC. 2008	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Intangible assets	396	11	-	407
Deferred acquisition costs	564	82	-	646
Property, plant and equipment	244	20	-	264
Investment property	1,623	216	-	1,839
Investments in associates and joint ventures	146	16	-	162
Derivatives	362	9	-	371
Investments	13,700	2,988	13	16,701
Investments on behalf of policyholders	7,487	-	-	7,487
Loans and receivables	4,919	641	720	6,280
Deferred tax assets	397	161	54	612
Reinsurance	18	506	-1	523
Other assets	573	96	99	768
Cash and cash equivalents	902	206	-454	654
Total assets	**31,331**	**4,952**	**431**	**36,714**
Equity attributable to holders of equity instruments	1,968	777	-2,313	432
Non-controlling interests	-	-	97	97
Total equity	**1,968**	**777**	**-2,216**	**529**
Subordinated liabilities	-	14	673	687
Liabilities arising from insurance contracts	19,440	3,289	-1,579	21,150
Liabilities arising from insurance contracts on behalf of policyholders	8,263	-	-	8,263
Liabilities for employee benefits	-	-	1,933	1,933
Provisions	107	8	-86	29
Financing	299	465	-255	509
Derivatives	32	5	-	37
Deferred tax liabilities	109	27	-	136
Due to customers	-1,074	81	1,615	622
Due to banks	1,651	-	-	1,651
Other liabilities	536	286	346	1,168
Total liabilities	**29,363**	**4,175**	**2,647**	**36,185**
Total liabilities and equity	**31,331**	**4,952**	**431**	**36,714**
Investments				
Intangible assets	16	-	-	16
Property, plant and equipment	55	-	-	55
Total investments	**71**	**-**	**-**	**71**

5.2 segmented balance sheet (continued)

SEGMENTED BALANCE SHEET AS AT 1 JAN. 2008	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Intangible assets	391	14	-	405
Deferred acquisition costs	595	83	-	678
Property, plant and equipment	206	21	-	227
Investment property	1,260	413	-	1,673
Investments in associates and joint ventures	175	10	-	185
Derivatives	160	23	-	183
Investments	14,177	2,814	52	17,043
Investments on behalf of policyholders	10,234	-	-	10,234
Loans and receivables	4,739	690	1,199	6,628
Deferred tax assets	-	17	-	17
Reinsurance	35	493	-	528
Other assets	357	66	219	642
Cash and cash equivalents	423	115	-55	483
Total assets	**32,752**	**4,759**	**1,415**	**38,926**
Equity attributable to holders of equity instruments	2,526	1,215	-1,479	2,262
Non-controlling interests	-	-	97	97
Total equity	**2,526**	**1,215**	**-1,382**	**2,359**
Subordinated liabilities	-	14	673	687
Liabilities arising from insurance contracts	16,922	3,123	-	20,045
Liabilities arising from insurance contracts on behalf of policyholders	10,633	-	-	10,633
Liabilities for employee benefits	-	1	537	538
Provisions	152	1	-127	26
Financing	313	135	609	1,057
Derivatives	18	5	-	23
Deferred tax liabilities	212	9	20	241
Due to customers	-18	80	836	898
Due to banks	1,207	-	-	1,207
Other liabilities	787	176	249	1,212
Total liabilities	**30,226**	**3,544**	**2,797**	**36,567**
Total liabilities and equity	**32,752**	**4,759**	**1,415**	**38,926**

5.3 Segmented income statement

SEGMENTED INCOME STATEMENT 2009	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Gross insurance premiums	2,651	2,346	-124	4,873
Reinsurance premiums	-66	-225	-	-291
Net insurance premiums	**2,585**	**2,121**	**-124**	**4,582**
Investment income	1,174	189	57	1,420
Realized gains and losses	28	-3	-3	22
Fair value gains and losses	-74	18	-	-56
Gain (loss) on behalf of policyholders	1,437	-	-	1,437
Fee and commission income	6	82	1	89
Other income	200	21	146	367
Result of associates and joint ventures	12	3	-	15
Total income	**2,783**	**310**	**201**	**3,294**
Insurance claims and benefits	-4,329	-1,657	130	-5,856
Insurance claims and benefits recovered from reinsurers	45	150	-	195
Net insurance claims and benefits	**-4,284**	**-1,507**	**130**	**-5,661**
Operational and staff expenses	-331	-297	-48	-676
Acquisition costs	-168	-419	-	-587
Impairments	-163	-33	-3	-199
Interest expense	-10	-11	-186	-207
Other expenses	-172	-36	-8	-216
Total expenses	**-844**	**-796**	**-245**	**-1,885**
Result before taxation	**240**	**128**	**-38**	**330**
Income tax expense	-54	-25	9	-70
Net result for the period	**186**	**103**	**-29**	**260**
Net result attributable to non-controlling interests	-5	-	-	-5
Net result attributable to holders of equity instruments	**181**	**103**	**-29**	**255**

5.3 Segmented income statement (continued)

SEGMENTED INCOME STATEMENT 2008	LIFE	NON-LIFE	OTHER AND ELIMINATIONS	TOTAL
Gross insurance premiums	3,599	2,288	-110	5,777
Reinsurance premiums	-39	-223	2	-260
Net insurance premiums	**3,560**	**2,065**	**-108**	**5,517**
Investment income	1,343	201	88	1,632
Realized gains and losses	186	9	2	197
Fair value gains and losses	-148	-66	-	-214
Gain (loss) on behalf of policyholders	-2,870	-	-	-2,870
Fee and commission income	20	100	-	120
Other income	174	13	3	190
Result of associates and joint ventures	27	-1	1	27
Total income	**-1,268**	**256**	**94**	**-918**
Insurance claims and benefits	-1,443	-1,388	90	-2,741
Insurance claims and benefits recovered from reinsurers	20	106	-	126
Net insurance claims and benefits	**-1,423**	**-1,282**	**90**	**-2,615**
Operational and staff expenses	-333	-319	-33	-685
Acquisition costs	-157	-414	-	-571
Impairments	-754	-179	-	-933
Interest expense	-129	-26	-197	-352
Other expenses	-231	-35	-22	-288
Total expenses	**-1,603**	**-973**	**-252**	**-2,829**
Result before taxation	**-734**	**66**	**-177**	**-845**
Income tax expense	181	-18	49	212
Net result for the period	**-553**	**48**	**-128**	**-633**
Net result attributable to non-controlling interests	-7	-	-	-7
Net result attributable to holders of equity instruments	**-560**	**48**	**-128**	**-640**

5.4 Technical result

The technical result before realized results for the group's own account includes the insurance premiums, allocated investment income less insurance costs (claims), distribution and operating costs. The investment revenues include rental income, interest income, dividends and revaluations. The revaluations relate to realized value adjustments to investments available for sale and real estate investments, as well as the gains and losses on financial instruments recognized at fair value through profit or loss.

The investment revenues less investments costs are allocated to the life and non-life products on the basis of the investment portfolio that covers the insurance contracts for the product in question.

The result for the group's own account on the sale of investments relates to the total realized revaluation of real estate investments and investments available for sale to the extent that these cannot be allocated to the different life and non-life products. These results are therefore added to ASR's result.

The non-technical result includes investment income on investments that have been allocated to shareholders' equity and the general provisions, as well as a number of specific results not allocated to insurance activities.

TECHNICAL RESULT, LIFE	2009	2008
Gross premiums written	2,527	3,491
Change in provision for unearned premiums	-	-
Gross insurance premiums	**2,527**	**3,491**
Reinsurance premiums	-66	-39
Net earned premiums	**2,461**	**3,452**
Insurance claims and benefits	-2,569	-2,502
Change in liabilities arising from insurance contracts	-1,585	1,169
Fee and commission expense	-181	-188
Technical result	**-1,874**	**1,931**
Allocated gain (loss) on investments - to technical result	2,274	-2,598
Allocated gains or losses - to technical result	-57	-38
Allocated other income and expense – to technical result	45	-30
Operating costs	-271	-263
Technical result – before proceeds (loss) from sales of investments	**117**	**-998**
Proceeds (loss) from sales of investments	-13	54
Technical result	**104**	**-944**
Non-technical result	136	89
Result before taxation	**240**	**-855**

LIFE	2009	2008
Result before taxation	240	-855
Attributable to Other and Eliminations	-	121
Result before taxation - segmented income statement 2008	**240**	**-734**

TECHNICAL RESULT, NON-LIFE	2009	2008
Gross premiums written	2,375	2,320
Change in provision for unearned premiums	14	18
Gross earned premiums	**2,389**	**2,338**
Reinsurance premiums	-267	-273
Net earned premiums	**2,122**	**2,065**
Insurance claims and benefits	-1,289	-1,113
Change in liabilities arising from insurance contracts	-218	-168
Fee and commission expense	-343	-334
Technical result	**272**	**450**
Allocated gain (loss) on investments - to technical result	131	-48
Allocated gains or losses - to technical result	-	-
Allocated other income and expense – to technical result	-12	-
Operating costs	-316	-328
Technical result – before proceeds (loss) from sales of investments	**75**	**74**
Proceeds (loss) from sales of investments	-17	-25
Technical result	**58**	**49**
Non-technical result	34	-39
Result before taxation	**92**	**10**

NON-LIFE	2009	2008
Result before taxation	92	10
Attributable to Other and Eliminations	36	56
Result before taxation - segmented income statement	**128**	**66**

The operating costs included in the technical accounts are presented in the consolidated income statement under operating expenses and staff expenses. This is explained in more detail in the table below:

	2009	2008
Operating costs, Life	271	263
Operating costs, Non-life	316	328
Operating costs, Other	2	-
Subtotal of operating costs (according to technical account)	**589**	**591**
Operational and staff expenses not included in operating costs in technical account		
Investment costs	30	41
Depreciation of investment property	38	33
Amortization of value of business acquired (VOBA)	19	20
Total operational and staff expenses	**676**	**685**

5.5 Non-life insurance per business line

2009	GROSS WRITTEN PREMIUMS	NET EARNED PREMIUMS	NET INSURANCE CLAIMS AND BENEFITS	FEE AND COMMISSION EXPENSE	OPERATING EXPENSES	TECHNICAL RESULT
Accident and health	1,336	1,163	-885	-86	-137	133
Motor	459	448	-321	-103	-91	-44
Fire and other property damage	325	307	-200	-96	-49	-31
Other	255	204	-101	-58	-39	17
Total	**2,375**	**2,122**	**-1,507**	**-343**	**-316**	**75**

2008	GROSS WRITTEN PREMIUMS	NET EARNED PREMIUMS	NET INSURANCE CLAIMS AND BENEFITS	FEE AND COMMISSION EXPENSE	OPERATING EXPENSES	TECHNICAL RESULT
Accident and health	1,312	1,112	-745	-79	-141	139
Motor	442	436	-279	-101	-94	-36
Fire and other property damage	318	308	-158	-97	-52	2
Other	248	209	-99	-57	-41	-31
Total	**2,320**	**2,065**	**-1,281**	**-334**	**-328**	**74**

5.6 Non-life ratios

	2009	2008	2007
Claims ratio	71.0%	62.1%	59.2%
Expense ratio	31.1%	32.1%	33.6%
Combined ratio	**102.1%**	**94.2%**	**92.8%**

Claims ratio: the cost of claims, net of reinsurance in non-life, excluding the internal costs of handling non-life claims, expressed as a percentage of the net earned premiums.
Expense ratio: expenses, including internal costs of handling non-life claims, plus net commissions charged to the year, less internal investment costs, expressed as a percentage of the net earned premiums.
Combined ratio: the sum of the claims and operating ratio. These ratios are used only by non-life insurance companies. As a consequence of an increase in the claims, the claims ratio increased by 8.9%. As a result, the combined ratio increased to 102.1%.

Notes to the balance sheet

6 Intangible assets

The intangible assets can be specified as follows:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Goodwill	37	48	36
Value of business acquired (VOBA)	323	344	363
Software and other intangible assets	11	15	6
Total intangible assets	**371**	**407**	**405**

Movements in intangible assets were as follows:

2009	GOODWILL	VOBA	SOFTWARE	TOTAL
Cost price as at 1 January	53	502	56	611
Acquisitions	-	-	4	4
Purchased group companies	11	-	-	11
Other	-	-1	-	-2
Cost price as at 31 December	**64**	**501**	**60**	**625**
Cumulative amortization as at 1 January	-	-153	-40	-193
Amortization	-	-19	-9	-28
Other changes	-	-1	1	-1
Cumulative amortization as at 31 December	**-**	**-173**	**-48**	**-222**
Impairments as at 1 January	-5	-5	-1	-11
Impairments	-22	-	-	-22
Impairments as at 31 December	**-27**	**-5**	**-1**	**-32**
Total intangible assets	**37**	**323**	**11**	**371**

2008	GOODWILL	VOBA	SOFTWARE	TOTAL
Cost price as at 1 January	41	502	44	587
Acquisitions	-	-	-	-
Purchased group companies	-	-	16	16
Other	12	-	-4	8
Cost price as at 31 December	**53**	**502**	**56**	**611**
Cumulative amortization as at 1 January	-	-134	-37	-171
Amortization	-	-19	-5	-24
Other changes	-	-	2	2
Cumulative amortisation as at 31 December	**-**	**-153**	**-40**	**-193**
Impairments as at 1 January	-5	-5	-1	-11
Impairments	-	-	-	-
Impairments as at 31 December	**-5**	**-5**	**-1**	**-11**
Total intangible assets	**48**	**344**	**15**	**407**

The amortization periods for the intangible assets are specified in chapter 2.13. The amortization charges are included under the operating expenses and staff expenses.

In 2009, goodwill increased by € 11 million as a consequence of the acquisition of ASR Bank. The impairment of goodwill of € 22 million recognized in 2009 relates to goodwill of ASR Vastgoedontwikkeling.
For the purposes of impairment testing, goodwill is allocated to the cash flow generating units of the applicable business segment.

	ASR LEVEN	ASR VASTGOED ONTWIKKELING	ASR VASTGOED VERMOGENS-BEHEER	ASR BANK	TOTAL
Carrying amount of goodwill	1	13	12	11	37

As explained in chapter 2.13, goodwill is tested for impairment at least once a year.

Amortization schedule for Value of Business Acquired (VOBA)
VOBA mainly relates to the acquisition of Stad Rotterdam. As at year-end 2009, the average remaining amortization period of the VOBA was seventeen years.

The expected amortization schedule for future years is shown below:

	2010	2011	2012	2013	2014	LATER
Estimated amortization of VOBA	20	19	19	19	20	226

7 Deferred acquisition costs

Movements in deferred acquisition costs were as follows:

	2009	2008
Balance sheet as at 1 January	646	678
Deferred acquisition costs	36	90
Depreciation	-108	-122
Impairments	-15	-
Other adjustments	1	-
Balance sheet as at 31 December	**560**	**646**

The amortization of deferred acquisition costs is included under acquisition costs in the income statement.

As at 31 December 2009, the total impairment of deferred acquisition costs amounted to € 26 million (2008: €11 million).

8 Property, plant and equipment

Property, plant and equipment can be specified as follows:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Land and buildings for own use	137	115	113
Investment property under construction	-	140	102
Equipment	14	9	12
Total property, plant and equipment	**151**	**264**	**227**

	LAND AND BUILDINGS FOR OWN USE	INVESTMENT PROPERTY UNDER CONSTRUCTION	EQUIPMENT	TOTAL
Cost price				
As at 1 January 2009	203	140	119	462
Investments	27	-	13	40
Divestments	-	-	-	-
Transfer to investment property	-	-140	-	-140
Other changes	12	-	5	17
As at 31 December 2009	**242**	**-**	**137**	**379**
Cumulative depreciation				
As at 1 January 2009	-88	-	-110	-198
Depreciation	-5	-	-8	-13
Transfer of investment property	-	-	-	-
Divestments	-	-	-	-
Other changes	-12	-	-5	-17
As at 31 December 2009	**-105**	**-**	**-123**	**-228**
Impairments				
As at 1 January 2009	-	-	-	-
Impairments	-	-	-	-
As at 31 December 2009	**-**	**-**	**-**	**-**
Total property, plant and equipment	**137**	**-**	**14**	**151**

	LAND AND BUILDINGS FOR OWN USE	INVESTMENT PROPERTY UNDER CONSTRUCTION	EQUIPMENT	TOTAL
Cost price				
As at 1 January 2009	191	102	117	410
Investments	3	49	3	55
Divestments	-	-	-	-
Transfer to investment property	9	-11	-	-2
Other changes	-	-	-1	-1
As at 31 December 2009	**203**	**140**	**119**	**462**
Cumulative depreciation				
As at 1 January 2009	-78	-	-105	-183
Depreciation	-10	-	-6	-16
Transfer of investment property	-	-	-	-
Divestments	-	-	1	1
Other changes	**-88**	**-**	**-110**	**-198**
As at 31 December 2009				
Impairments	-	-	-	-
As at 1 January 2009	-	-	-	-
Impairments	**-**	**-**	**-**	**-**
As at 31 December 2009				
Total property, plant and equipment	**115**	**140**	**9**	**264**

The depreciation of property, plant and equipment is included under operating expenses and staff expenses.

As at year-end 2009, the fair value of land and buildings for own use amounted to € 205 million (2008: € 261 million). This value is annually determined on the basis of valuations.

As a consequence of the revision of IAS 40, the category investment property under development was reclassified from property, plant and equipment to investment property as of 1 January 2009.

9 Investment property

	2009	2008	2007
Cost price as at 1 January	2,212	2,074	2,022
Investments	379	708	133
Improvements	58	14	9
Divestments	-184	-593	-163
Transfer from property, plant and equipment	140	2	121
Other changes	-14	7	-48
Cost price as at 31 December	**2,591**	**2,212**	**2,074**
Cumulative depreciation as at 1 January	-316	-363	-368
Depreciation	-38	-33	-29
Divestments	29	69	14
Other changes	-	11	20
Cumulative depreciation as at 31 December	**-325**	**-316**	**-363**
Impairments as at 1 January	-57	-38	-29
Impairments	-54	-26	-16
Reversal of impairments	2	7	7
Impairments as at 31 December	**-109**	**-57**	**-38**
Total investment property	**2,157**	**1,839**	**1,673**

As a consequence of the revision of IAS 40, the category investment property under development was reclassified from property, plant and equipment to investment property as of 1 January 2009. Investment property includes land leased to third parties, homes, offices, shops and car parks. Investment property is mainly located in the Netherlands.

At year-end 2009, the fair value of investment property amounted to € 3,486 million (year-end 2008: € 3,381 million). This amount is based on valuations by independent valuators . These valuations are performed annually for the entire portfolio. Nearly all the impairments recognized relate to decreases in the realizable value of houses to below their balance sheet value.

The realized results on the sale of investment properties and the rental revenues are recognized under investment income, which are explained in chapter 27.
In 2009, rental income amounted to € 200 million (2008: € 187 million).

The management expenses of the investment property amounted to € 23 million (2008: € 27 million). In 2009 and 2008 there were almost no vacant properties, so that virtually all the management expenses related to investment properties that generated rental income. The management expenses of investment property are included under operating costs.

10 Associates and joint ventures

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Joint venture – Deltafort	151	127	149
Arboned	29	12	3
Other	23	23	33
Total	**203**	**162**	**185**

	DELTAFORT	ARBONED	OTHER
Balance sheet value as at 1 January 2009	127	12	23
Purchases	-	15	4
Sales	-	-	-3
Result of associates	9	2	3
Revaluations	26	-	-
Impairments	-	-	-
Dividend	-11	-	-8
Other changes	-	-	4
Balance sheet value as at 31 December 2009	**151**	**29**	**23**

The purchases mainly relate to the increase of the capital interest in Arboned from 18% to 41%.

ASSOCIATES	INTEREST
Joint venture - Deltafort	50%
Arboned	41%
Other	Ranging from 5% - 50%

Some participating interests with an interest of less than 20% qualify as associates because of ASR's interest or because ASR can exercise significant influence in another way but does not have overriding control.

2009	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL INCOME	TOTAL GAIN OR LOS
Joint venture - Deltafort	393	-	23	23
Arboned	90	73	142	9
Other	663	607	258	16
Total	**1.146**	**680**	**423**	**48**

2008	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL INCOME	TOTAL GAIN OR LOSS
Joint venture - Deltafort	346	-	21	21
Arboned	101	86	142	10
Other	742	613	523	56
Total	**1.189**	**699**	**686**	**87**

The joint venture Deltafort B.V. concerns a 50% interest which participates in the ordinary and preference shares of Ahold N.V., and has its registered office in the Netherlands.
In 2009, loans extended to associates amounted to € 54 million (2008: € 43 million). These loans are included under loans and receivables.

11 Financial assets

Financial assets can be specified as follows:

	31 DEC. 2009	31 DEC. 2008	1 JAN. 2008
Derivatives	312	371	183
Investments			
Available for sale	18,048	16,291	15,568
At fair value through profit or loss	304	410	1,475
Investments on behalf of policyholders			
At fair value through profit or loss	8,808	7,487	10,234
Loans and receivables (Chapter 11.4)	6,098	6,280	6,628
Cash and cash equivalents (Chapter 15)	685	654	483
Total financial assets	**34,255**	**31,493**	**34,571**

The summary below includes more detailed specification of the types of financial assets held:

COMPANY INVESTMENTS	31 DEC. 2009	31 DEC. 2008
Derivatives	312	371
Shares	1,964	1,488
Fixed-interest securities	15,982	14,779
Loans and receivables	6,098	6,280
Cash and cash equivalents	685	654
Other	406	434
Total non-unit-liked financial assets	**25,447**	**24,006**

ON BEHALF OF POLICY HOLDERS	31 DEC. 2009	31 DEC. 2008
Derivatives	-1	3
Shares	8,076	6,677
Fixed-interest securities	731	594
Loans and receivables	43	19
Cash and cash equivalents	6	185
Other	-47	9
Total investments on behalf of policyholders	**8,808**	**7,487**
Total financial assets	**34,255**	**31,493**

11.1 Derivatives

Included in derivatives held for trading are all derivatives for which hedge accounting is not applied. Changes in the fair value of derivatives held for trading are included under the fair value of gains and losses (see chapter 27).

Listed derivatives are traded on the basis of standard contracts. As a result of the margin obligations imposed by the various stock exchanges they do not generally carry any significant counterparty risk. Derivative contracts traded over-the-counter are agreed mutually by the contractual parties.

Notional amounts are used for the purposes of determining the value of derivatives; they are not recognized as assets or liabilities in the balance sheet. Notional amounts do not reflect the potential gain or loss on a derivative transaction. The risk that ASR runs if a counterparty is unable to fulfil its obligations is limited to the positive net fair value of the OTC contracts.

Unless stated otherwise, derivatives are traded over-the counter.

As at year-end 2009, the derivatives can be specified as follows:

31 DEC. 2009	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NOTIONAL AMOUNT
Derivatives held for trading			
Exchange rate contracts			
Forward contracts	1	-	15
Interest rate and exchange rate swaps	9	-	156
Total	**10**	**-**	**171**
Interest rate contracts			
Swaps	30	26	3,591
Options	268	-	20,794
Total	**298**	**26**	**24,385**
Share index contracts			
Options	-	-	-
Listed options	-	-	-
Total	**-**	**-**	**-**
Credit derivatives			
Swaps	-	2	189
Total	**-**	**2**	**189**
Total as at 31 December 2009	**308**	**28**	**24,745**
Derivatives held for cash flow hedging			
Interest rate contracts			
Swaps	4	9	112
Total	**4**	**9**	**112**
Total as at 31 December 2009	**312**	**37**	**24,857**

31 DEC. 2008	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NOTIONAL AMOUNT
Derivatives held for trading			
Exchange rate contracts			
Forward contracts	3	1	150
Interest rate and exchange rate swaps	17	4	334
Total	**20**	**5**	**484**
Interest rate contracts			
Swaps	7	31	3,525
Options	287	-	16,158
Total	**294**	**31**	**19,683**
Share index contracts			
Options	-	-	-
Listed options	57	-	624
Total	**57**	**-**	**624**
Credit derivatives			
Swaps	-	-	-
Total	**-**	**-**	**-**
Total as at 31 December 2009	**371**	**36**	**20,791**
Derivatives held for cash flow hedging			
Interest rate contracts			
Swaps	-	1	92
Total	**-**	**1**	**92**
Total as at 31 December 2008	**371**	**37**	**20,883**

1-JAN-2008	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NOTIONAL AMOUNT
Derivatives held for trading			
Exchange rate contracts			
Forward contracts	2	-	351
Interest rate and exchange rate swaps	41	-	579
Total	**43**	**-**	**930**
Interest rate contracts			
Swaps	4	23	7,475
Options	66	-	17,359
Total	**70**	**23**	**24,834**
Share index contracts			
Options	-	-	24
Listed options	70	-	309
Total	**70**	**-**	**333**
Credit derivatives			
Swaps	-	-	-
Total	**-**	**-**	**-**
Total as at 31 December 2009	**183**	**23**	**26,097**
Derivatives held for cash flow hedging			
Interest rate contracts			
Swaps	-	-	245
Total	-	-	245
Total as at 1 January 2008	**183**	**23**	**26,335**

The expected cash flows in connection with interest rate contracts included under derivatives for cash flow hedging are as follows:

2009	INFLOW	OUTFLOW	NET CASH FLOW
Within 1 year	2	-5	-3
Between 1 and 5 years	8	-11	-3
After 5 years	-	-	-

In 2009, no cash flow hedges have become ineffective. No amounts were transferred from the cash flow hedging reserve to the income statement.

A further explanation is included in chapter 3 Risk management.

11.2 Investments available for sale

The investments available for sale are as follows:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Short-term government securities and other discountable securities	62	2	49
Government bonds	6,374	6,353	3,457
Corporate bonds	8,746	7,410	7,420
Mortgage-backed securities	276	328	324
Other asset-backed securities	274	314	521
Unlisted equities	32	46	124
Listed equities	1,878	1,404	3,092
Other investments	406	434	581
Total investments available for sale	**18,048**	**16,291**	**15,568**

	2009	2008
Balance sheet as at 1 January	16,291	15,568
Purchases	7,348	13,375
Repayments	-553	-575
Sales	-6,450	-10,662
Revaluation through profit or loss	-105	53
Revaluation recognized in equity	1,352	-2,640
Impairments	18	-799
Amortization	16	24
Exchange rate differences	23	-28
Investments relating to pension plans	-	1,383
Other changes	107	592
Balance sheet as at 31 December	**18,048**	**16,291**

On 1 January 2008, the now liquidated Stichting Pensioenfonds Fortis ASR Verzekeringsgroep transferred the fund investments relating to the implementation of the pension scheme to ASR Levensverzekeringen N.V.

Impairments of investments available for sale

The following table shows the impairments of investments available for sale:

	2009	2008
Balance sheet as at 1 January	-1,020	-213
Increase in impairments through profit or loss	-249	-956
Release of impairments through profit or loss	157	54
Reversal of impairments because of sale of equities	110	103
Translation differences and other adjustments	30	-8
Balance sheet as at 31 December	**-972**	**-1,020**

The increase in translation differences and other adjustments relates mainly to exchange rate differences on investments available for sale.

A further explanation is given in chapter 3 Risk management.

11.3 Investments at fair value through profit and loss

The investments at fair value through profit and loss are as follows:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Company investments			
Mortgage-backed securities	-	-	62
Other asset-backed securities	252	373	1,387
Unlisted equities	47	37	-
Listed equities	5	-	26
Total company investments	**304**	**410**	**1,475**
Total investments on behalf of policyholders	**8,808**	**7,487**	**10,234**
Total investments at fair value through profit or loss	**9,112**	**7,897**	**11,709**

All investments at fair value through profit or loss are designated as such by ASR upon initial recognition or first time adoption of IFRS.

Debt certificates covered by other assets are mainly synthetic collateralized debt obligations (CDOs).
The decreases in 2008 and 2009 were caused mainly by the writing down of the value of the CDOs as a result of changed market conditions caused by the credit crisis.

ASR lends shares and bonds in exchange for a fee, with collateral obtained as security. At the end of 2009, the value of the loaned securities is € 6,136 million with the collateral furnished as security representing a value of € 7,616 million.

A further explanation is given in chapter 3 Risk management.

11.4 Loans and receivables

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Government and public sector	332	382	436
Mortgage loans	2,042	2,179	2,366
Consumer loans	-	-	-
Other loans	425	390	505
	2,799	**2,951**	**3,307**
Impairments			
Specific credit risks	-37	-21	-31
IBNR	-2	-3	-3
Due from customers	**2,760**	**2,927**	**3,273**
Interest-bearing deposits	39	156	179
Loans and advances	2,169	2,037	1,925
Other	160	157	158
	2,368	**2,350**	**2,262**
Impairments			
Specific credit risks	-18	-	-
IBNR	-	-	-
Due from banks	**2,350**	**2,350**	**2,262**
Due from policyholders	301	320	313
Due from intermediaries	122	141	121
Reinsurance receivables	105	187	221
Other receivables	494	380	461
	1,022	**1,028**	**1,116**
Impairments			
Specific credit risks	-28	-25	-23
IBNR	-8	-	-
Trade and other receivables	**988**	**1,003**	**1,093**
Total loans and receivables	**6,098**	**6,280**	**6,628**

Impairment of loans and receivables

The following table shows the changes in the impairments of loans and receivables:

	2009	2008
Balance sheet as at 1 January	-49	-57
Increase in impairments through profit or loss	-54	-10
Release of impairments through profit or loss	5	1
Translation differences and other adjustments	5	17
Balance sheet as at 31 December	**-93**	**-49**

The increase in impairments on loans and trade receivables in 2009 mainly relates to the intermediary loans.
The fair value of the loans and receivables as at 31 December 2009 was € 6,276 million (2008: € 6,449 million).

11.5 Fair value hierarchy

The breakdown of the derivatives and investments at fair value according to the level of fair value hierarchy, as explained in chapter 2.19, is as follows:

31 DECEMBER 2009	FAIR VALUE BASED ON QUOTED PRICES IN AN ACTIVE MARKET	FAIR VALUE BASED ON AVAILABLE MARKET INFORMA- TION	NOT MEASURED ON THE BASIS OF AVAILABLE MARKET INFORMATION	
FAIR VALUE HIERARCHY LEVEL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL FAIR VALUE
Derivatives				
Exchange rate contracts	-	10	-	10
Interest rate contracts	-	302	-	302
Investments available for sale				-
Short-term government securities	62	-	-	62
Government bonds	6,374	-	-	6,374
Corporate bonds	8,290	456	-	8,746
Debt certificates covered by mortgage	276	-	-	276
Debt certificates covered by other assets	274	-	-	274
Unlisted equities	-	1	31	32
Listed equities	1,809	69	-	1,878
Other investments	406	-	-	406
Investments at fair value through profit or loss				
Debt certificates covered by other assets	252	-	-	252
Unlisted equities	-	-	47	47
Listed equities	5	-	-	5
Total	**17,748**	**838**	**78**	**18,664**

The corporate bonds listed under level 2 concern unlisted fixed-interest preference shares. The investments included under level 3 concern private equity.

The fair value of private equity is based on measurement methods, with use being made of an estimate of future cash flows, net asset values and other information that is not based on directly observable market data.

In contrast with the 2008 financial year, the activity in the market for CDOs returned in 2009. Broker rates generally provide a representative indication for transaction prices in the market. The broker rates that ASR uses as fair value are therefore level 1 fair values.

FAIR VALUE OF FINANCIAL ASSETS ON THE BASIS OF LEVEL 3 MEASUREMENT METHOD	HAF	AFS
	INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	INVESTMENTS AVAILABLE FOR SALE
Total as at 1 January 2009	**36**	**45**
Changes in value in investments, realized/unrealized results		
Recognised in profit or loss	-3	11
Recognised in OCI	-	-11
Purchases	16	-
Issues	-	-
Repayments	-	-
Sales	-2	-10
Reclassification of investments in/out of level three measurement method	-	-4
Total as at 31 December 2009	**47**	**31**
Total revaluations of investments held at year-end 2009 in the income statement for 2009	-6	n/a

12 Deferred taxes

	31 DEC. 2009	31 DEC. 2008	1 JAN. 2008
Deferred tax assets	235	612	17
Deferred tax liabilities	83	136	241
Total deferred taxes	**152**	**476**	**-224**

Deferred taxes are formed as the difference between the commercial and fiscal valuation at the current tax rate, taking into account tax exempt components.

DEFERRED TAXES	31 DEC. 2008	CHANGES RECOGNISED IN PROFIT OR LOSS	CHANGES RECOGNISED IN OCI	OTHER	31 DEC. 2009
Financial assets held for trading	-38	30	-	-	-8
Investments	632	-378	-333	-	-80
Investment property	-60	-155	-	-	-215
Property, plant and equipment	-160	152	-	-	-8
Intangible assets	3	-	-	-	3
Premium and claims reserve	172	-169	177	-	180
Impairment on loans	-	-	-	-	-
Debt certificates and subordinated liabilities	-	-	-	-	-
Liabilities for employee benefits	33	-	-	-	33
Provisions	-2	1	-	-	-1
Amounts received in advance	-105	-4	-	2	-107
Unused compensable losses	-	353	-	-	353
Other	1	-1	-	1	1
Gross deferred tax assets	**476**	**-171**	**-156**	**3**	**152**
Write-down of deferred tax assets	-	-	-	-	-
Total deferred taxes	**476**	**-171**	**-156**	**3**	**152**

Total unused tax losses as at 31 December 2009	1,386
Deferred tax assets calculated for unused tax losses as at 31 December 2009	353

The applicable tax rate is 25.5%.

The deductible losses can be offset up until 2017.

DEFERRED TAXES	1 JAN. 2008	CHANGES RECOGNISED IN PROFIT OR LOSS	CHANGES RECOGNISED IN OCI	OTHER	31 DEC. 2008
Financial assets held for trading	-23	-15	-	-	-38
Investments	20	168	444	-	632
Investment property	-31	-19	-	-10	-60
Property, plant and equipment	-166	14	-	-8	-160
Intangible assets	-	3	-	-	3
Premium and claims reserve	139	163	-130	-	172
Impairment on loans	-	-	-	-	-
Debt certificates and subordinated liabilities	-	-	-	-	-
Liabilities for employee benefits	33	-	-	-	33
Provisions	-2	-	-	-	-2
Amounts received in advance	-116	11	-	-	-105
Unused compensable losses	-	-	-	-	-
Other	-78	79	2	-2	1
Gross deferred tax assets	**-224**	**404**	**316**	**20**	**476**
Write-down of deferred tax assets	-	-	-	-	-
Total deferred taxes	**-224**	**404**	**316**	**-20**	**476**

13 Reinsurance contracts

Movements in the Insurance claims and benefits recovered from reinsurers in the insurance liabilities are as follows:

	2009	2008
Balance sheet as at 1 January	523	528
Changes in provision for unearned premiums	-7	-5
Changes in liabilities arising from insurance contracts	-13	-17
Changes in claims reserve	42	17
Balance sheet as at 31 December	**545**	**523**

14 Other assets

The table below shows the composition of the other assets:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Deferred investment and interest income	503	504	435
Property projects	239	220	173
Tax assets	39	6	7
Prepaid costs and other non-financial assets	33	55	44
	814	785	659
Impairments of property projects	-	-17	-17
Total other assets	**814**	**768**	**642**

Capitalized interest expenses were taken into account when measuring the property projects. In 2009, € 2 million was capitalised (2008: € 6 million).

15 Cash and cash equivalents

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Due from banks	554	597	368
Due from banks falling due within three months	131	57	115
Total cash and cash equivalents	**685**	**654**	**483**

The cash and cash equivalents are fully available for the company.

16 Equity

16.1 Share capital

ASR's share capital is as follows:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Authorised capital			
- Ordinary shares; 1,000,000 at a par value of € 500	500	500	500
Subscribed and paid-up capital			
- Ordinary shares; 200,000 at a par value of € 500	100	100	100
Unsubscribed shares	400	400	400

The Dutch Government became ASR's sole shareholder on 3 October 2008.
No further share capital changes occurred during the financial year.

16.2 Unrealized gains and losses included in shareholders' equity

	INVESTMENTS AVAILABLE FOR SALE	REVALUATION OF ASSOCIATES	CASH FLOW HEDGE RESERVE	DPF COMPONENT	TOTAL
31 December 2009					
Gross unrealized gains and losses	-205	8	-5	16	-186
Related tax	102	-	1	-	103
Shadow accounting	193	-	-	-	193
Tax related to shadow accounting	-49	-	-	-	-49
Total	**41**	**8**	**-4**	**16**	**61**
31 December 2008					
Gross unrealized gains and losses	-1,721	-21	-1	-	-1,743
Related tax	435	-	-	-	435
Shadow accounting	886	-	-	-	886
Tax related to shadow accounting	-226	-	-	-	-226
Total	**-626**	**-21**	**-1**	**-**	**-648**
1 January 2008					
Gross unrealized gains and losses	339	5	-1	43	386
Related tax	-39	-	-	-	-39
Shadow accounting	264	-	-	-	264
Tax related to shadow accounting	-67	-	-	-	-67
Total	**497**	**5**	**-1**	**43**	**544**

ASR concludes life insurance contracts that, in addition to guaranteed profit sharing, also give the policyholders the right to receive additional benefits (see chapter 2.28).
For these insurance contracts with a discretionary participating feature (DPF), the expected claims for supplementary profit-sharing are included in the DPF reserve. This reserve is included as part of the unrealized gains and losses in equity.

16.3 Other equity instruments

In June 2009, ASR restructured Trust Capital Securities with a principal amount of € 650 million. This restructuring has resulted in the issue of the following hybrid Tier 1 instruments that are classified as equity instruments.

POSITION AS AT 31 DECEMBER	2009	2008	COUPON DATE
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	84	-	Per quarter with effect from 26 October 2009
Hybrid Tier 1 instrument 6.25% fixed interest	12	-	Per quarter with effect from 30 September 2009
Hybrid Tier 1 instrument 10% fixed interest	382	-	Annually with effect from 26 October 2010
Hybrid Tier 1 instrument 7.25% fixed interest	37	-	Annually with effect from 30 September 2010
Total	**515**	**-**	

The Tier 1 instruments do not have a finite life, but can be redeemed by ASR on any coupon due date with effect from:

Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	26 October 2009
Hybrid Tier 1 instrument 6.25% fixed interest	30 September 2009
Hybrid Tier 1 instrument 10% fixed interest	26 October 2019
Hybrid Tier 1 instrument 7.25% fixed interest	30 September 2019

If the hybrid Tier 1 instrument 10% fixed-interest is not redeemed on 26 October 2019, then the interest rate will be changed to 3-month Euribor plus 9.705% and the coupon date will be per quarter with effect from 26 January 2020.

The movement in the other equity instruments is as follows:

HYBRID TIER 1 INSTRUMENT VARIABLE INTEREST (3-MONTH EURIBOR + 2.3%) (AMOUNTS IN € 1,000)	2009	2008
Balance sheet as at 1 January	-	-
Proceeds from issue	84,926	-
Issue costs	-822	-
Balance sheet as at 31 December	**84,104**	**-**

HYBRID TIER 1 INSTRUMENT 6.25% FIXED INTEREST (AMOUNTS IN € 1,000)	2009	2008
Balance sheet as at 1 January	-	-
Proceeds from issue	12,335	-
Issue costs	-64	-
Balance sheet as at 31 December	**12,271**	**-**

HHYBRID TIER 1 INSTRUMENT 10% FIXED INTEREST (AMOUNTS IN € 1,000)	2009	2008
Balance sheet as at 1 January	-	-
Proceeds from issue	386,306	-
Issue costs	-4,418	-
Balance sheet as at 31 December	**381,888**	**-**

HYBRID TIER 1 INSTRUMENT 7,25% FIXED INTEREST (AMOUNTS IN € 1,000)	2009	2008
Balance sheet as at 1 January	-	-
Proceeds from issue	37,666	-
Issue costs	-431	-
Balance sheet as at 31 December	**37,235**	**-**

The following were paid out to holders of equity instruments in 2009 (amounts in € 1,000):

Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	586
Hybrid Tier 1 instrument 6.25% fixed interest	303
Hybrid Tier 1 instrument 10% fixed interest	-
Hybrid Tier 1 instrument 7.25% fixed interest	-
Total	**889**

17 Subordinated liabilities

The subordinated liabilities are as follows:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Private loans	20	88	88
Trust Capital Securities	-	599	599
Total subordinated liabilities	**20**	**687**	**687**

The decrease in private loans results from contractually due repayments.

In 2009, the Trust Capital Securities included as subordinated loan were redeemed in conjunction with the restructuring explained in chapter 16.
The remaining term on the private loans of € 20 million varies from one to five years.
The average interest rate on the subordinated loans is 6.6% (2008: 4.9%).

In the event of bankruptcy or suspension of payments, the other subordinated liabilities are subordinated to the ordinary liabilities, but come before the holders of the equity instruments.

The fair value of the subordinated loans as at 31 December 2009 was € 22 million (2008: € 446 million).

18 Liabilities arising from insurance contracts

	2009	2008
Life Insurance contracts	18,393	17,861
Provision for unearned premiums	518	532
Provision for claims	3,017	2,757
Non-life insurance contracts	**3,535**	**3,289**
Total liabilities arising from insurance contracts	**21,928**	**21,150**

	2009	2008
Life insurance contracts		
Balance sheet as at 1 January	17,978	17,022
Reclassification of insurance portfolios	-	-
Acquisition of insurance portfolios	-	-
Premiums received	1,576	2,379
Interest added	683	905
Benefits	-1,828	-1,784
Technical result	-81	-112
Release of cost recovery	-175	-137
Changes in shadow accounting	363	-98
Other changes	-17	-197
Balance sheet as at 31 December	**18,499**	**17,978**
Interest margin participations to be written down		
Balance sheet as at 1 January	-135	-121
Acquisition of insurance portfolios	-	-
Discounts granted in the financial year	-6	-42
Write-down recognized in profit or loss	22	26
Other changes	-2	2
Balance sheet as at 31 December	**-121**	**-135**
Provision for profit-sharing, bonuses and discounts		
Balance sheet as at 1 January	18	21
Acquisition of insurance portfolios	-	-
Profit-sharing, bonuses and discounts granted in the financial year	-3	-3
Balance sheet as at 31 December	**15**	**-18**
Total Life insurance contracts at year-end	**18,393**	**17,861**

	GROSS		OF WHICH REINSURANCE	
	2009	2008	2009	2008
Provision for unearned non-life premiums				
Balance sheet as at 1 January, provision for unearned premiums	532	550	28	33
Change in provision for unearned premiums	-13	-18	-7	-5
Other changes	-1	-	-	-
Balance sheet as at 31 December, provision for unearned premiums	**518**	**532**	**21**	**28**
Provision for claims				
Balance sheet as at 1 January, provision for claims	2,757	2,570	477	460
Benefits paid	-1,397	-1,203	-108	-90
Change in provision	1,656	1,391	151	107
Balance sheet as at 31 December, provision for claims	**3,017**	**2,757**	**519**	**477**
Claims reported	2,466	2,301		
IBNR	551	456		
Total provision for claims	**3,017**	**2,757**		

LIABILITIES ARISING FROM INSURANCE CONTRACTS ON BEHALF OF POLICYHOLDERS	2009	2008
Liabilities arising from insurance contracts on behalf of policyholders	9,823	8,263

The technical provision Life – for the account and risk of policyholders – includes a provision in connection with compensation of the costs of these insurances. At year-end 2009, the liabilities include a so-called guarantee provision for an amount of € 235 million and a transparency provision for an amount of € 569 million (see also the notes in the accounting principles, chapter 2.29).

19 Provisions for employee benefits

The composition of the provision for employee benefits is:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Post employment benefits pensions	1,898	1,885	487
Post employment benefits other than pensions	41	41	44
Liability for post employment benefits	**1,939**	**1,926**	**531**
Other long-term employee benefits	7	7	7
Total	**1,946**	**1,933**	**538**

ASR Levensverzekering N.V., an insurance company that is part of the group, administers a pension plan. The investments held to cover the pension obligations are held by this company, and therefore do not qualify as 'plan assets' (assets held by a long-term employee benefit fund') in accordance with IAS 19 (7). Prior to 2008, however, these investments did qualify as plan assets. This explains the increase in defined benefit obligations as at 31 December 2008.

Costs of post employment benefits and other long term employee benefits are:

	2009	2008
Post employment benefits pensions	- 123	-113
Post employment benefits other than pensions	-1	-1
Liability for post employment benefits	**-124**	**-114**
Other long-term employee benefits	-1	-1
Total	**-125**	**-115**

The costs relate to all members of an ASR pension plan, including a number of employees of (former) Dutch Fortis entities. In 2009, € 3 million (2008: € 4 million) of the aforementioned costs were charged on and were not for the account of ASR.

19.1 Defined benefit pension plans and other post-employment benefits

ASR has a number of defined benefit pension plans for its employees. These plans are financed partly from premiums paid by employees. The benefits under these plans are based on the number of years of service and the salary level. The pension obligations are determined using mortality figures, employee turnover, wage drift and economic assumptions such as inflation, revenues of the plan assets and the discount rate. The discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension liability. Besides pension benefits, the costs of the defined benefits plans include personnel concessions for financial products (such as mortgages) which are kept in place after retirement.

The pension costs and other costs of post-employment benefits are stated in the table below:

	PENSION PLANS		OTHER POST-EMPLOYMENT BENEFITS	
	2009	2008	2009	2008
Current service costs	-29	-32	-2	-2
Interest costs	-97	-86	-1	-1
Expected return on plan assets	-	-	-	-
Amortization of unrecognized past service costs	3	3	-	-
Depreciation of unrecognised actuarial losses (gains)	-	2	2	2
Restrictions and settlements	-	-	-	-
Total defined benefits expense				
Totaal toegezegde pensioenrechtenlast	**-123**	**-113**	**-1**	**-1**

Under IFRS, assets managed by insurance companies that form part of the group do not count as qualifying assets. Therefore, the revenues of these assets have not been included in the above figures. The expected returns on these investments in 2009 amounted to € 66 million (2008: € 74 million; 2007: € 11 million). These revenues have been recognized under the investment revenues.

If it had been permitted to consider the non-qualifying investments as plan assets, the pension expense would have come to € 39 million.

The tables below provide further information about gross provisions, qualifying plan assets and the amounts recognized in the statement of the balance sheet for pensions and other post-employment benefits.

PER 31 DEC.	PENSION PLANS				
	2009	2008	2007	2006	2005
Present value of liabilities with qualifying investments	-	-	1,637	1,700	1,923
Present value of liabilities without qualifying investments	1,970	1,707	-	-	-
Liability for defined benefits plans	**1,970**	**1,707**	**1,637**	**1,700**	**1,923**
Fair value qualifying plan assets	-	-	-1,265	-1,344	-1,302
Unrecognized past service costs	21	24	27	30	-
Unrecognized actuarial gain (loss)	-93	154	87	48	-212
Net liabilities (assets)	**1,898**	**1,885**	**487**	**434**	**409**
Balance sheet amounts:					
Liabilities	1,898	1,885	487	434	409
Assets	-	-	-	-	-
Net liabilities (assets)	**1,898**	**1,885**	**487**	**434**	**409**

PER 31 DEC.	OTHER POST-EMPLOYMENT BENEFITS				
	2009	2008	2007	2006	2005
Present value of liabilities with qualifying plan assets	-	-	-	-	-
Present value of liabilities without qualifying plan assets	24	23	20	26	91
Liability for defined benefits plans	**24**	**23**	**20**	**26**	**91**
Fair value qualifying plan assets	-	-	-	-	-
Unrecognized past service costs	-	-	-	-	-
Unrecognized actuarial gain (loss)	17	18	24	19	-21
Net liabilities (assets)	**41**	**41**	**44**	**45**	**70**
Balance sheet amounts:					
Liabilities	41	41	44	45	70
Assets	-	-	-	-	-
Net liabilities (assets)	**41**	**41**	**44**	**45**	**70**

Assets managed by insurance companies that form part of the group have not been included in the above figures. At year-end 2008, the fair value of these assets amounted to € 1,500 million (2008: € 1,350 million; 2007: € 183 million).

The table below shows movements in the provisions for defined benefit plans:

	PENSION PLANS		OTHER POST-EMPLOYMENT BENEFITS	
	2009	2008	2009	2008
Liabilities for defined benefits plans at 1 January	1,707	1,637	23	20
Current service costs, employer's part	26	28	2	2
Current service costs, employee's part	10	9	-	-
Interest expense	98	86	1	1
Actuarial losses (gains) on liabilities	247	26	-1	1
Benefits	-80	-66	-1	-1
Past service costs	-	-	-	-
Restrictions and settlements	-	-	-	-
Buying and selling of subsidiaries	-	-	-	-
Transfer	-38	-14	-	-
Other	-	1	-	-
Defined benefit obligation at 31 December	**1,970**	**1,707**	**24**	**23**

There are no longer any qualifying plan assets as a result of the transfer of the pension plan to ASR Life with effect from 1 January 2008.

The following table shows the changes in unrecognized past service costs:

	PENSION PLANS		OTHER POST-EMPLOYMENT BENEFITS	
	2009	2008	2009	2008
Unrecognized past service cost as at 1 January	24	27	-	-
Past service cost	-	-	-	-
Amortization of unrecognized past service cost	-3	-3	-	-
Buying and selling of subsidiaries	-	-	-	-
Transfer	-	-	-	-
Other	-	-	-	-
Unrecognized past service cost as at 31 December	**21**	**24**	**-**	**-**

The following table provides an overview of changes to the total of unrecognized actuarial (gains) losses on assets and provisions:

	PENSION PLANS		OTHER POST-EMPLOYMENT BENEFITS	
	2009	2008	2009	2008
Unrecognized actuarial gains (losses)at 1 January	154	87	18	24
Actuarial (gains) losses on defined benefit obligation	-206	-26	1	-1
Actuarial (gains) losses on qualifying assets	-	93	-	-
Amortization of unrecognized actuarial (gains) losses on defined benefit obligation	-	-2	-2	-2
Amortization of unrecognised actuarial (gains) losses on qualifying assets	-	-	-	-
Buying and selling of subsidiaries	-	-	-	-
Transfer	-41	2	-	-2
Other	-	-	-	1
Unrecognized actuarial gains (losses) at 31 December	**-93**	**154**	**17**	**18**

Experience-based adjustments are the actuarial gains and losses that have arisen due to differences between the actuarial assumptions. The following table provides information about experience-based adjustments with respect to qualifying plan assets and provisions for defined benefit plans.

	PENSION PLANS					OTHER POST-EMPLOYMENT BENEFITS				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
Experienced-based adjustments to qualifying investments, gain (loss)	-	93	-82	-23	41	-	-	-	-	-
As % of qualifying investments as at 31 December	-	-	-6.5%	-1.7%	3.1%	-	-	-	-	-
Experienced-based adjustments to defined benefit obligation, loss (gain)	4	-31	60	-11	-28	-1	-	-4	-4	3
As % of liabilities as at 31 December	0.2%	-1.8%	3.7%	-0.7%	-1.5%	-2.3%	1.1%	-21.5%	-17.2%	3.8%

The table below presents the assumptions at year end:

	PENSION PLANS		OTHER POST-EMPLOYMENT BENEFITS	
	2009	2008	2009	2008
Discount rate	5.1%	5.6%	-	5.0%
Expected return on plan assets	-	-	-	0.0%
Future salary increases (including price inflation)	2.4%	2.6%	-	-
Future pension increases (including price inflation)	2.2%	2.2%	-	-
Future mortgage interest (in connection with grantable discounts)	-	-	4.8%	5.9%

The plan assets are managed by an insurance company which is part of the group. The composition of the non-qualifying assets are stated below:

ASSET CATEGORY	2009	2008
Equity	9%	4%
Debt certificates	-	-
Fixed-interest securities	86%	89%
Real estate	4%	5%
Liquidities	-	1%
Other	1%	1%

As a financier of the pension plans, ASR has drawn up general guidelines for asset allocation based on criteria such as geographic allocation and ratings. To ensure that the investment strategy remains in line with the structure of pension provisions, ASR regularly performs Asset Liability Management studies. Asset allocation is determined on these guidelines and the outcomes of the studies.

The assets are generally invested worldwide in shares and bonds. As an employer, ASR is expected to pay the following contributions into these plans in the coming financial year for the purpose of post-employment benefits:

	PENSION PLANS WITH DEFINED BENEFITS	OTHER POST-EMPLOYMENT BENEFITS
Expected contributions for next year	93	2

19.2 Other long-term employee benefits

The other long-term employee benefits consist of the employer's provisions arising from long-service disbursements. The table below provides an overview of the costs of other long-term employee benefits.

	31 DEC. 2009	31 DEC. 2008
Present value of the liability	7	7
Fair value of plan assets	-	-
Net recognized liabilities	**7**	**7**

ACTUARIAL YEAR-END ASSUMPTIONS	2009	2008
Discount rate	3.8%	4.7%
Salary increase	2.4%	2.6%

The table below provides an overview of the costs of other long-term personnel remuneration:

	2009	2008
Costs allocated to the financial year	1	1
Interest costs	-	-
Net actuarial loss (gain) recognized immediately	-	-
Total costs	**1**	**1**

The table below shows the changes to liabilities concerning other long-term personnel remuneration during the year.

	2009	2008
Net liability as at 1 January	7	7
Total expenses	1	1
Paid contributions	-1	-1
Other	-	-
Net liability as at 31 December	**7**	**7**

20 Provisions

The table below shows the movements in provisions:

	2009	2008
Balance sheet as at 1 January	29	26
Additional foreseen amounts	39	28
Reversal of unused amounts	-12	-7
Usages in course of year	-31	-12
Other	-6	-6
Balance sheet as at 31 December	**30**	**29**

The provisions were created for:
- fiscal and legal matters;
- premature departure of personnel;
- assuming the risk of incapacity for work instead of taking out insurance for this with UWV (Employed Persons Insurance Administration Agency);
- costs incurred for the disentanglement from Fortis.

The provision for legal matters is based on the best possible estimates available at year-end. They take into account the recommendations of legal advisors.

The timing of the outgoing cash flows related to these provisions is uncertain. This is because of the unpredictability of the outcome and the time required for the settlement of disputes.

The provisions for premature departure of personnel are based on arrangements agreed in the collective labour agreement and the 2009-2010 social plan, and on decisions made by the management of ASR.

The provisions include an amount of € 21 million with a term of less than one year.

21 Financing

As at year-end 2009, financing comprised:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Loans	77	237	997
Bonds	-	-	60
Deposits	50	272	-
Total financing	**127**	**509**	**1,057**

As at year-end 2009, the fair value of financing was € 127 million (2008: € 509 million).

The average interest rate payable on other borrowings amounted to 2.9% (2008: 3.6%).

Financing breaks down into the following maturities:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Financing < 1 year	55	433	722
Financing between 1 and 5 years	25	20	167
Financing > 5 years	47	56	168
Total financing	**127**	**509**	**1.057**

ASR uses this financing for investment (real estate, foreign subsidiary Limited Partnership, group pension contracts), balance sheet management, and short-term cash flow management.

22 Due to customers

Debts owed to customers were:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Deposits of reinsurers	-	5	5
Debts to policyholders, agents and intermediaries	606	481	791
Debts to reinsurers	40	82	91
Savings	570	-	-
Other liabilities	176	54	11
Total due to customers	**1.392**	**622**	**898**

All amounts give the fair value as at the balance sheet date.

23 Due to banks

Amounts owed to banks were:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Debts on account of securities lent	721	1,501	1,207
Other	168	150	-
Total due to banks	**889**	**1,651**	**1,207**

There is no significant difference between the balance sheet value of debts to banks and the fair value of these liabilities.

The security received for the lending of securities consists of the following:

A securities lending agreement for € 721 million with Fortis Bank Nederland that was taken up in various tranches at year-end 2009. The funds drawn have maturities of less than one year and interest rates ranging from 0.86% to 1.83%.

Items under 'Other' concern collateral received under ISDAs concluded with counterparties. As at year-end 2009, the interest rate payable for the collateral received is 0.35%. There are no specific terms, because terms depend on the development of the value of the underlying instrument in question, which in principle is determined from week to week.

24 Other liabilities

The table below shows the composition of the other liabilities:

	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Amounts received in advance	330	341	306
Accrued interest	26	55	124
Other liabilities	353	425	507
Short-term employee benefits	54	60	57
Trade debts	166	84	179
Payable taxes	130	198	37
Payable dividend	2	5	2
Total other liabilities	**1,061**	**1,168**	**1,212**

There is no significant difference between the balance sheet value of other liabilities and the fair value of these liabilities.

Notes to the income statement

25 Gross insurance premiums

The table below shows the composition of the gross insurance premiums presented in the income statement:

	2009	2008
Life insurance contracts own account	1,466	2,302
Life insurance contracts on behalf of policyholders	1,061	1,189
Total life insurance contracts	**2,527**	**3,491**
Non-life insurance contracts – gross earned premiums	2,389	2,338
Other premiums and eliminations	-43	-52
Total gross insurance premiums	**4,873**	**5,777**

The table below shows the non-recurring and regular insurance premiums:

PREMIUMS LIFE	2009	2008
On behalf of policyholders		
Group		
Non-recurring premiums written	74	105
Periodic premiums written	158	162
Group total	**232**	**267**
Individual		
Non-recurring premiums written	33	52
Periodic premiums written	796	870
Individual total	**829**	**922**
Total contracts on behalf of policyholders	**1,061**	**1,189**
Own accounts		
Group		
Non-recurring premiums written	66	578
Periodic premiums written	206	215
Group total	**272**	**793**
Individual		
Non-recurring premiums written	588	904
Periodic premiums written	606	605
Individual total	**1,194**	**1,509**
Total contracts own account	**1,466**	**2,302**
Total life insurance contracts	**2,527**	**3,491**

The table below provides an overview of the gross earned non-life insurance premiums. Insurance premiums for motor, fire and other have been combined under 'Other Non-life'.

NON-LIFE PREMIUMS	2009	2008
Accident and health		
Gross premiums written	1,336	1,312
Changes in provisions for unearned premiums	14	11
Gross earned premiums	**1,350**	**1,323**
Other Non-life		
Gross premiums written	1,039	1,008
Changes in provisions for unearned premiums	-	7
Gross earned premiums	**1,039**	**1,015**
TOTAL		
Gross premiums written	2,375	2,320
Changes in provisions for unearned premiums	14	18
Non-life insurance contracts – gross earned premiums	**2,389**	**2,338**

26 Reinsurance premiums

Reinsurance premiums are:

	2009	2008
Gross premium, Life	-66	-37
Gross premium, Non-life	-217	-218
Eliminations	-8	-5
Total reinsurance premiums	**-291**	**-260**

27 Investment income

The table below shows a breakdown of investment income per category:

	2009	2008
Interest income	1,181	1,331
Dividend and other investment income	239	301
Total investment income	**1,420**	**1,632**

The table below shows a breakdown of interest income per category:

	2009	2008
Interest income on receivables due from credit institutions	50	60
Interest income on investments	766	778
Interest income from receivables due from customers	248	291
Interest income on trade receivables and derivatives	68	114
Other interest income	49	88
Total interest income	**1,181**	**1,331**

The effective interest rate method was used to determine € 1,037 million (2008: € 1,030 million) of the interest income from financial assets not classified as stated at fair value through profit and loss. The interest income includes € 34 million (2008: € 48 million) in interest received on impaired fixed-interest securities.

The dividend and other investment income per category is as follows:

	2009	2008
Dividend on equities	29	107
Rent revenues from investment property	200	187
Other investment income	10	7
Total dividend and other investment income	**239**	**301**

The table below shows a breakdown of realized gains and losses per category:

	2009	2008
Investment property		
Realized gains	125	185
Realized losses	-1	-78
Group companies, associates and joint ventures		
Realized gains	3	37
Realized losses	-1	-
Investments available for sale		
Fixed-interest securities		
Realized gains	135	71
Realized losses	-157	-109
Equities		
Realized gains	50	410
Realized losses	-92	-272
Other investments		
Realized gains	2	3
Realized losses	-42	-50
Total realized gains and losses	**22**	**197**

The table below shows a breakdown of fair value of gains and losses per category:

	2009	2008
Derivatives	-82	179
Financial assets at fair value through profit or loss	26	-394
Derivatives for hedging purposes	-	-
Other fair value gains and losses	-	1
Total	**-56**	**-214**

All changes in fair value presented here are changes to the so-called 'clean fair value'. This is the fair value excluding the accrued interest recognized under interest income and expense.

The results of hedging contain the changes to the fair value attributable to the hedged risk. In most cases this concerns the interest rate risk of hedged assets and liabilities and the change to the fair value of hedging instruments.
For the portfolio hedging of interest rate risks (macro hedging), the initial difference between the fair value and the balance sheet value of the hedged item is amortized on allocation of the hedge relationship over the remaining term of the hedged item.

28 Fee and commission income

Fee and commission income consists of the following components:

	2009	2008
Asset management for third parties	3	9
Commission on reinsurance	83	90
Other fee and commission income	3	21
Total fee and commission income	**89**	**120**

29 Other income

Other income consists of the following components:

	2009	2008
Sale revenues from property projects	118	112
Proceeds from financial restructuring	129	-
Other	120	78
Total other income	**367**	**190**

In 2009, the result from the restructuring of the non-cumulative guaranteed Trust Capital Securities and the related issue of new hybrid Tier 1 instruments amounted to € 129 million.

Other income includes foreign currency translation gains and revenues from SOS International. The increase in other income was mainly caused by foreign currency translation gains in 2009.

30 Net insurance claims and benefits

The table below shows the net insurance claims and benefits:

LIFE INSURANCE	2009	2008
Claims paid	-2,627	-2,538
Changes to insurance liabilities	-11	-1,174
Claims for account of policy holder contracts	-1,560	2,359
Insurance claims and benefits	**-4,198**	**-1,353**
Share of reinsurers	44	20
Total net insurance claims and benefits	**-4,154**	**-1,333**

NON-LIFE	2009	2008
Claims paid	-1,397	-1,203
Changes to provision for payable claims	-261	-185
Insurance claims and benefits	**-1,658**	**-1,388**
Share of reinsurers	151	106
Total net insurance claims and benefits	**-1,507**	**-1,282**

TOTAL LIFE AND NON-LIFE	2009	2008
Insurance claims and benefits	-5,856	-2,741
Share of reinsurers	195	126
Total net insurance claims and benefits	**-5,661**	**-2,615**

31 Operational and staff expenses

The table below itemizes operational expenses and personnel expenses:

	2009	2008
Operational expenses	-346	-362
Staff expenses	-330	-323
Total operational expenses and staff expenses	**-676**	**-685**

	2009	2008
External staff expenses	-105	-109
Consultancy costs and fees	-50	-47
Marketing, advertising and public relations	-38	-38
Technology and system costs	-31	-31
Depreciation of investment property (Chapter 9)	-38	-33
Amortization of intangible assets (Chapter 6)	-29	-24
Depreciation of property, plant and equipment (Chapter 8)	-13	-16
Other	-42	-64
Total operational expenses	**-346**	**-362**

The Other item includes travel & subsistence, telephone and personnel training costs.

	2009	2008
Salaries	-215	-232
Social security expenses	-25	-26
Pension expenses	-27	-25
Employee discounts	-10	-11
Other short-term personnel expenses	-53	-29
Total staff expenses	**-330**	**-323**

In 2009, the staff expenses increased to € 323 million (2008: € 330 million), despite the decrease in the number of internal staff members. Salaries decreased on balance due to the decrease in the number of internal employees and the decision taken in 2009 not to award variable remuneration, which more than offset the effect of the applied indexations. The change to the short-term staff expenses in 2009 compared to 2008 is mainly caused by the redundancy costs incurred by virtue of the social plan.

The personnel establishment at 31 December (in FTEs) was:

	2009	2008
Employees	4,454	4,540

As a result of the cost savings scheme, the number of internal employees decreased by 86 to 4,454. There was also a major reduction in the number of external staff members. In 2009, the average number of staff members employed amounted to 4,497 FTEs (2008: 4,588 FTEs).

32 Acquisition costs

The table below shows the acquisition costs:

	2009	2008
Commission costs	-496	-560
Recognized in deferred acquisition costs	36	90
Amortization of deferred acquisition costs	-108	-122
Other changes	-4	21
Total acquisition costs	**-572**	**-571**

Compared to 2008, commission fees decreased as a consequence of the decrease in new production and the statutory ban on contingent commissions, which led to a decrease in the amount paid out in handling fees to intermediaries.

33 Impairments

The table below shows the impairments:

	2009	2008
Intangible assets	-22	-
Deferred acquisition costs	-15	-
Investment property	-54	-26
Investments in associates and joint ventures	-	-
Investments	-92	-902
Loans and receivables	-49	-9
Other assets	18	4
Total impairments	**-214**	**-933**

Due to the credit and financial crises, impairments have been applied to shares, corporate bonds and collateralized debt obligations.

The change in impairments of investments is specified below:

	2009	2008
Equity	-37	-265
Bonds	34	-493
Collateralized debt obligations	-89	-144
Total impairments in investments	**-92**	**-902**

In 2008, the impairment of investments was entirely attributable to the volatility of the financial markets. The reversal of the impairment of bonds was caused, among other factors, by the volatility of the market and by the sale of impaired corporate bonds.

34 Interest expense

The table below shows the interest expenses:

	2009	2008
Interest owed to banks	-24	-68
Interest owed to customers	-1	-3
Interest expense on subordinated liabilities	-20	-37
Interest expense on financing	-10	-22
Interest expense on derivatives	-33	-126
Other interest expenses	-119	-96
Total interest expenses	**-207**	**-352**

The other interest expenses mainly relate to interest accrued on the amounts recognized under the liabilities for employee benefits.

35 Other expenses

	2009	2008
Other expenses	-216	-288

The other expenses item consists mainly of the costs of real estate sales and foreign currency translation losses.

36 Taxation

Tax expense consists of the following components:

	2009	2008
Tax over current financial year	-	-196
Adjustment of tax expenses previous years	101	4
Previously unrecognized tax losses, tax credits and other temporary differences that increase (reduce) deferred tax expenses	-	-
Total current tax expenses	**101**	**-192**
Deferred tax over current financial year	-171	406
Impact on deferred taxes resulting from tax rate changes	-	-
Deferred taxes resulting from depreciation or reversal of a depreciation of a deferred tax liability	-	-
Previously unrecognized tax losses, tax credits and other temporary differences that reduce deferred tax expenses	-	-2
Total deferred tax expenses	**-171**	**404**
Total tax expense	**-70**	**212**

The table below shows a reconciliation of expected profit taxation with actual profit taxation. The expected profit taxation was determined by relating the result before tax to the tax rate in the Netherlands. In 2009 the rate was 25.5% (2008: 25.5%)

	2009	2008
Result before taxation	330	-845
Prevailing tax rates	25.5%	25.5%
Expected taxation	**-84**	**216**
Increase/decrease of tax through:		
Tax-exempt interest	7	9
Tax-exempt dividends	7	13
Tax-exempt realized revaluations	7	24
Changes in impairments	-14	-51
Adjustments for owed taxes of previous financial years	6	-3
Other	1	4
Tax on result	**-70**	**212**

Other notes

37 Transactions with affiliated parties

An affiliated party is a party that can exercise influence on the policy of another party, or can exercise significant influence on the financial and business policy of the other party. Parties affiliated with ASR include the Dutch government, associates, joint ventures, members of the Executive Board, members of the Supervisory Board and immediate family members of the aforementioned persons. These parties further include entities over which the aforementioned persons exercise control or exercise substantial influence and other affiliated entities.

ASR regularly enters into transactions with affiliated parties during the conduct of its business. The transactions concern mainly loans, deposits, commission and reinsurance contracts and are carried out under the commercial and market conditions applied to non-affiliated parties.

The remuneration and combined share ownership of the members of the Executive Board are described in chapter 38, Remuneration of the Executive Board and Supervisory Board of ASR.

During the normal conduct of business ASR entities may issue business credits, loans or bank guarantees to members of the Executive Board, commissioners or to immediate family members of the members of the Executive Board or to immediate family members of the members of the Supervisory Board.

The table below shows the financial scope of the activities ASR entered into with the following affiliated parties:
- associates;
- joint ventures;
- other affiliated parties.

Up to and including 3 October 2008, affiliated parties also included the former parent company Fortis Insurance N.V. and Fortis N.V. and former Fortis group companies.

	ASSOCIATES		JOINT VENTURES		OTHER RELATED PARTIES		TOTAL	
BALANCE SHEET ITEMS WITH RELATED PARTIES AS AT 31 DECEMBER:	2009	2008	2009	2008	2009	2008	2009	2008
Associates	51	16	151	127	-	-	202	143
Other assets	54	43	-	-	-	-	54	43
Debt certificates, subordinated liabilities and other loans	2	-	-	-	-	-	2	-
Other liabilities	5	1	-	-	-	-	5	1
Transactions in the income statement for the financial year								
Interest income	3	3	-	-	-	93	3	96
Interest expense	-	-	-	-	-	108	-	108
Insurance premiums, net after reinsurance (earned)	-	-	-	-	-	-16	-	-16
Fee and commission income	-	-	-	-	-	35	-	35
Other income	-	1	-	8	-	61	-	70
Operational, administrative and other expenses	-	1	-	-	-	154	-	155

Other assets concern loans that include a provision for impairment of € 11 million.
As of 3 October 2008 ASR ceased to be part of the Fortis group. The income and expense items in 2008 recognize transactions with the Fortis group up to and including 3 October 2008.

During the financial year there have not been any transactions with members of the Executive Board, Supervisory Board members or immediate family members of the Executive Board or immediate family members of the members of the Supervisory Board.

38 Remuneration of the ASR Executive Board and Supervisory Board

The remuneration of the directors is determined with reference to the current articles of association of ASR Nederland N.V.

38.1 Remuneration of members of the Supervisory Board

The annual remuneration for members of the ASR Supervisory Board is – with effect from 15 December 2008 – determined as follows:

GROSS AMOUNTS IN € 1,000 SUPERVISORY DIRECTORS	AS MEMBER OF SUPERVISORY BOARD	AS MEMBER OF A COMMITTEE	TOTAL
C. van der Pol	45	5	50
C.H. van den Bos	30	10	40
M. Scheltema	30	10	40
M. Bax[1]	30	5	35
Total	**135**	**30**	**165**

1 Joined the Supervisory Board on 12 February 2009 and stepped down at her own request on 12 March 2010 in connection with a change in her immediate business situation.

38.2 Remuneration of directors and former directors

The remunerations paid to directors and former directors were:

AMOUNTS FOR 2009 IN € 1,000 DIRECTORS	SHORT-TERM EMPLOYEE BENEFITS	POST EMPLOYMENT BENEFITS	OTHER LONG-TERM EMPLOYEE BENEFITS[1]	EXPENSE ALLOWANCES	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL
J.P.M. Baeten	490	-	330	5	-	-	825
J.W.M. van der Knaap	327	-	115	5	-	-	447
T. Pluijter	327	-	124	5	-	-	456
R.H.A. van Vledder	327	-	88	5	-	-	420
M.N. Kok *	131	-	32	2	-	-	165
J.P. Rijsdijk **	209	-	71	4	-	-	284
R. Wijmenga ***	232	-	76	5	-	-	313
Total	**2,043**	**-**	**836**	**31**	**-**	**-**	**2,910**

1 Joined the Supervisory Board on 12 February 2009 and stepped down at her own request on 12 March 2010 in connection with a change in her immediate business situation.
2 This concerns pension expenses and sabatical schemes.

An amount of € 260,000 was paid in 2009 to former directors under existing contractual obligations. No variable remuneration was awarded for the 2009 financial year.

AMOUNTS FOR 2008 IN € 1,000 DIRECTORS	SHORT-TERM EMPLOYEE BENEFITS	POST EMPLOYMENT BENEFITS	OTHER LONG-TERM EMPLOYEE BENEFITS[1]	EXPENSE ALLOWANCES	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL
J.P.M. Baeten	474	-	270	5	-	-	749
J.W.M. van der Knaap	317	-	125	5	-	-	447
T. Pluijter	317	-	129	5	-	-	451
R.H.A. van Vledder	317	-	105	5	-	-	427
M.N. Kok	317	-	102	4	-	-	423
Total	**1,742**	**-**	**731**	**24**	**-**	**-**	**2,497**

An amount of € 224,000 was paid in 2008 to former directors under existing contractual obligations.

39 Acquisitions

On 29 December 2009, ASR Nederland N.V. acquired 100% of the shares of Fortis ASR Bank N.V. from Fortis Bank (Nederland) N.V. for an amount of € 37 million in cash. Following the purchase, the name of Fortis ASR Bank N.V. was changed to ASR Bank N.V. ASR has full control of ASR Bank N.V.

The possibility of gaining advantages in the production and distribution of products together with other business units of ASR plays a major role in ASR Bank's acquisitions. Savings and investment products will be offered to customers in conjunction with life insurance products and mortgages.

For the acquisition of ASR Bank N.V., ASR paid an amount in goodwill in addition to the carrying amount of the shareholders' equity. When determining the acquisition price, expected future benefits and synergies that can be realized with the acquisition were taken into account.

The value of the acquired assets and liabilities and goodwill paid was:

	CARRYING AMOUNT OF ASR BANK N.V. AS AT 29 DECEMBER 2009	FAIR VALUE OF ASR BANK N.V. AS AT 29 DECEMBER 2009
Acquired identifiable assets		
Loans and receivables	8	8
Cash and cash equivalents	718	718
Total assets	**726**	**726**
Acquired liabilities		
Provisions	2	2
Due to customers	679	679
Other liabilities	19	19
Total liabilities	**700**	**700**
Balance of acquired identifiable assets and acquired liabilities	26	26
Acquisition price		37
Goodwill		**11**

The balance of the identifiable assets acquired and liabilities assumed is provisionally measured on the basis of the most accurate possible assessment by the management of ASR. Information will still become available for the final measurement of identifiable intangible assets after the balance sheet date. Adjustments to the provisional fair value of identifiable assets acquired and liabilities assumed that take place within twelve months of the acquisition date lead to adjustments in the goodwill.

The profit of ASR Bank N.V. for the 2009 financial year amounts to € 0.2 million. The total realized income in 2009 amounts to € 60 million.

The figures of ASR Bank N.V. are consolidated with effect from 29 December 2009. ASR Bank N.V. makes virtually no contribution to ASR's 2009 net profit during the period from 29 December 2009 to 31 December 2009.

The effect of the acquisition of ASR Bank N.V. on the cash flows of ASR is as follows:

Acquisition price	37
Acquired cash and cash equivalents	718
Increase in cash and cash equivalents through acquisition of ASR Bank N.V.	**681**

40 Contingent liabilities

Claims & disputes
ASR is involved as defendant in a number of claims, disputes and legal proceedings arising from the normal conduct of business.

ASR creates provisions for such cases if, in the opinion of the management and after consultation with its legal advisers, ASR is likely to have to make payments and the payable amount can be estimated with sufficient reliability (see chapter 25, 'Provisions').

Regarding further claims and legal proceedings against ASR known to the management (and for which, in accordance with the defined principles, no provision has been created), the management is of the opinion, after obtaining professional advice, that the claims have no chance of succeeding, or that ASR can successfully mount a defence against them or that the outcome of the cases is unlikely to result in a significant loss for ASR.

Securities lease
ASR is involved in a number of legal proceedings concerning the products of securities lease 'Groeivermogen' that have been brought against certain ASR operating companies by individuals or consumer organizations. The claims are based on one or more of the following accusations:
- violation of the duty of care;
- absence of the second signature required for hire purchase agreements;
- absence of a sales licence required under the Financial Supervision Act for the products in question.

The current assessment of the legal risks stemming from this case do not provide any reason for ASR to create a material provision.

Investment liabilities and guarantees
In connection with the development of real estate, there are investment liabilities at Real Estate Asset Management totalling € 300 million (2008: € 451 million). Real Estate Development has issued guarantees to third parties for a total amount of € 3.0 million (2008: € 3.1 million) for projects. The guarantees were issued by principals in connection with the performance of projects in favour of the clients of these projects.

Lease obligations
The table below shows obligations as at 31 December for non-cancellable operating lease agreements:

LEASE OBLIGATIONS	2009	2008	2007
Less than 3 months	2	2	2
More than 3 months but less than 1 year	5	6	6
More than 1 year but less than 5 years	8	11	9
Total	**15**	**19**	**17**

ANNUAL RENTAL EXPENSES	2009	2008	2007
Lease payments	6	4	3

Company financial statements

41 Company balance sheet

(before profit appropriation)

	REFERENCE	31 DEC. 2009	31 DEC. 2008	01 JAN. 2008
Intangible assets	1	11	-	-
Subsidiaries, Joint Ventures and associates	2	2,918	2,648	3,465
Loans to group companies	3	770	739	479
Investments	4	-	12	52
Loans and deposits	5	88	269	167
Receivables due from group companies	6	1,633	1,829	831
Other receivables		-	-	-
Deferred taxes		415	54	-
Other assets		28	81	199
Cash and cash equivalents	7	6	2	5
Total assets		**5,869**	**5,634**	**5,198**
Paid-up and called-up capital	8	100	100	100
Share premium reserve	8	962	962	962
Legal reserves	8	45	-	464
Unrealized gains and losses		-	-	23
Other reserves	8	27	10	-176
Undistributed result		255	-640	889
Total equity attributable to shareholders		**1,389**	**432**	**2,262**
Hybrid Tier 1 instruments	8	515	-	-
Equity attributable to holders of equity instruments		**1,904**	**432**	**2,262**
Subordinated liabilities	9	20	687	687
Liabilities for employee benefits	10	1,946	1,933	537
Provisions	11	21	27	15
Long-term loans	12	164	18	518
Loans to group companies		458	589	293
Debts owed to group companies		735	1,326	626
Deferred tax liabilities		-	-	20
Deposits		50	272	-
Other liabilities		571	350	240
Total liabilities		**3,965**	**5,202**	**2,936**
Total liabilities and equity		**5,869**	**5,634**	**5,198**

42 Company income statement

	2009	2008
Share in result of group companies	282	-512
Other results after taxes	-27	-128
Net result	**255**	**-640**

43 Notes to the company balance sheet and income statement

General
The consolidated financial statements of ASR for 2009 were prepared in accordance with IFRS – including the International Accounting Standards (IAS) and Interpretations – as accepted within the European Union.

Under Section 2:362(8) of the Netherlands Civil Code, the ASR Executive Board decided to use the principles for valuation and determination of the result used for the ASR consolidated financial statements for its company financial statements, commencing in 2005.

The interests held in group companies are carried at net asset value, in accordance with the valuation principles used in the consolidated financial statements of ASR. The share in the results of the interests held in group companies are reported in conformity with principles for valuation and determination of the result used for the consolidated financial statements of ASR.

ASR invoked Section 2:402 of the Netherlands Civil Code to prepare the income statement, which makes it possible to suffice with an abridged income statement. Unless stated otherwise, all amounts presented in these financial statements are in millions of euros.

43.1 Company balance sheet

Assets

1 Intangible assets
Intangible assets consist of

	31 DEC. 2009	31 DEC. 2008
Goodwill	11	-
Total intangible assets	**11**	**-**

GOODWILL	2009
Cost price as at 1 January	-
Deferred acquisition costs	-
Purchased group companies	11
Other changes	-
Cost price as at 31 December	**11**
Cumulative depreciation as at 1 January	-
Depreciation	-
Other changes	-
Cumulative depreciation as at 31 December	**-**
Impairments as at 1 January	-
Impairments	-
Impairments as at 31 December	**-**
Total intangible assets	**11**

2 Subsidiaries, Joint Ventures and associates

	2009	2008
Balance sheet value as at 1 January	2,648	3,465
Additions to capital	153	862
Reclassification to intangible assets	-11	-
Restructuring of associates	-	1
Share in result of associates	282	-512
Received dividend	- 872	-
Revaluation of associates	703	-1,124
Change in DPF component	16	-43
Other changes	-1	-1
Balance sheet value as at 31 December	**2,918**	**2,648**

3 Loans to group companies

	2009	2008
Balance sheet value as at 1 January	739	479
Issues	3,104	2,108
Repayments	- 3,073	-1,818
Reclassifications	-	-30
Balance sheet value as at 31 December	**770**	**739**

4 Investments

Investments available for sale

	2009	2008
Balance sheet value as at 1 January	12	52
Investments	-	65
Divestments	-12	- 96
Revaluation	-	- 9
Balance sheet value as at 31 December	**-**	**12**

The table below contains details of the investments available for sale:

	EQUITY	DERIVATIVES	TOTAL INVESTMENTS
Balance sheet value 1 January 2008	38	14	52
Balance sheet value 31 December 2008	-	12	12
Balance sheet value 31 December 2009	-	-	-

5 Loans and deposits

	2009	2008
Balance sheet value as at 1 January	269	167
Issues	1,575	2,077
Repayments	-1,737	-2,007
Reclassifications	-	30
Impairments	-18	-
Other changes	-1	2
Balance sheet value as at 31 December	**88**	**269**

6 Receivables from group companies

The accounts receivable from group companies are due on demand.

7 Cash and cash equivalents

The cash and cash equivalents are stated at nominal value and are fully and freely available to the company.

8 Shareholders' equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	UNDISTRIBUTED RESULT	UNREALIZED GAINS AND LOSSES	LEGAL RESERVES	OTHER RESERVES	EQUITY ATTRIBUTABLE TO SHAREHOLDER	OTHER EQUITY INSTRUMENTS	EQUITY
2008									
Balance sheet as at 1 January	**100**	**962**	**889**	**23**	**464**	**-176**	**2,262**	**-**	**2,262**
Net result current financial year	-	-	- 640	-	-	-	-640	-	-640
Unrealized value change	-	-	-	- 8	-1,122	-	-1,130	-	-1,130
Realized value change	-	-	-	- 15	-	-	- 15	-	-15
Exchange rate differences	-	-	-	-	-	-	-	-	-
Change in reserves required by law	-	-	-	-	658	-658	-	-	-
Result carried over from previous financial year	-	-	-889	-	-	889	-	-	-
Other changes	-	-	-	-	-	- 45	- 45	-	- 45
Dividend	-	-	-	-		-	-	-	-
Balance sheet as at 31 December	**100**	**962**	**- 640**	**-**	**-**	**10**	**432**		**432**
2009									
Balance sheet as at 1 January	**100**	**962**	**- 640**	**-**	**-**	**10**	**432**	**-**	**432**
Net result current financial year	-	-	255	-	-	-	255	-	255
Unrealized value change	-	-	-	-	703	-	703	-	703
Realized value change	-	-	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-	-	-
Change in reserves required by law	-	-	-	-	-658	658	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Result carried over from previous financial year	-	-	640	-	-	- 640	-	-	-
Dividend	-	-	-	-	-	-1	-1	-	-1
Issue of other equity instruments	-	-	-	-	-	-	-	521	521
Cost of issue of other equity instruments	-	-	-	-	-	-	-	-6	-6
Balance sheet as at 31 December	**100**	**962**	**255**	**-**	**45**	**27**	**1,389**	**515**	**1,904**

The revaluation reserve relates to investments held by the company. The statutory reserve relates to the revaluation of investments in group companies.

The specification of the shares:

	NUMBER OF SHARES		AMOUNT IN MILLIONS OF EUROS	
	31 DEC. 2009	31 DEC. 2008	31 DEC. 2009	31 DEC. 2008
Authorized capital	1,000,000	1,000,000	500	500
Shares in portfolio	800,000	800,000	400	400
Subscribed capital	**200,000**	**200,000**	**100**	**100**

Other equity instruments
In June 2009, ASR restructured a number of Trust Capital Securities with a principal amount of € 650 million. This restructuring has resulted in the issue of four different hybrid Tier 1 instruments that are classified as equity (Chapter 16.3).

9 Subordinated liabilities

The table below shows the composition of the subordinated liabilities:

	31 DEC. 2009	31 DEC. 2008
Trust Capital Securities	-	600
Other subordinated liabilities	20	87
Total subordinated liabilities	**20**	**687**

The remaining term of the other subordinated loans is 27 months (2008: 11 months). The average interest rate on the subordinated loans is 6.6% (2008: 5.5%).

Refer to chapter 17 for a further explanation of the subordinated loans.

10 Liabilities for employee benefits

The liability for employee benefits consists of:

	31 DEC. 2009	31 DEC. 2008
Post employment benefits pensions	1,898	1,885
Post employment benefits other than pensions	41	41
Other long-term employee benefits	7	7
Total liabilities for employee benefits	**1,946**	**1,933**

Refer to chapter 19 for a further explanation of the provision for employee benefits.

11 Provisions

The table below shows movements in provisions:

	2009	2008
Balance sheet value as at 1 January	27	15
Additional provisions	37	20
Reversal of unused amounts	-12	-
Utilized in course of year	-8	-6
Other	-23	-2
Balance sheet value as at 31 December	**21**	**27**

The provisions were formed for:

- tax and legal matters;
- early departure of staff;
- occupational disability benefits for own risk;
- costs associated with the separation from Fortis.

The provision for legal matters is based on the most reliable estimates as available at year-end. Account is taken here of advice received from legal advisors. The timing of the outflow of cash in connection with these provisions is by definition uncertain. This is because of the unpredictability of the outcome of and time required to settle disputes.

12 Long-term loans

Long-term loans are stated in the table below:

	31 DEC. 2009	31 DEC. 2008
Loans from group companies	164	14
Other long-term loans	-	4
Total long-term loans	**164**	**18**

The residual term to maturity of the long-term loans is 37 months (2008: 18 months). The average interest rate is 3.5% (2008: 6.7%).

13 Liability

Since 3 October 2008, the company and its subsidiaries have been part of the tax entity ASR for corporation tax purposes. Until 2 October 2008, the company and its subsidiaries were part of the Fortis Utrecht N.V. tax entity for corporation tax purposes.
For value added tax purposes, ASR formed up to and including 31 December 2008 part of a tax entity with ASR companies and other former group companies of Fortis with their registered offices in the Netherlands. Since 1 January 2009, there has been a new tax entity with ASR companies for value added tax purposes. By law the individual companies in the tax entity are jointly and severally liable for one another's VAT debts.

43.2 Notes to the income statement

Auditor's fees

The auditor's fees concern fees paid to auditors at the cost of the company, its group companies and other consolidated companies. The fees paid for the years 2009 and 2008 can be broken down as follows:

- fees for audit engagements: this includes fees paid for the audit of the separate and the consolidated financial statements, quarterly reports and other reports;
- other non-audit-related fees: this includes costs for support and advice during acquisitions.

A breakdown of the auditor's fees is provided below:

AMOUNTS IN € 1,000	2009	2008
Examining and auditing the financial statements under the articles of association and other group company audits under the articles of association	2,231	1,949
Tax advisory services	51	-
Other non-audit services	2,272	1,750
Total	**4,555**	**3,699**

Other information

Auditor's report

To: Executive Board and Supervisory Board of ASR Nederland N.V.

Report on the financial statements

We have audited the accompanying financial statements 2009 of ASR Nederland N.V., Utrecht. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2009 the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2009, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Executive Board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 22 April 2010

KPMG Accountants N.V.
W. Teeuwissen RA

Subsequent events

There have been no material events after the balance sheet date that would require adjustment to the consolidated financial statements of ASR as at 31 December 2009.

List of main group companies and associates

	COMPANY NAME	FINANCIAL INTEREST IN %	REGISTERED OFFICE	SEGMENT
*	‘Het Regentenhuys’ Verzekeringen N.V.	100.00	Rotterdam	Non-life
*	Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.	100.00	Amersfoort	Non-life
*	Amersfoortse Verzekeringen N.V.	100.00	Amersfoort	Non-life
*	Amstar B.V.	100.00	Amersfoort	Non-life
	ArboNed Holding B.V.	41.00	Utrecht	Life
*	Ardanta N.V.	100.00	Enschede	Life
*	ASAM N.V.	100.00	Utrecht	Non-life
*	ASR Aanvullende Ziektekostenverzekeringen N.V.	100.00	Amersfoort	Non-life
	ASR Bank N.V.	100.00	Utrecht	Other
*	ASR Basis Ziektekostenverzekeringen N.V.	100.00	Amersfoort	Non-life
*	ASR Beleggingsconsortium, Maatschappij voor Beleggen en Verzekeren N.V.	100.00	Utrecht	Life
*	ASR Betalingscentrum B.V.	100.00	Utrecht	Life
*	ASR Deelnemingen N.V.	100.00	Rotterdam	Non-life
*	ASR Financiële Dienstverlening B.V.	100.00	Rotterdam	Life
*	ASR Hypotheken B.V.	100.00	Utrecht	Other
*	ASR Levensverzekering N.V.	100.00	Utrecht	Life
	ASR Nederland Beleggingsbeheer N.V.	100.00	Utrecht	Life
	ASR Nederland N.V.	100.00	Utrecht	Life
*	ASR Nederland Vastgoed Maatschappij N.V.	95.32	Utrecht	Life / Non-life
*	ASR Pension Fund Services N.V.	100.00	Utrecht	Life
*	ASR Schadeverzekering N.V.	100.00	Utrecht	Non-life
*	ASR Service Maatschappij N.V.	100.00	Rotterdam	Life
	ASR Vastgoed Ontwikkeling N.V.	100.00	Utrecht	Life
*	ASR Vastgoed Vermogensbeheer B.V.	100.00	Utrecht	Life
*	ASR Verzekeringen N.V.	100.00	Utrecht	Life
*	ASR Ziektekostenverzekeringen N.V.	100.00	Amersfoort	Non-life
*	B.V. Dordrechtsche Landbouwonderneming	100.00	Utrecht	Life
	B.V. Nederlandse Hulpverleningsorganisatie-SOS International	100.00	Amsterdam	Non-life
*	Beleggingsmaatschappij ‘De Hoofdpoort’ N.V.	100.00	Rotterdam	Non-life
*	Bewaarmaatschappij ASR Vastgoed Kantorenfonds B.V.	100.00	Utrecht	Life

	COMPANY NAME	FINANCIAL INTEREST IN %	REGISTERED OFFICE	SEGMENT
*	Bewaarmaatschappij ASR Vastgoed Winkelfonds B.V.	100.00	Utrecht	Life
*	De Amersfoortse Beleggingen B.V.	100.00	Amersfoort	Life
*	De Amersfoortse Onroerend Goed B.V.	100.00	Amersfoort	Life
	De Amersfoortse Reinsurance Limited	100.00	Dublin, Ierland	Life
	Deltafort Beleggingen I B.V.	50.00	Amsterdam	Non-life
*	Detachering & Support B.V.	100.00	Zeist	Life
*	DITZO B.V.	100.00	ZEIST	LIFE
	Europeesche Verzekering Maatschappij N.V.	100.00	Amsterdam	Non-life
*	Falcon Leven N.V.	100.00	Hoofddorp	Non-life
*	Falcon Verzekeringen N.V.	100.00	Utrecht	Life
	Garant 4 2 N.V.	50.50	Amersfoort	Life
*	Interlloyd Levensverzekering Maatschappij N.V.	100.00	Hoofddorp	Non-life
*	N.V. Amersfoortse Algemene Verzekerings Maatschappij	100.00	Amersfoort	Life
*	N.V. Amersfoortse Levensverzekering Maatschappij	100.00	Amersfoort	Non-life
*	N.V. Maatschappij voor Sparen en Beleggen 'Voorzorg Van 1838'	100.00	Amersfoort	Life
*	N.V. Polder Jannezand	100.00	Utrecht	Non-life
*	N.V. Verzekering Maatschappij 'Johan de Witt'	100.00	Utrecht	Life
*	Onderlingehulp Verzekeringen N.V.	100.00	Enschede	Non-life
*	Servicemaatschappij 'De Hoofdpoort' N.V.	100.00	Rotterdam	Life
*	SR-Beheer B.V.	100.00	Rotterdam	Non-life
*	Sycamore 5 B.V	100.00	Utrecht	Life
*	Sycamore 6 B.V.	100.00	Utrecht	Life
*	United Reforce I B.V.	100.00	Utrecht	Life
*	Van Dalen Vastgoed B.V.	100.00	Utrecht	Non-life
*	VSB Leven N.V.	100.00	Utrecht	Life
	VSB Leven N.V.	100.00	Utrecht	Life

*) This concerns companies for which a 403 statement has been issued.

Other capital interests

The capital interests in associates and joint ventures are explained in Chapter 10 Associates and joint ventures.

The overview in the sense of Sections 379 and 414, Book 2 of the Netherlands Civil Code has been filed with the trade register of the Chamber of Commerce in Utrecht.

Article of association stipulations for profit appropriation

These are contained in article 21 of the articles of association.

1 The company is only allowed to distribute the portion of profit earmarked for distribution to the shareholders and other beneficiaries to the extent that the value of the company's shareholders' equity exceeds the value of the issued and paid-up portion of the company's capital, plus the statutory reserves the company is required to keep.

2 Profit distribution is only allowed after the adoption of the financial statements, showing that they are reliable. Profit pursuant to the adopted financial statements is at the disposal of the annual general meeting of shareholders.

3 The general meeting of shareholders is only allowed interim distributions charged to the profit for the financial year to the extent that the conditions set out under subsection 1 regarding an interim financial position as referred to in section 105(4) of Book 2 of the Netherlands Civil Code and, furthermore, that prior permission has been obtained from the Supervisory Board.

4 No profit is distributed to the company with respect to shares obtained by the company in its capital.

5 Calculation of the profit appropriation does not include the shares with respect to which, in accordance with subsection 4, no distribution is made to the company.

6 The request for payments expires after a period of five years from the day on which dividend becomes payable.

Result appropriation

In order to strengthen the solvency position, the Management Board will propose to the General Meeting of Shareholders not to distribute any dividend in 2009

OTHER INFORMATION

Glossary

Amortized cost price	The amount at which the financial asset or the financial liability is stated in the balance sheet at the time of first recognition. This amount is less repayments on the principal, plus or minus the accumulated depreciation determined via the effective interest method of the difference between that first amount and the repayment amount, and less any write-downs on account of impairments or uncollectability.
Basis point (BP)	One-hundredth of one percent (0.01%).
Cash flow hedge	A hedge of the risk of fluctuations in the cash flows of an asset or liability or of an expected future transaction that stem from variable rates prices.
Clean fair value	The fair value, excluding the unrealized part of the interest to date.
Core capital	The total capital available at group level, based on the definition of Tier 1 capital (core capital expressed as a percentage of the risk-weighted balance sheet total).
Deferred acquisition costs	The costs of acquiring new and renewed insurances, mainly commissions and expenditure concerning underwriting, intermediaries and the issue of new policies. These costs vary and relate mainly to the conclusion of new contracts.
Derivative	A financial instrument (traded on or off the stock market) with a price that depends directly ('derived from') the value of one or more underlying values, such as equity price indices, securities, commodities prices, other derived instruments or another agreed price index or arrangement.
Discounted Cash Flow Method	A valuation method whereby the expected future cash flows are discounted at an interest rate that expresses the time value of the money and also a risk premium that reflects the extra revenues that investors require to compensate for the risk of lower-than-expected cash flows.
Discretionary Participation Feature (DPF)	The right of holders of certain insurance contracts and/or financial instruments to get an additional return (besides a guaranteed benefit). The time and/or level of this return depend on the decision of the issuer.
Embedded derivative (in a contract)	A component of a hybrid instrument that also includes a non-derivative basic contract. The basic contract may be a bond or share, a lease agreement, an insurance contract or a buy or sell contract.
Embedded value	The present value of all future cash flows of an existing portfolio.
Employee benefits	The entirety of non-obligatory insurances and other facilities that employees receive, in addition to their salary, in return for the services they perform.
Fair value	The amount for which an asset (liability) can be obtained (entered into) or sold (settled up) in a market-consistent transaction (at arm's length) between knowledgeable and willing parties.

Fair value hedge	The amount for which an asset (liability) can be obtained (entered into) or sold (settled up) in a market-consistent transaction (at arm's length) between knowledgeable and willing parties.
Financial lease	A lease agreement that transfers virtually all of the risks and remunerations attached to the ownership of an asset. This ownership may ultimately be transferred or may not be transferred.
Goodwill	Goodwill represents the positive difference between the fair value of the assets, liabilities and issued equity instruments on the one hand and the interest of ASR in the fair value of the assets, liabilities and provisional liabilities on the other.
Gross written premiums	Total premiums (earned or otherwise) for insurance contracts entered into or obtained in a certain period of time, without deduction of the reinsured premiums.
Hedge accounting	Accounting for the compensating effects of changes in the fair value of the hedging instruments and the fair value of the hedged instrument in the income statement of the same period.
IFRS	Abbreviation for International Financial Reporting Standards (previously International Accounting Standards, IAS). The standard international accounting rules for preparing financial statements as of 1 January 2005 applicable to all listed companies in the European Union. They make annual results easier to compare and provide a better insight into the financial position and results.
Impairment	The amount by which the carrying amount of an asset exceeds its realizable value. In such cases the carrying amount will be reduced to its fair value via the income statement.
Insurance contracts	Contracts that transfer to one party (ASR) a substantial insurance risk from another party (the insuring party) by agreeing to reimburse the insuring party for an unforeseen event that harms the insured party.
Intangible asset	An identifiable, non-monetary asset without physical form.
Investment contract	A life insurance contract that transfers the financial risk, but not a significant insurance risk.
Investment property	Real estate held to obtain the rent revenues or an increase in the capital value.
Joint venture	Strategic cooperation between two or more parties, which contributes capital and knowledge but where parties continue to operate independently.
Market Capitalization	Market value. Market Capitalization equals the number of outstanding shares multiplied by the prevailing price of the share.
Notional amount	An expression of a number of units of a currency, a financial instrument, a certain volume or weighting that is specified in a transaction with derivatives.
Operational lease	An agreement that allows the use of a good in return for regular payments, but does not provide for the transfer of title to its ownership. The financial risk remains with the creditor or lessee.

Option	The right, but not the obligation, to buy (call option) or to sell (put option) a security during a certain period of time at a certain date in return for a certain price.
Participating interests	An entity in which ASR possesses significant influence but that is not a subsidiary or an interest in a joint venture.
Private equity	Securities of companies that are not listed on a stock exchange. The sale of private equity is subject to strict rules. Because of the absence of a market an investor must personally find a buyer if he wishes to sell his share in such a company.
Provision	A liability of an uncertain size or with an uncertain payment period. Provisions are recognized as liabilities if it is likely that an outflow of funds that carry economic benefits will be required in order to deal with the liabilities, always assuming that a reliable estimate can be made.
Realizable value	The realizable value of non-financial assets is determined as the highest of either fair value less selling costs or the value in use.
Securities transactions	A loan of a security by one party to another party, who in turn must deliver back the security on the final due date of the transaction. Such a loan is usually guaranteed. Transactions of this kind give the owner of the security a possibility to achieve an additional return.
Subordinated liability (loan)	A loan (or security) ranked lower in the order of liabilities that qualify for assets and income.
Subsidiary	Subsidiaries are companies in which ASR is able to steer, directly or indirectly, the financial and operational policy in order to obtain benefits from these activities ('control').
Transaction date	The date at which ASR enters into the contractual terms of an instrument.
Value in use	The value in use is the present value of estimated future cash flows stemming from an asset or a combination of assets, which may be obtained within the scope of the business operations.
Value Of Business Acquired (VOBA)	The present value of future profits (sometimes defined as 'Value of Business Acquired', or 'VOBA') from acquired insurance contracts is presented as an intangible asset and written down over the period of recognition of the premium or gross profit of the acquired policies.

Abbreviations

ALM	Asset and liability management
DPF	Discretionary participation features
Euribor	Euro inter bank offered rate
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
TRT	Toereikendheidstoets
OTC	Over the counter

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