

# Never waste a good crisis

Jos Baeten, CEO

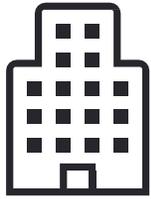
London, 27 September 2017

Bank of America Merrill Lynch Conference



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

# a.s.r. at a glance



Founded in 1720;  
deeply rooted in  
Dutch society

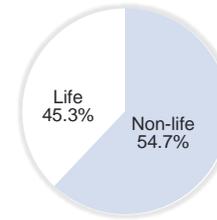
## #3

Leading market  
positions and  
strong #3 overall

α.s.r.



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



Business mix  
by GWP  
€4.4bn 2016

## 3,500

Employees (fte)



## 1,500,000

Households (Retail customers and SME)

### value over volume

key strategic principle

### organic & inorganic growth

to enhance capital  
generation

## 2008

nationalized; no state  
aid received

## 2016

successful IPO

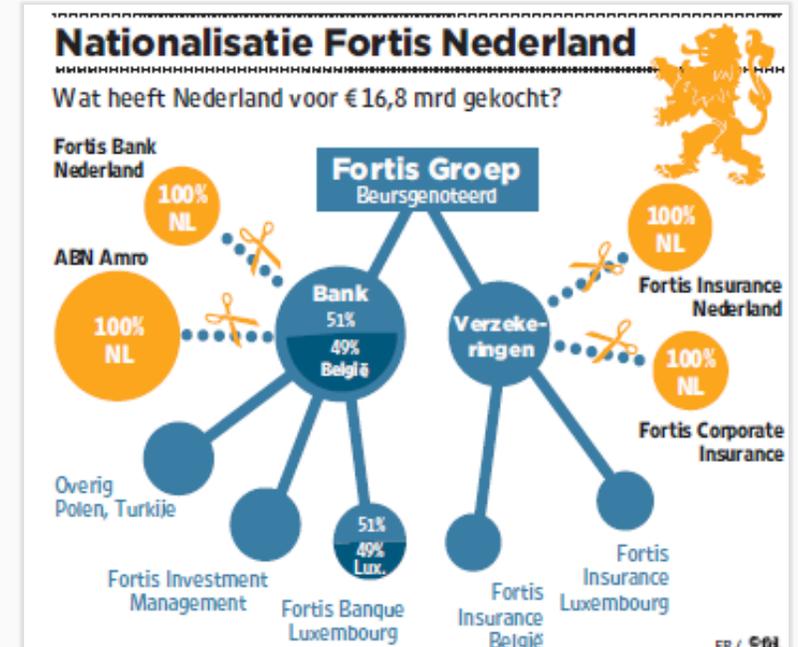
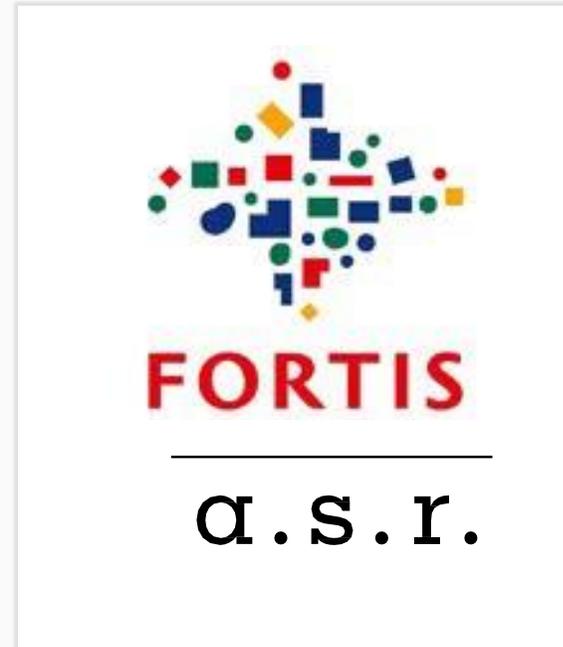
## 2017

privatization completed

# a.s.r.'s history spans almost 300 years



# “The perfect storm”: Fortis collapse triggers nationalization of a.s.r.



# Lessons learned in 2008

## Downturn of Fortis

- Internal countervailing power is paramount
- Losing customer trust can lead to a bank-run, triggering a downward spiral
- Complexity makes things worse

## Financial crisis

- Financial services are a utility
- Continuity cannot be taken for granted. Expect the unexpected
- Only accept risks on your balance sheet that you truly understand

## Loss of customer trust

- Insurance products need to fulfill customer needs of today and in the future
- If you signal an emerging problem, solve it immediately

# Rebuilding the company



## Restoring lost functions

- Rebuild departments and functionalities: e.g. IT, HR, Risk Management
- New governance structure:
  - From 6 to 4 Executive Board members
  - New Supervisory Board
  - One shareholder
- Ended the matrix structure



## Calibrate company culture

- From 17 offices to 1 headquarter
- Customers are our license to operate
- Craftmanship is the core of our insurance business
- Lowering cost is a mindset
- Value over volume as a strategic principle



## Establish a robust financial framework

- Restore Balance Sheet strength
- Develop risk appetite and risk management metrics
- Implement Solvency II: Management ladder, Risk tolerance, Sensitivities
- Transparent about reporting the company

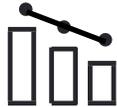
# Strategy to create value for customer and shareholder



Meeting customers' needs



Excellence in pricing, underwriting and claims handling



Cost effectiveness



Solid financial framework

*Our principles drive value in our business portfolio*



Stable cash flows and value generating businesses

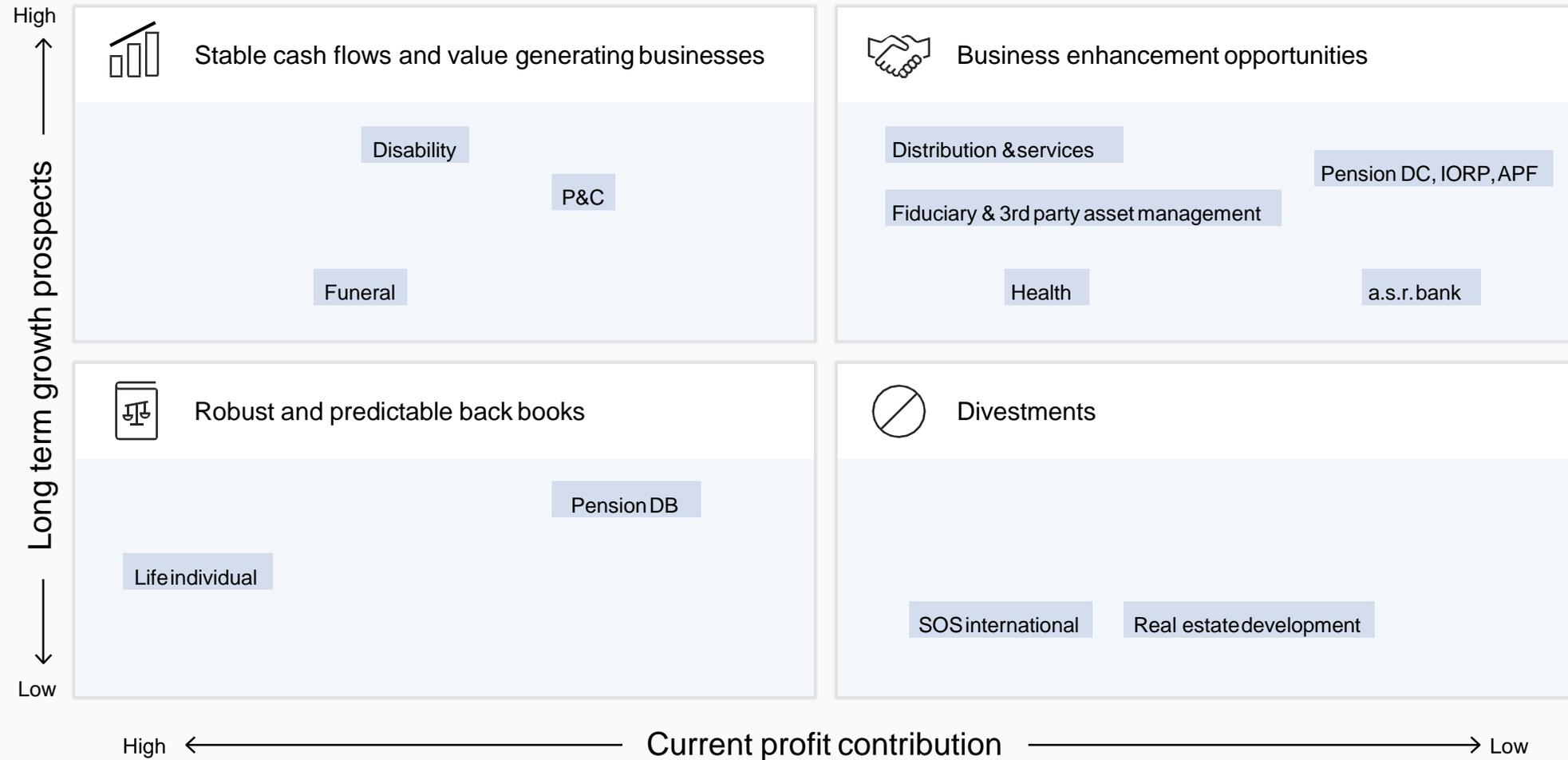


Robust and predictable back books

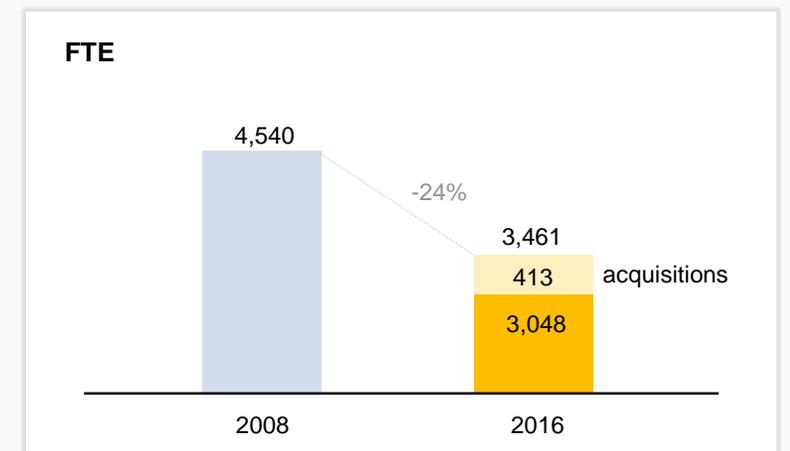
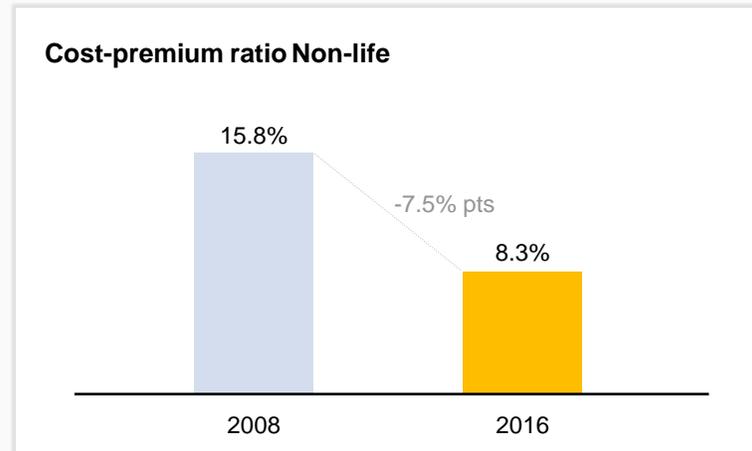
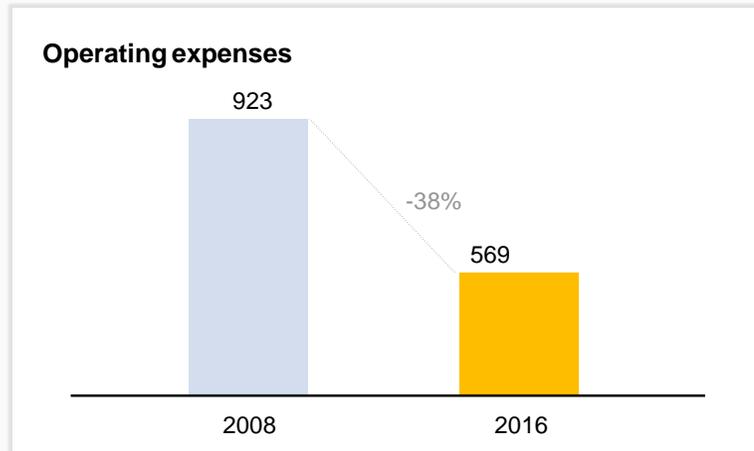
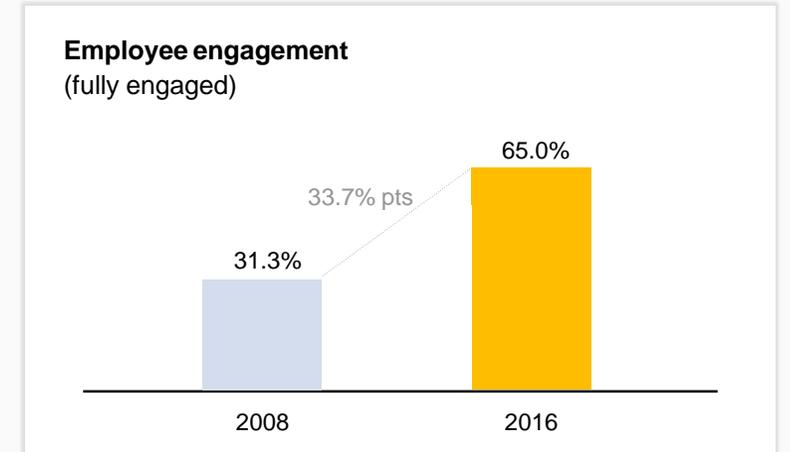
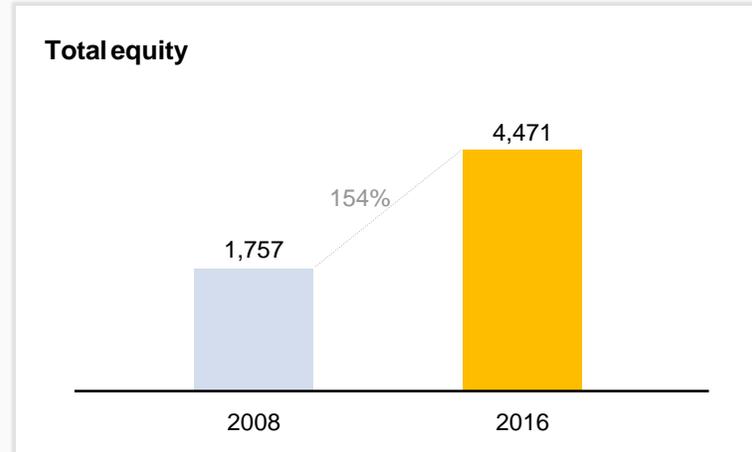
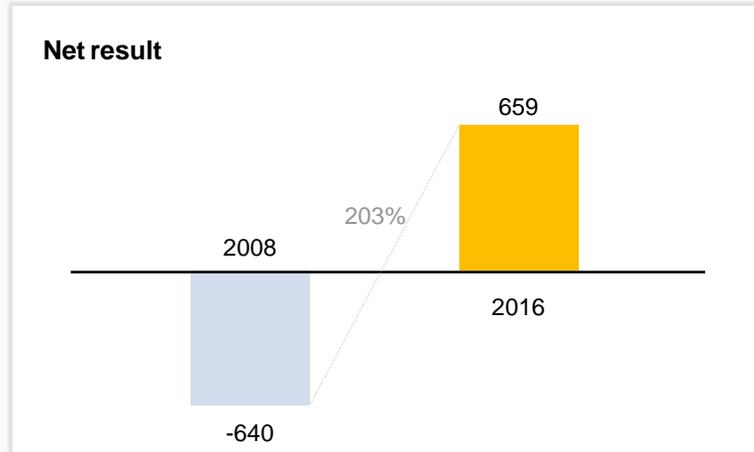


Business enhancement opportunities

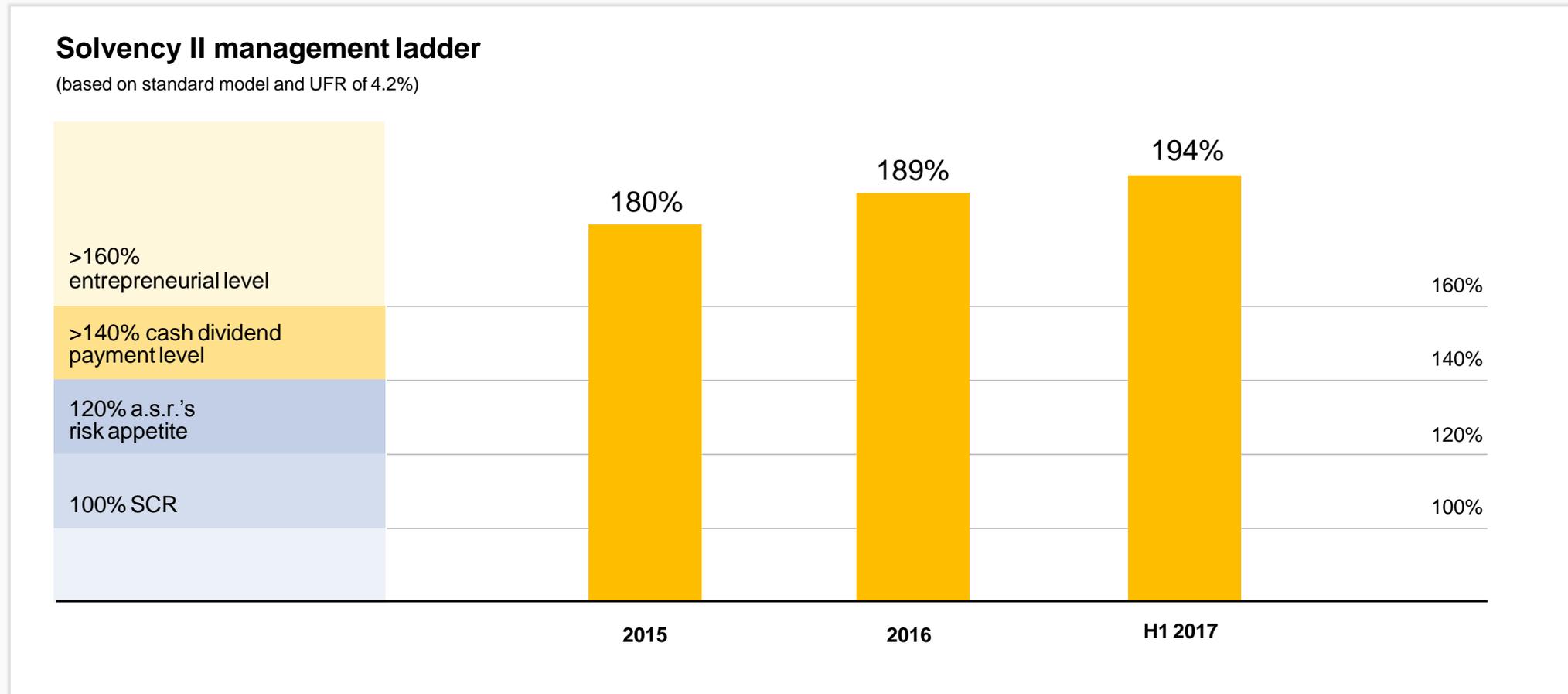
# Optimal and balanced business mix



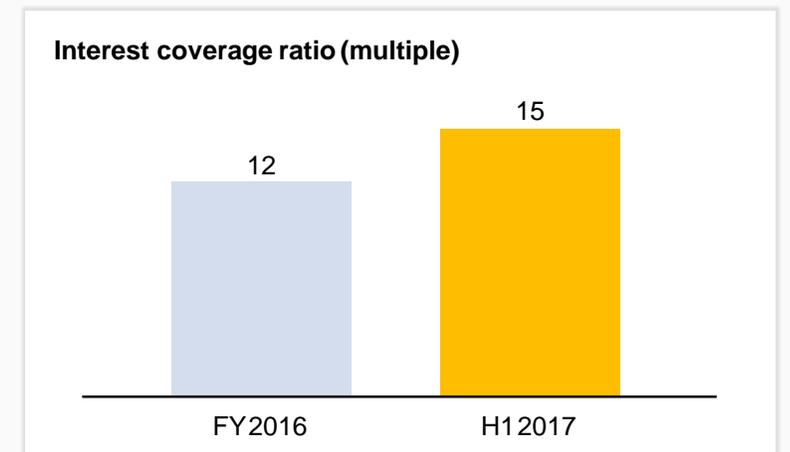
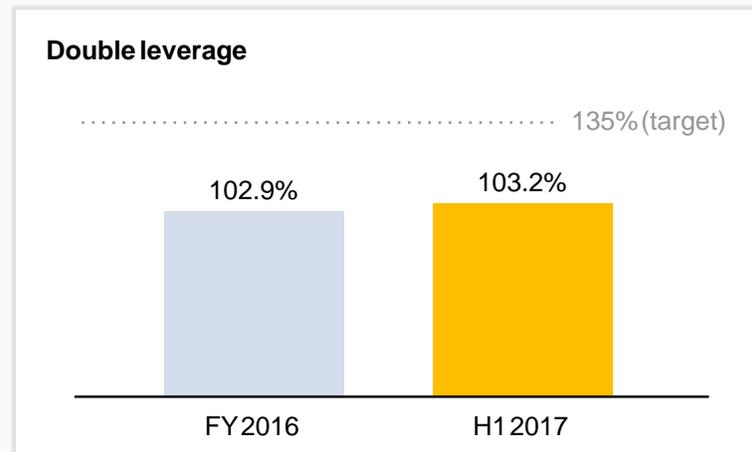
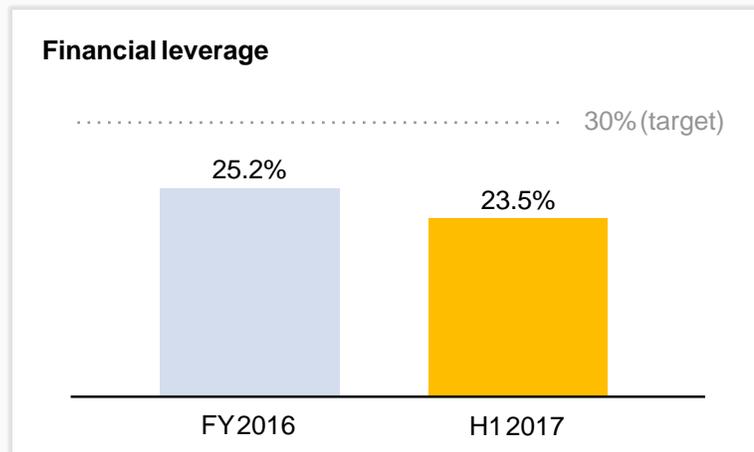
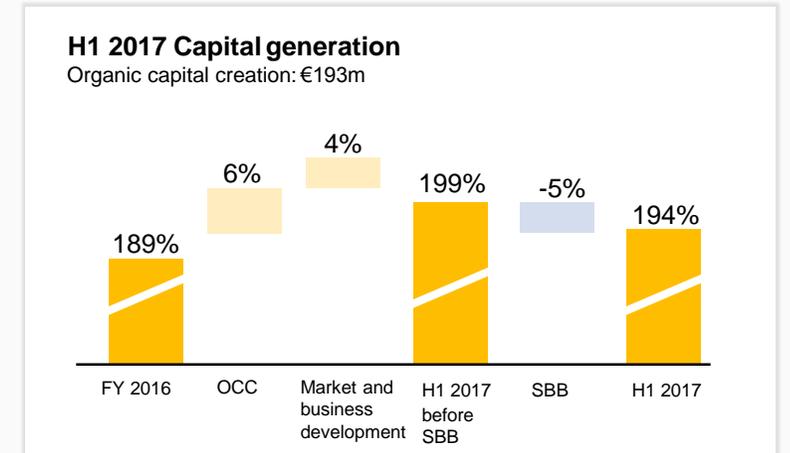
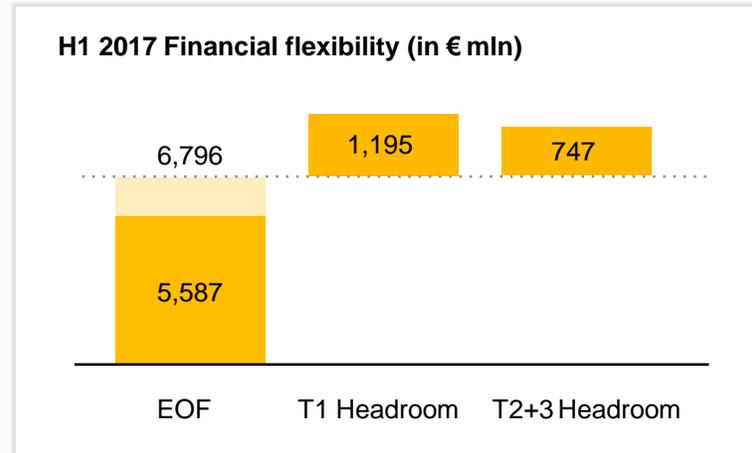
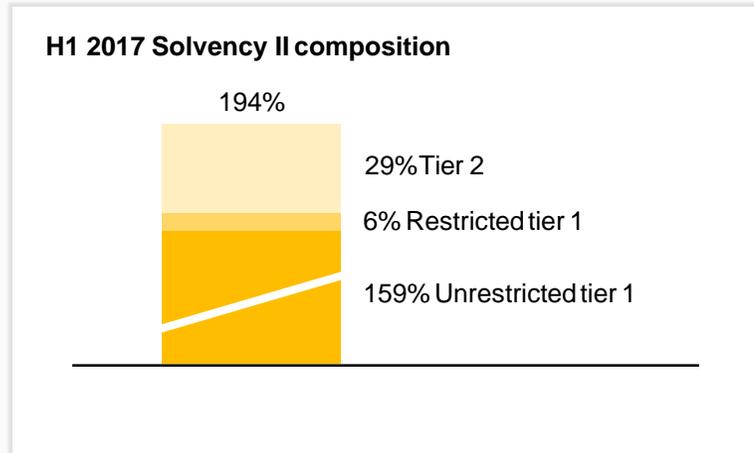
# Financials and engagement have strongly improved



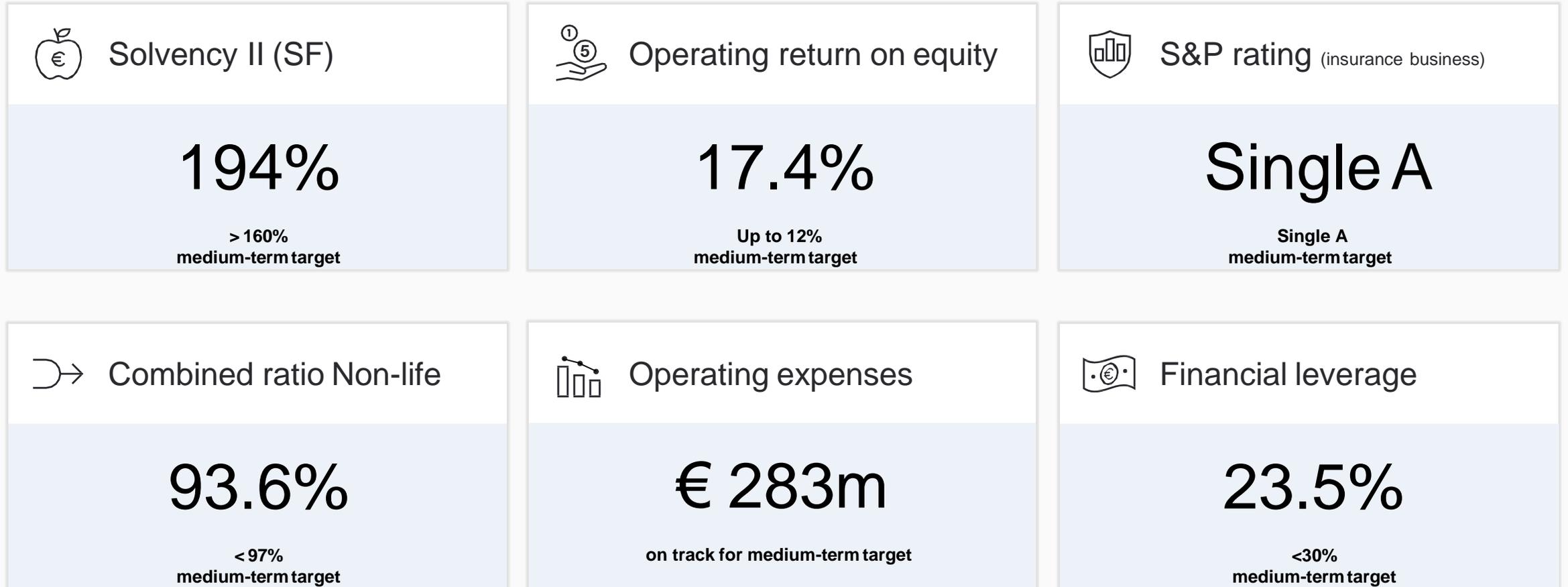
# Solvency II ratio well above entrepreneurial level



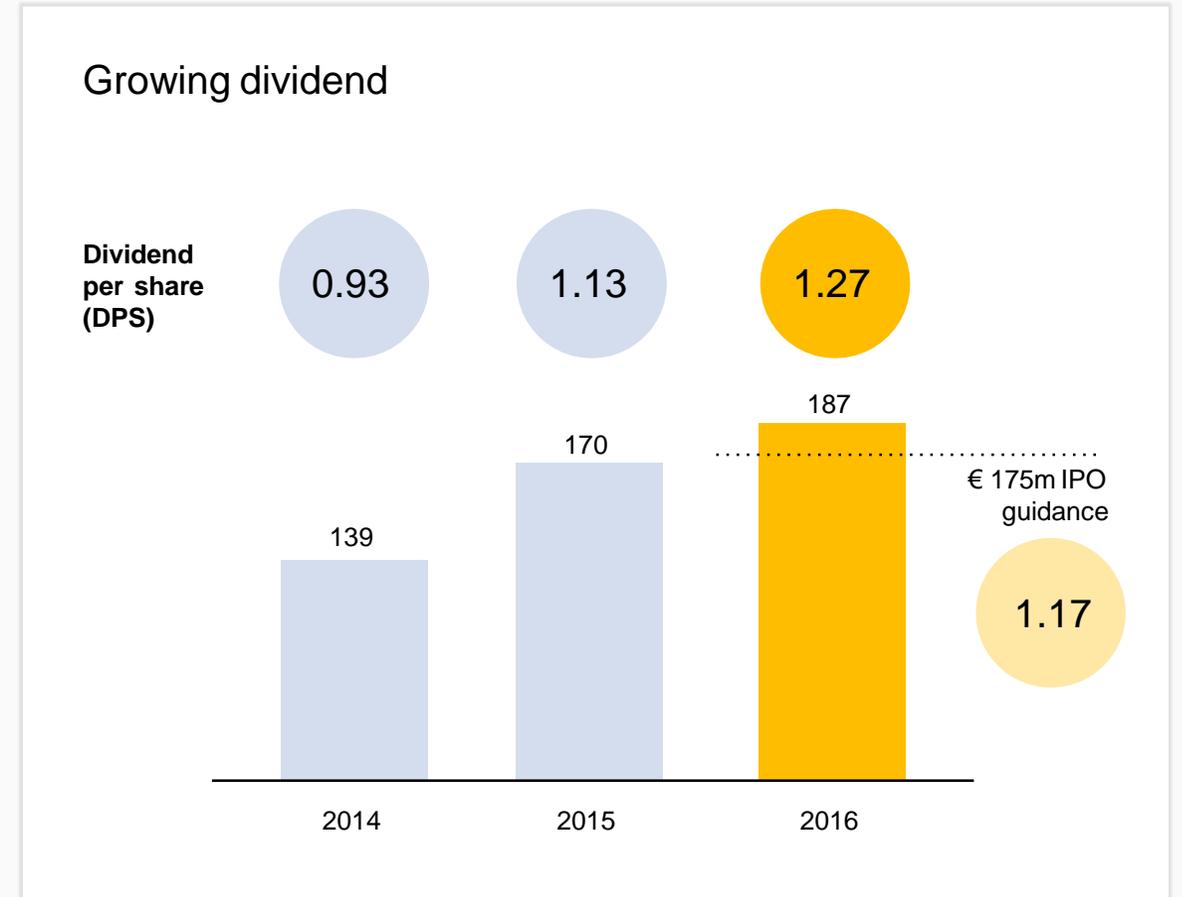
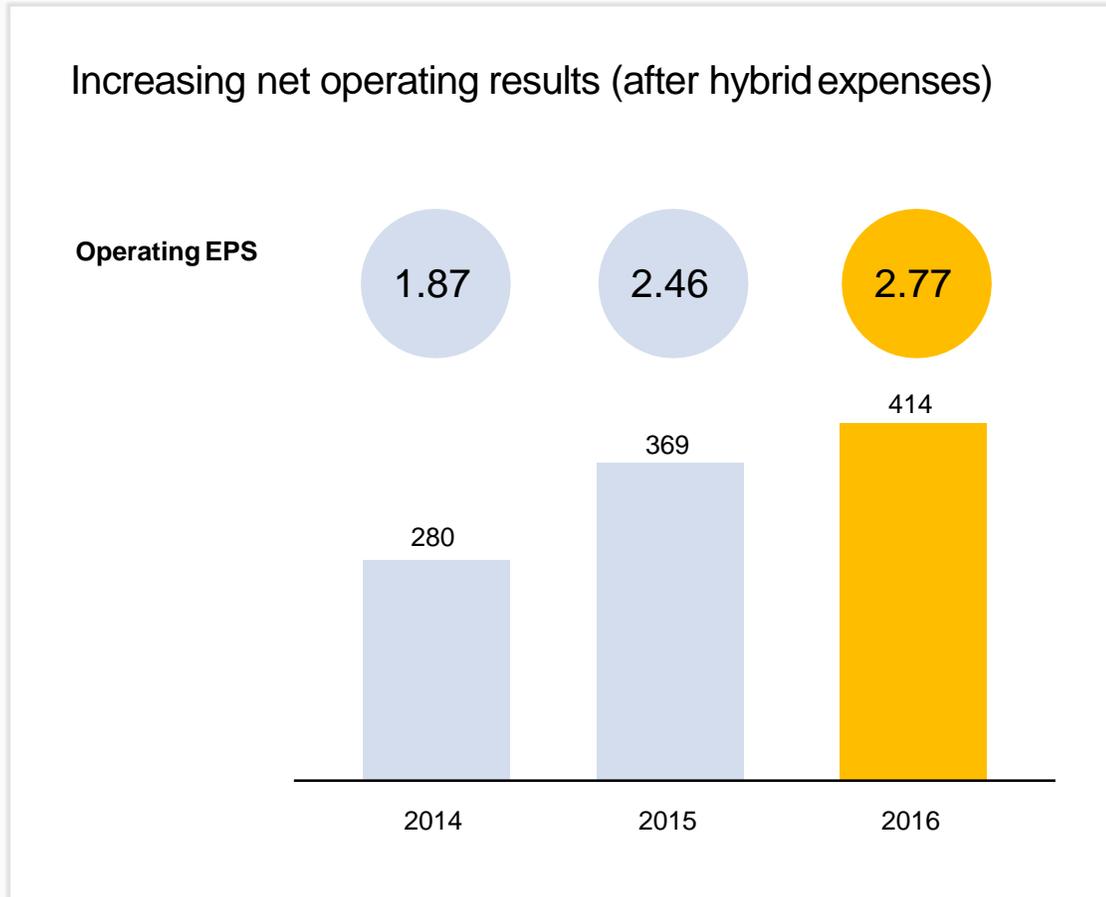
# Strong and resilient balance sheet



# Delivering on medium-term targets H1 2017



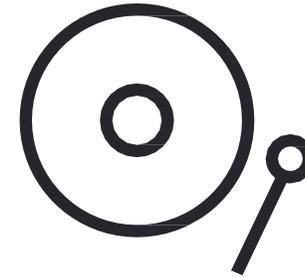
# Attractive returns to shareholders



# Recent developments



Acquisition of  
Generali Nederland



Completion of  
privatization;  
100% free float

# Generali NL: higher earnings, dividend & capital generation



Expected Return on Investment  
> 12%



Net synergy potential  
> €17m



Contribution to net operating result  
~ €30m



Contribution to capital generation  
~ €25m

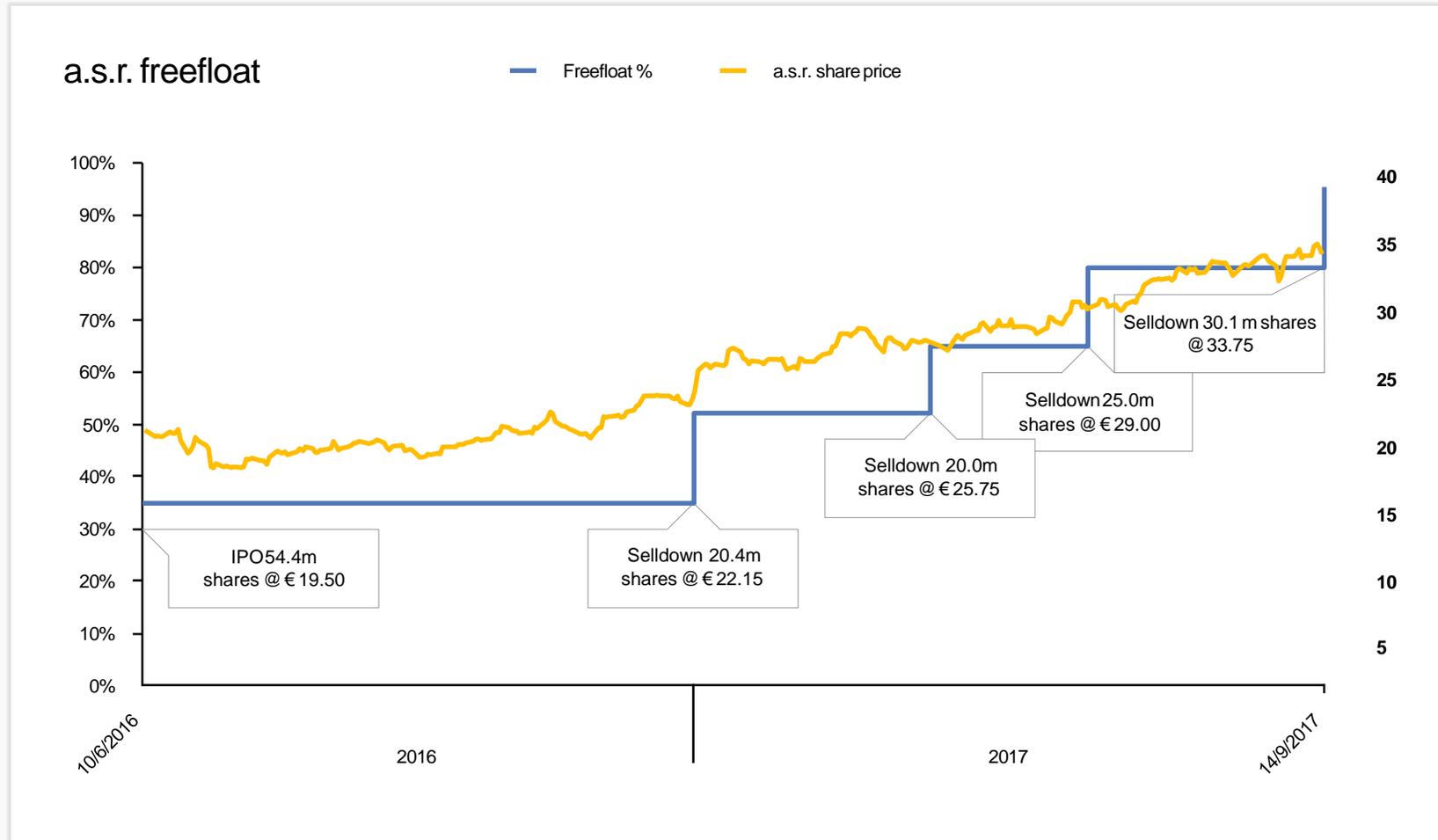


Total capital deployment  
- 6%-pts



- of which cash purchase price  
- 4%-pts

# Successful IPO and selldowns complete privatization a.s.r.



Dutch State places its entire position in the market through an IPO and 4 subsequent selldowns. Total proceeds from the divestiture amounts to € 3.8 bn.

In addition, the State has received € 638m in dividends over the past years.

# Conclusion



Lessons learned from the crisis:

- Organize your countervailing power
- Expect the unexpected
- Continuity cannot be taken for granted



Maintain robust balance sheet while pursuing (in)organic growth



Without fulfilling customer needs financial institutions will lose their right to exist



Become and remain disciplined on (financial) hurdle rates, e.g. ROE / ROI on existing and new business

Skilled, experienced management focused on execution and delivery

Strong solvency with high quality capital

Track record of attractive return on equity, capital / cash generation and growing dividends

Profitable LDI asset management platform with outstanding track record

**a . s . r .**

Diversified, resilient Dutch insurer with leadership in attractive market segments

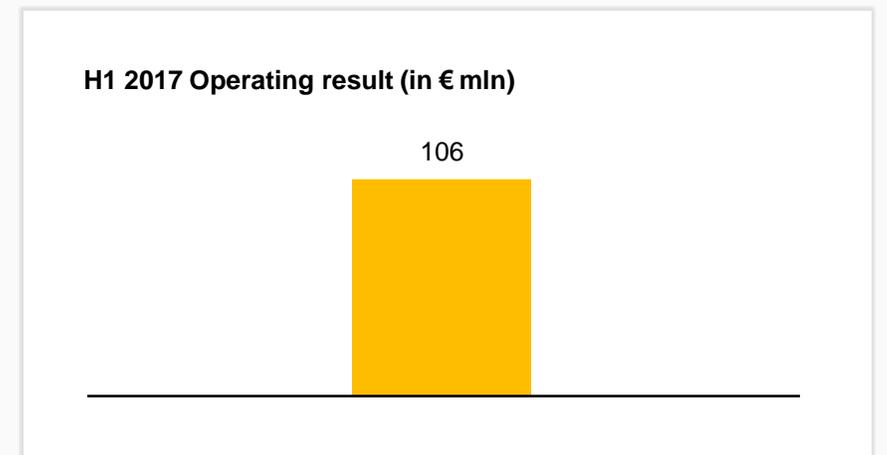
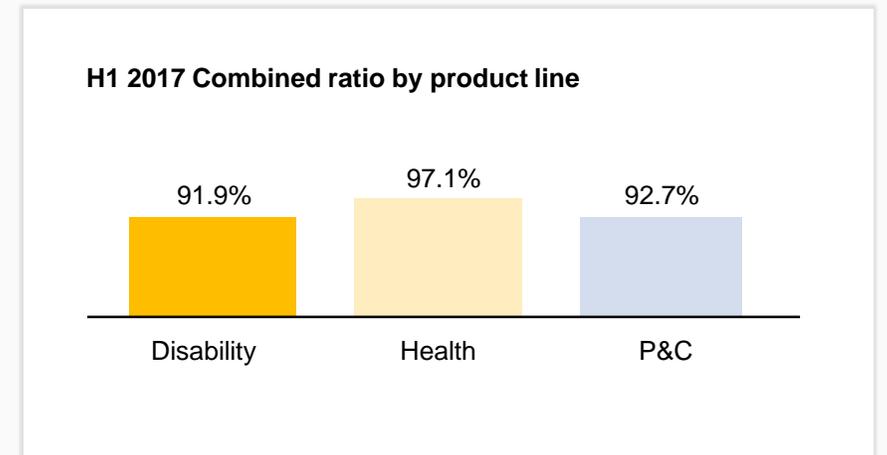
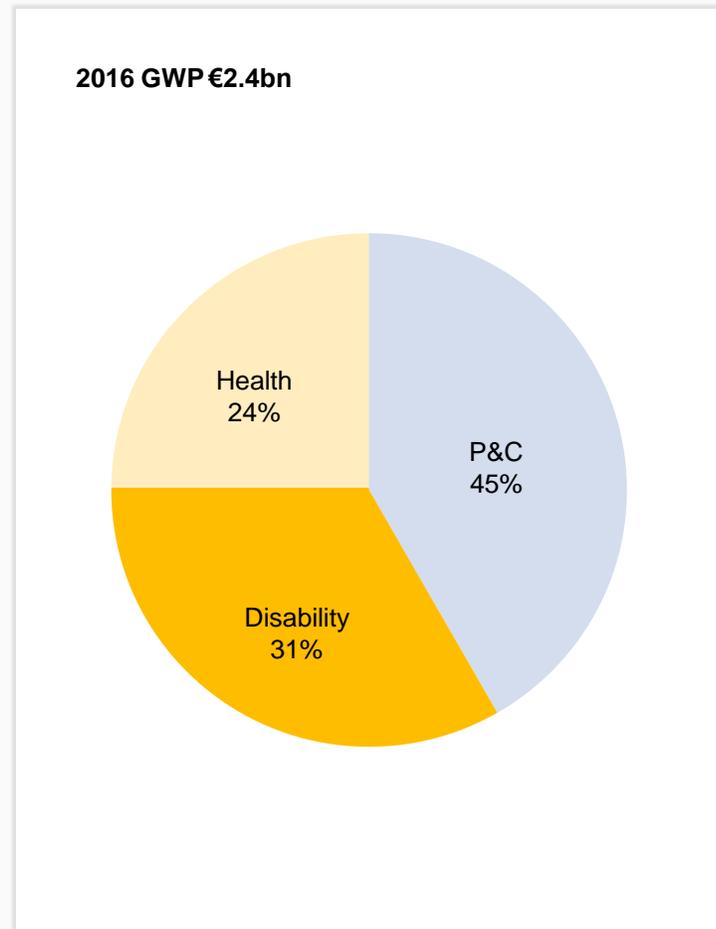
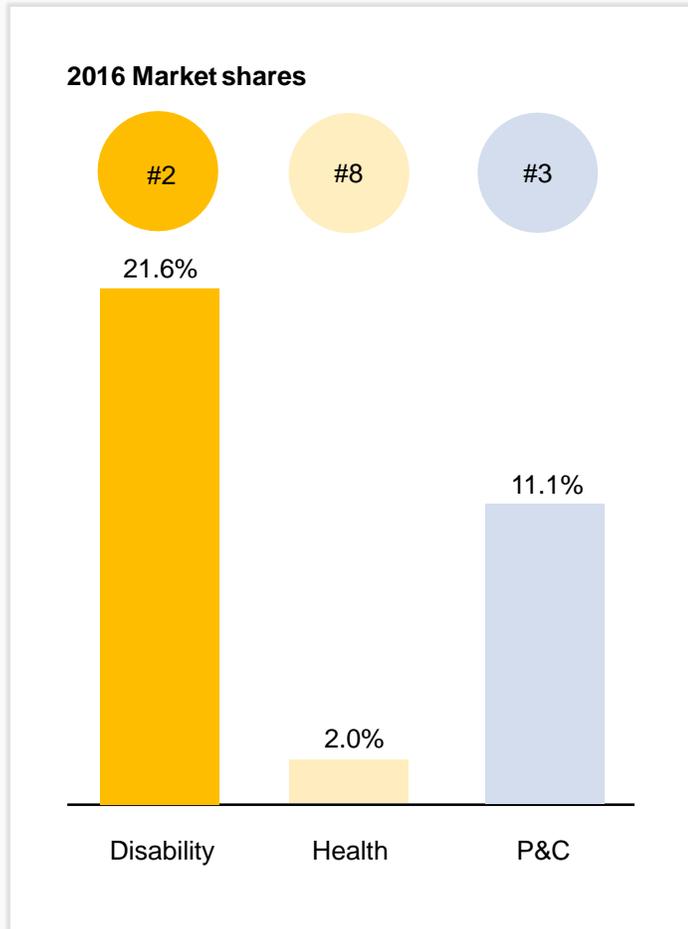
Proven cost-reduction capabilities and continuous focus on operational efficiency

Excellence in pricing, underwriting and claims management

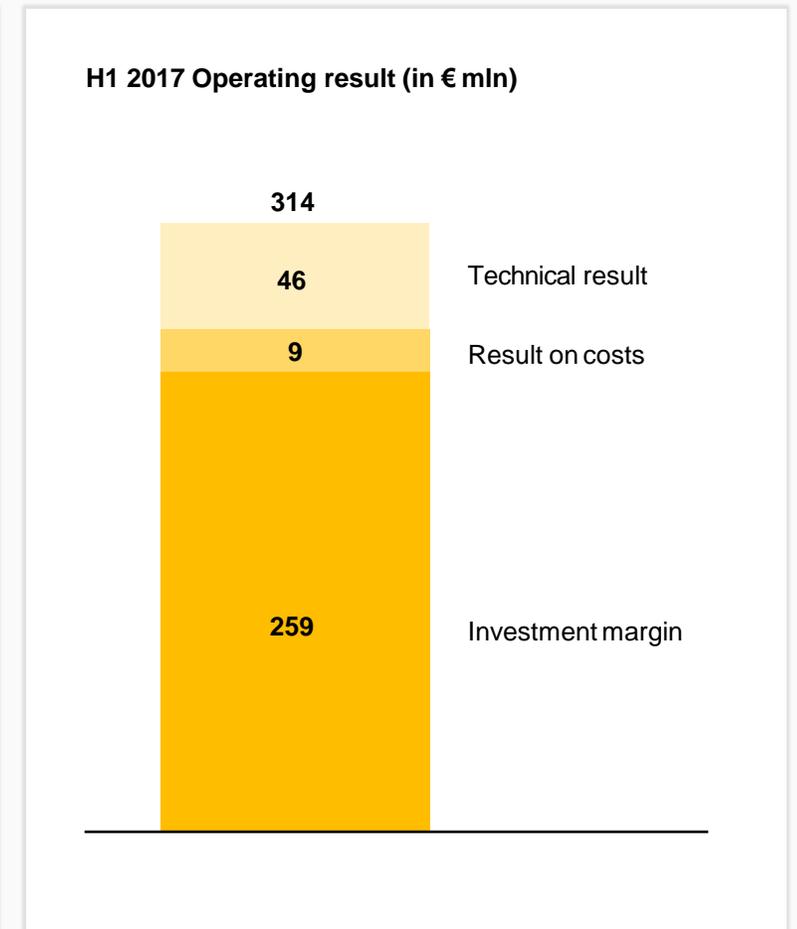
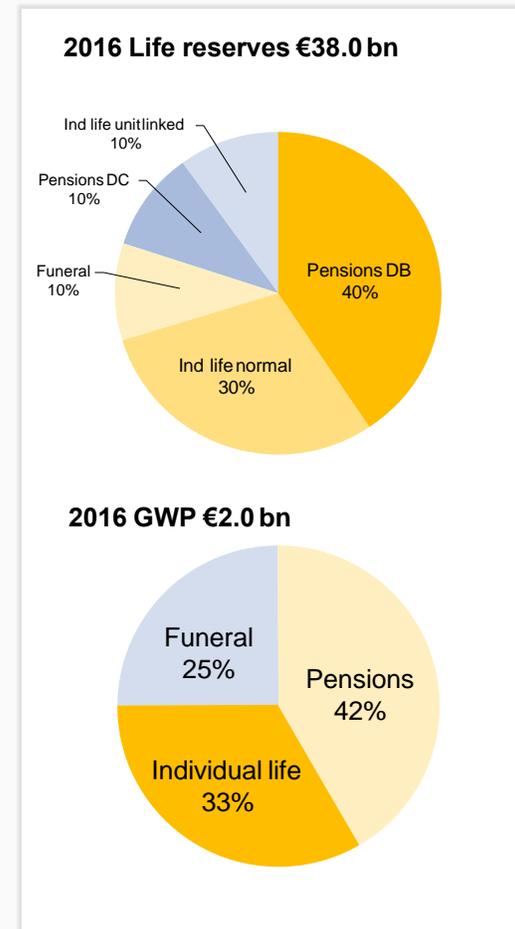
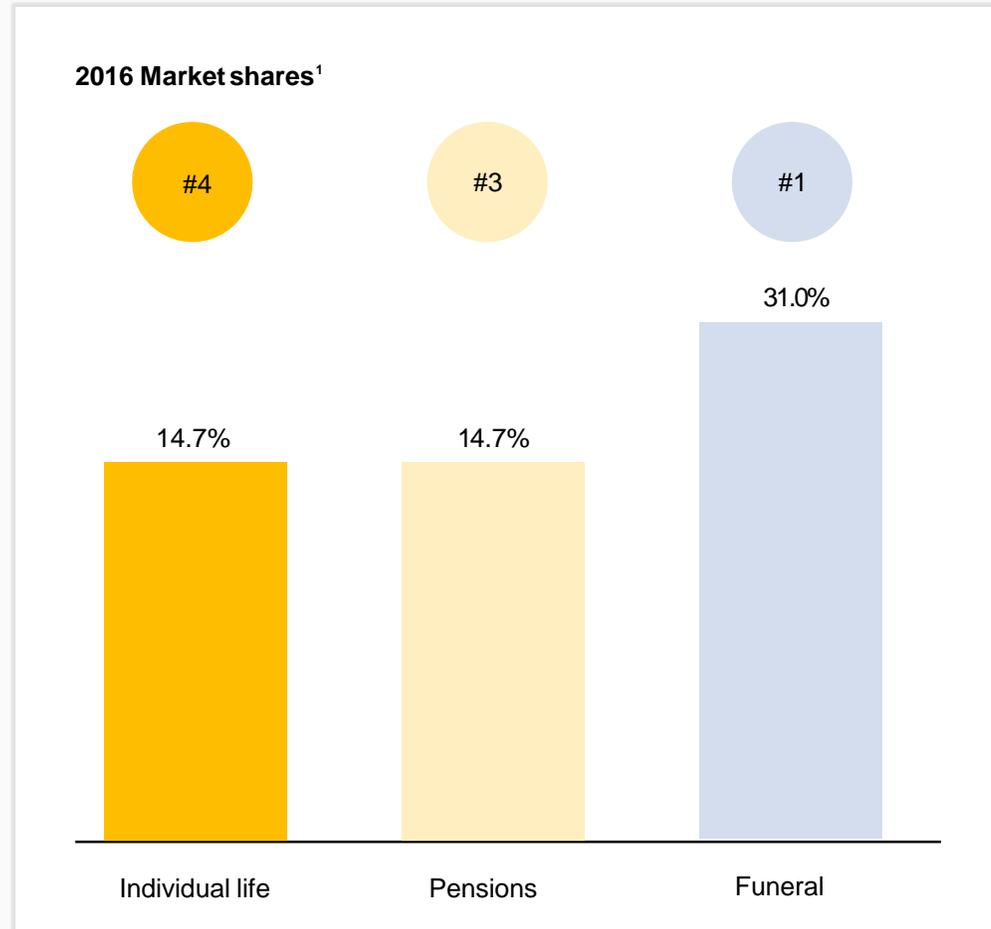
Differentiated distribution, underpinned by highly reputable brands

# Appendices

# Well diversified and strongly positioned Non-life business



# Life: profitable service books and stable cash flows



1: Based on DNB data (2015) and company estimates

# Disclaimer

## **Cautionary note regarding forward-looking statements**

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