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Strong results in 2017, outperforming targets

Jos Baeten, CEO
Chris Figee, CFO

2017 Full Year results
21 February 2018

Operating performance in all segments drove strong results

Strong operating performance

- Operating result up 17.2% to € 729m, driven by strong performance in all business segments
- Increase in dividend per share of 28.3%
- Continuing focus on cost management; operating expenses increased primarily due to cost base of acquisitions and one-offs

Robust Solvency II ratio of 196%, up 7%-pts

- Solid organic capital creation, issuance of RT1 hybrid instrument and favourable markets absorbing impact of shareholder cash returns (-14%-pts) VA (-9%-pts) and re-risking (approx. -6%-pts)

Underwriting skills and financial discipline drove strong combined ratio

- Combined ratio of 95.1% driven by cost and underwriting discipline, benefiting from favourable weather conditions

Operating result	Solvency II (SF)	IFRS net result
€ 729m	196%*	€ 906m
+17.2%	**+7%-pts**	**+37.5%**
(FY16: € 622m)	(FY16: 189%)	(FY16: € 659m)

Operating ROE	Capital accretion	Operating expenses
15.6%	€ 742m**	€ 584m
up to **12%** target	**22%** on SCR	**+2.6%**
(FY16:14.6%)	(FY16 € 475m)	(FY16: € 569m)

Dividend per share	Organic capital creation	Combined ratio
€ 1.63	€ 377m	95.1%
+28.3%	**11%** on SCR	Target <**97%**
(FY16: € 1.27)	(FY16 € 348m)	(FY16: 95.6%)

* After proposed dividend and excluding a.s.r. bank. Solvency II ratio 203% pre-dividend
** Before proposed dividend (€ 230m) and Share Buybacks (€ 255m) and including issuance of RT1 hybrid (€ 300m)

Executing our strategy and optimising the business portfolio

Portfolio matrix

Long-term growth prospects: High ↑ … Low ↓
Current profit contribution: High ← … → Low

A — Stable cash flows and value-generating businesses with relatively strong growth potential

- Pursuit of profitable growth led to 5.7% increase of GWP in P&C. Robotics are used for tenders which offers commercial opportunities
- Disability absorbed the impact of 'BeZaVa' and achieved stable topline whilst focusing on value over volume
- Integration of NIVO completed as planned

C — Business enhancement opportunities

- Inflow in 3rd party assets of € 1.8bn in 2017
- Successful launch of the Dutch Mobility Office Fund (AuM € 241m) and the Dutch Mortgage Fund (AuM € 494m)
- Pensions DC wrote a record € 25.6m new recurring GWP, doubling current AuM
- Bottom-line growth of 39.5% within Distribution and Services

B — Robust and predictable back books

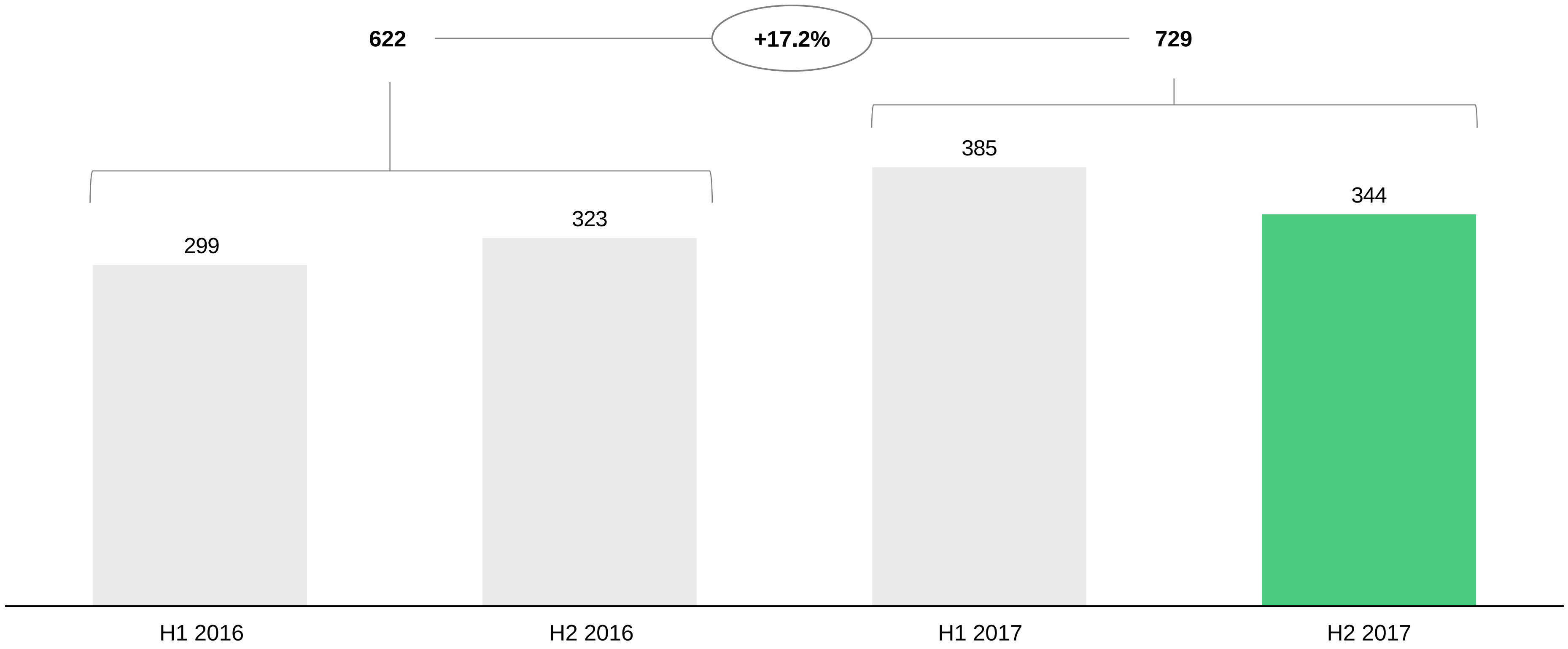
- Execution of initiatives to migrate pension clients to capital light solutions
- Cost per policy in Life declined in spite of higher than planned lapses
- Migration of Individual Life books on track as planned

D — Divestments

- Leidsche Rijn Centrum real estate development (residential housing, retail and offices) achieved over 80% occupancy rate

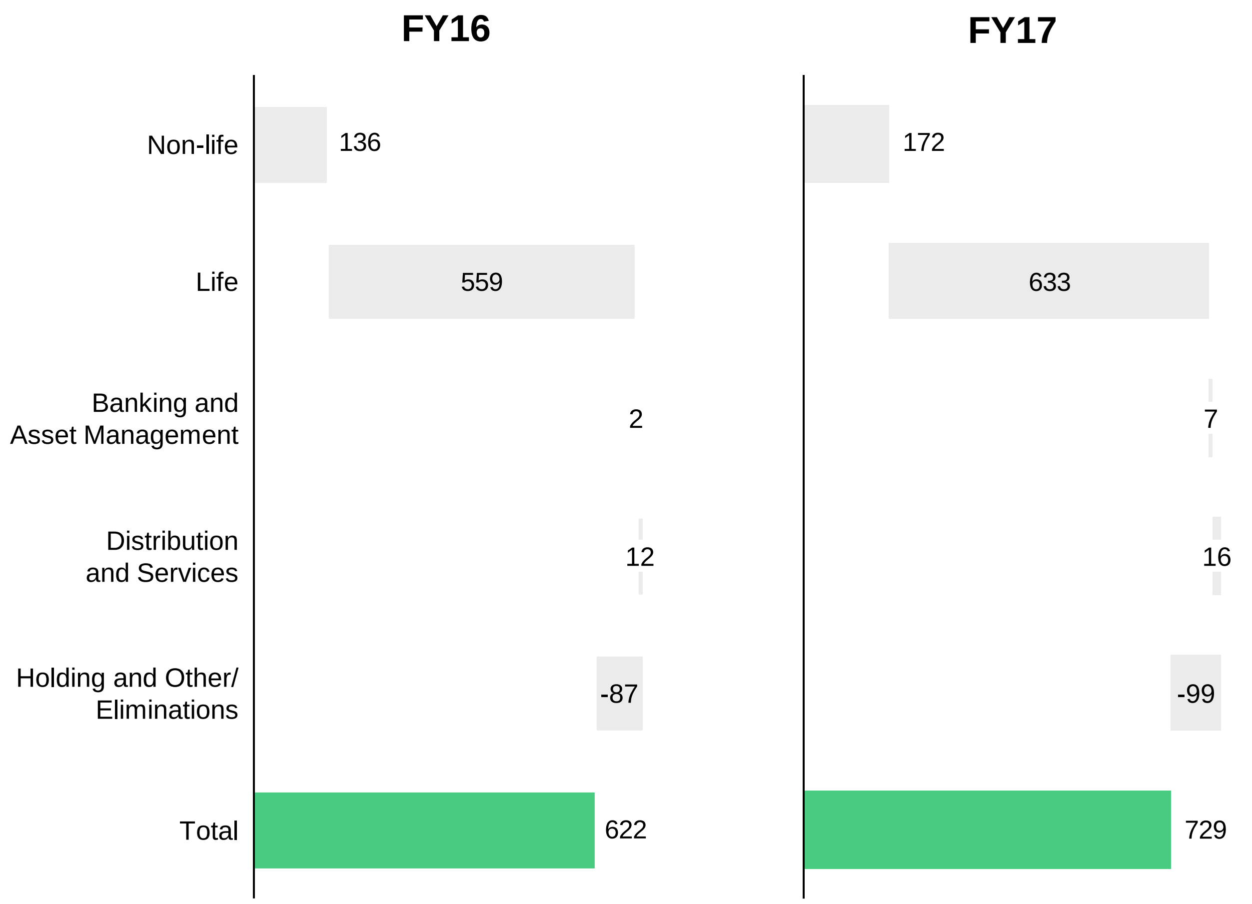
Increased operating result reflects strong business momentum

Operating result (in €m)



All business segments drove strong increase in operating result

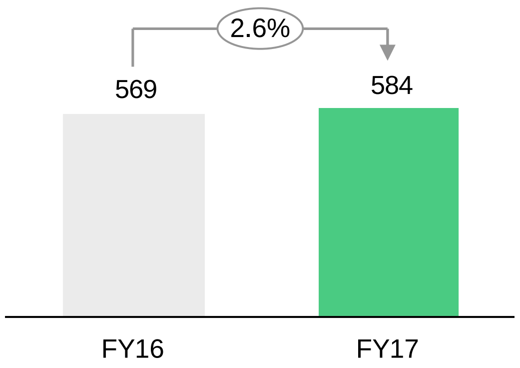
Operating result (in €m)



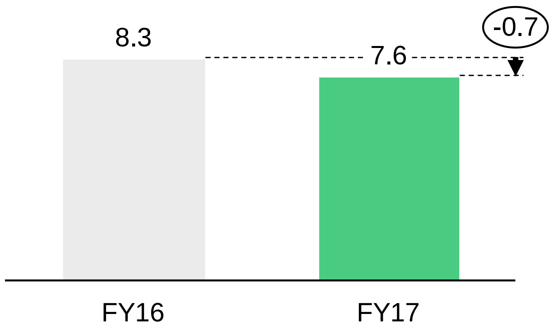
- **Non-life segment**
  Increase in operating result mainly due to improved performance in the broker distribution channel, reflecting higher premiums and strong combined ratio as well as favourable weather conditions in P&C
- **Life segment**
  Increase in operating result attributable to higher investment-related returns, higher technical result and a stable cost result
- **Banking and Asset Management**
  Improved due to an inflow of AuM resulting in higher fee income
- **Distribution and Services**
  Strong year for Dutch ID; Corins and Supergarant contributing fully to the increase in operating result
- **Holding and Other**
  Decline in operating result primarily due to higher current net service cost for pension obligation own personnel as a result of lower interest rates

Favourable underlying development of operating expenses

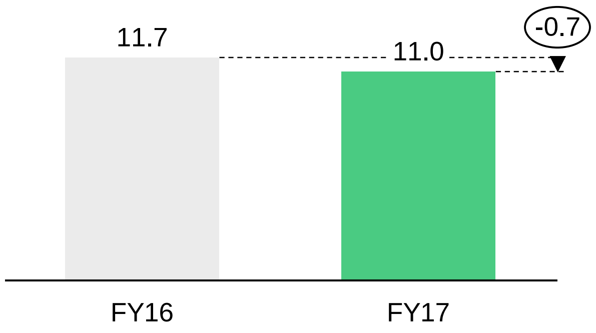
Operating expenses (in €m)



Non-life expense to premium ratio
(in %)



Life expense to premium ratio
(in % APE)*

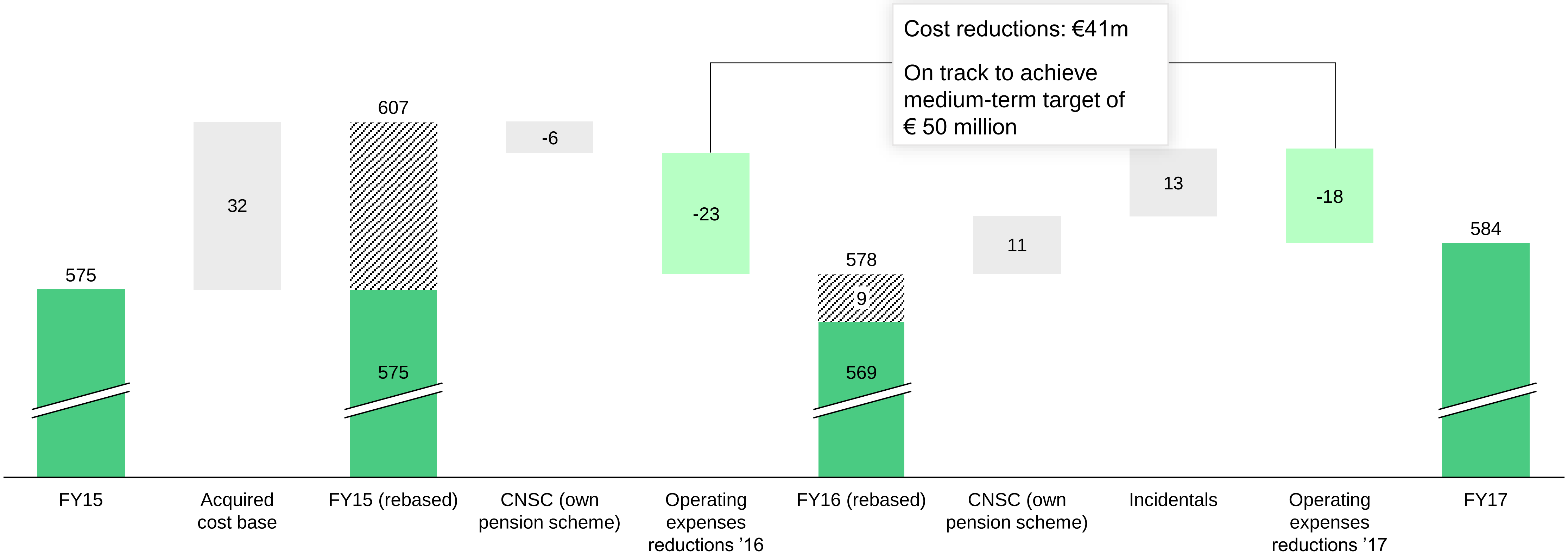


- Operating expenses reflect the acquired cost base of Corins, Supergarant and BNG (up € 5m versus FY16) and placement fees within the Banking and Asset Management segment
- Unwavering focus on expenses drove Non-life expense ratio down by 0.7%-pts to 7.6%. Growth in Non-life business while the cost base declined with € 4m
- Within Life, tight cost control led to lower cost ratio, even in restrained commercial environment. Operating expenses of the Life segment were € 19m lower
- Current net service costs (own pension scheme) increased € 11m in 2017 due to lower interest rates
- Operating expenses included one-off expenses of € 13m, these are excluded from the operating result

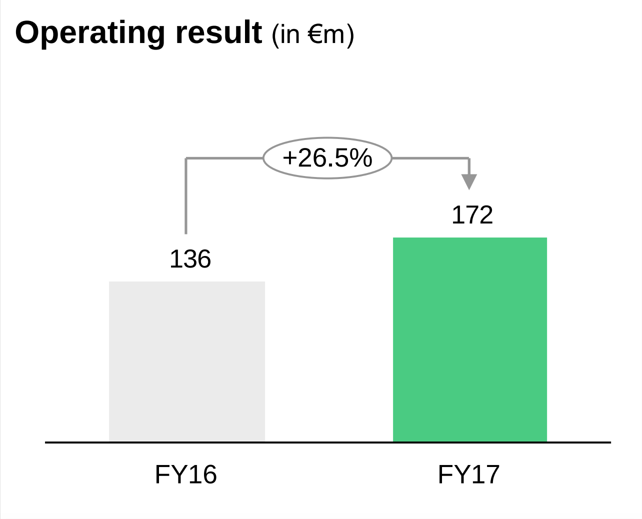
* APE: annualized premium equivalent on basis of GWP

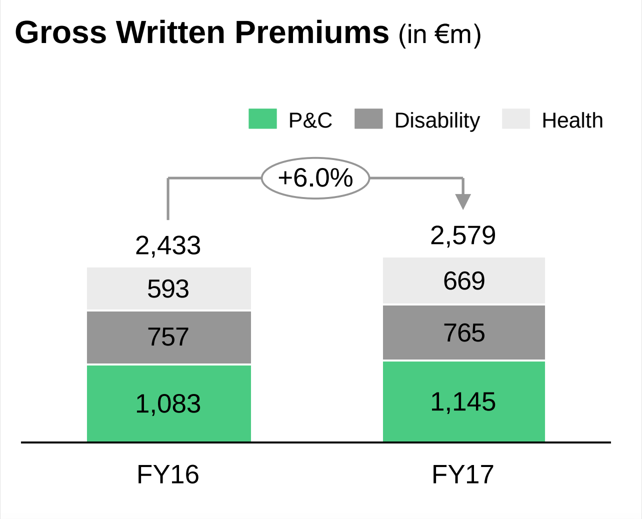
Cost reduction measures on track to achieve medium-term target

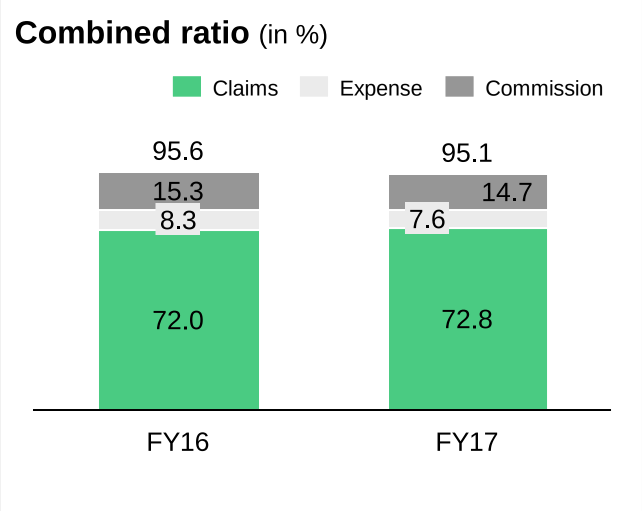
Operating expenses (in €m)

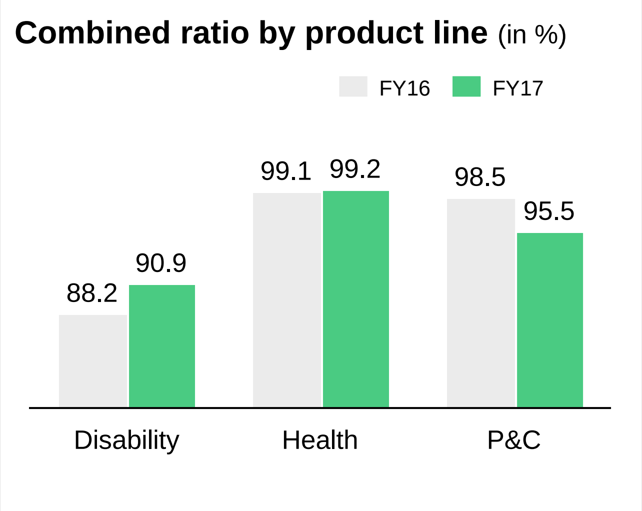


Non-life: benefiting from underwriting excellence and favourable claims experience



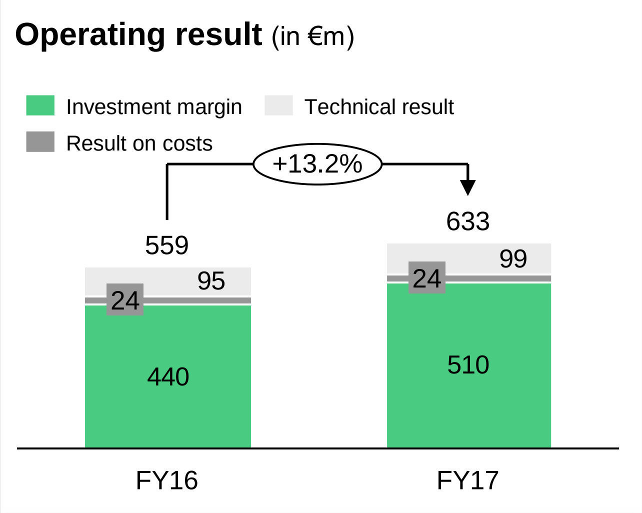


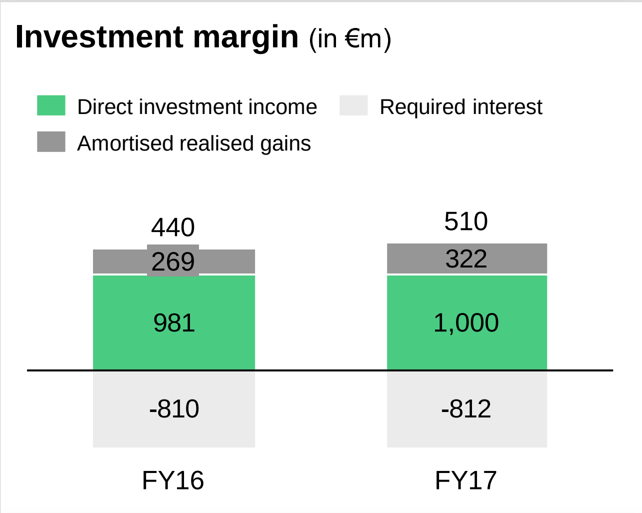


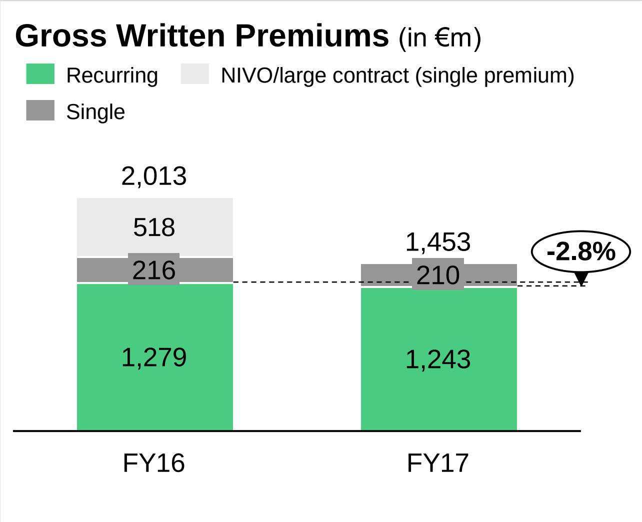


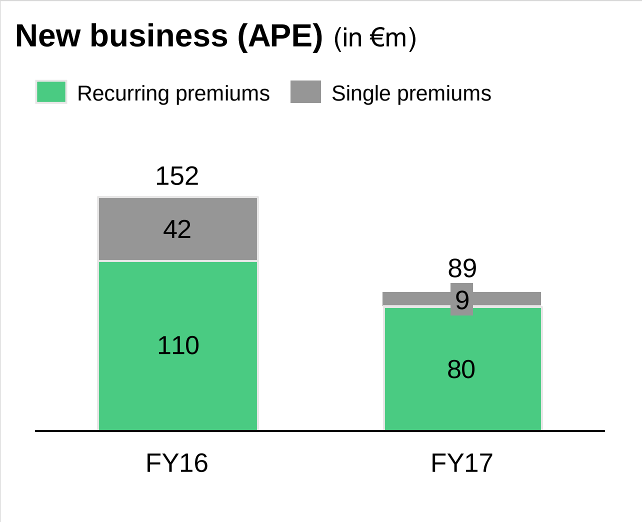
- Operating result reflects ongoing underwriting excellence, disciplined cost management and favourable operating conditions. Bulk claims ratio continued to perform strongly over the year (<50%)
- GWP increased in all business lines. Disability remained stable despite pull from lower priced UWV proposition for ‘BeZaVa’ customers. P&C GWP up 5.7% mainly in broker channel
- Combined ratio of 95.1%, ahead of target (<97.0%) and 0.5%-pts better compared to last year; reflects improvement in expense ratio and commission ratio. Claims ratio decreased in P&C and increased in Health and Disability
- All business lines and distribution channels were profitable with combined ratios below 100%

Life performance: higher operating result driven by investment margin









- Life operating result up 13.2% to € 633m in 2017
- Investment margin up € 70m to € 510m: additional yield (+€ 19m) due to expansion of swap portfolio (swap-spread hedging programme) and re-risking (mortgages, equity, credits). Amortisation of the realised gains reserve showed an increase of € 53m, which was partially offset by an increase of required interest on liabilities of € 2m
- Total realised capital gains Life reserve amounted to € 3.2bn at year-end 2017
- Result on costs was stable at € 24m; decline in costs coverage for Individual Life was absorbed by improved cost result for Pensions and Funeral. Strict cost control, migrations of books and cost synergies from acquisitions were offset by higher than expected lapses
- Technical result remained stable despite decline in book; improved mortality results in Q4
- Recurring premiums decreased 2.8%, higher GWP in Pension DC more than offset by lower premiums in Individual Life

Generali Nederland – Closing finalised, integration started

Transaction highlights

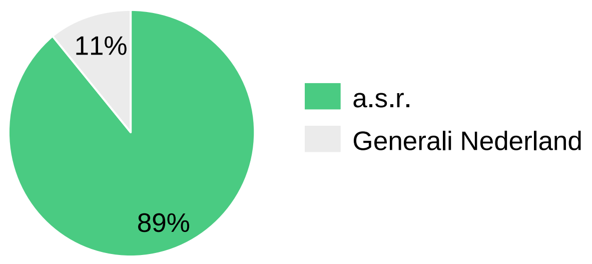
- Bolt-on acquisition in line with a.s.r.'s strategy and commitment to deploy capital for sustainable value creation. Compelling opportunity to further consolidate the Dutch insurance market
- Cash consideration of € 143m; capital injection into Life and Non-life done after closing (5 Feb)
- Pro-forma Group Solvency II ratio of 188% after closing including dilution before synergies and cost savings

Generali Nederland – Overview**

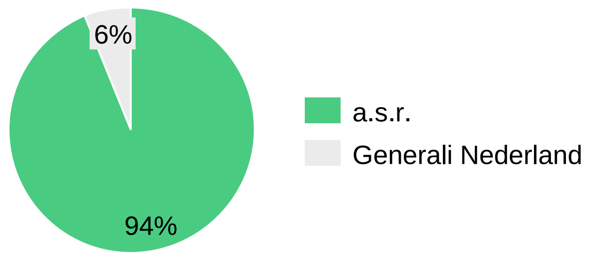
GWP 2017	**€ 409m**
GWP Non-life 2017	**€ 313m**
GWP Life 2017	**€ 96m**
Operating expenses 2017	**€ 44m**
Solvency II impact (pro forma)	**ca. -9%-pts**
Expected RoI	**>12%**

Combined – Business mix (pro forma)

Non-life: € 2,892m GWP in 2017*



Life: € 1,549m GWP in 2017*



High level integration planning

2018	2019	2020
Legal merger Life, Non-life and Holding Integration Funeral	Integration Non-life Integration Individual Life	Integration Pensions

* Excluding eliminations
** Unaudited indicative figures

Delivering on medium-term targets

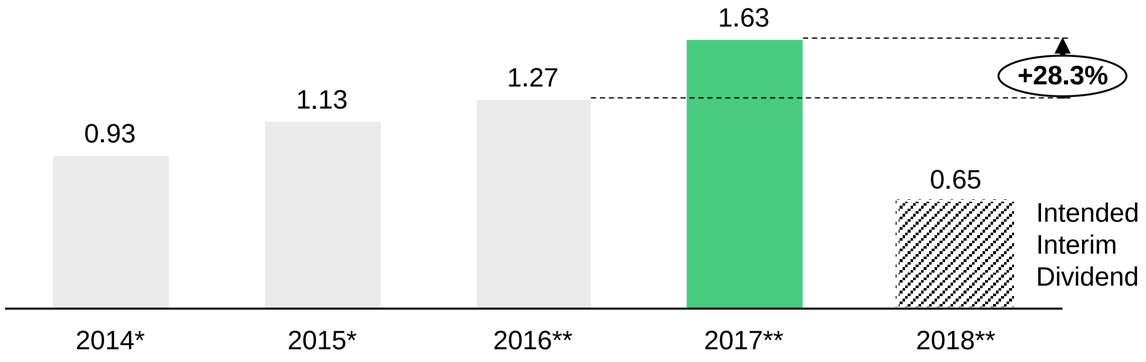
Solvency II (SF)	Operating return on equity	S&P rating (insurance business)
196%*	15.6%	Single A
>160% medium-term target	**Up to 12%** medium-term target	**Single A** medium-term target

Combined ratio Non-life	Operating expenses	Financial leverage
95.1%	€ 584m	25.3%
<97% medium-term target	absorbing cost base of acquisitions; on track for medium-term target	**<30%** medium-term target

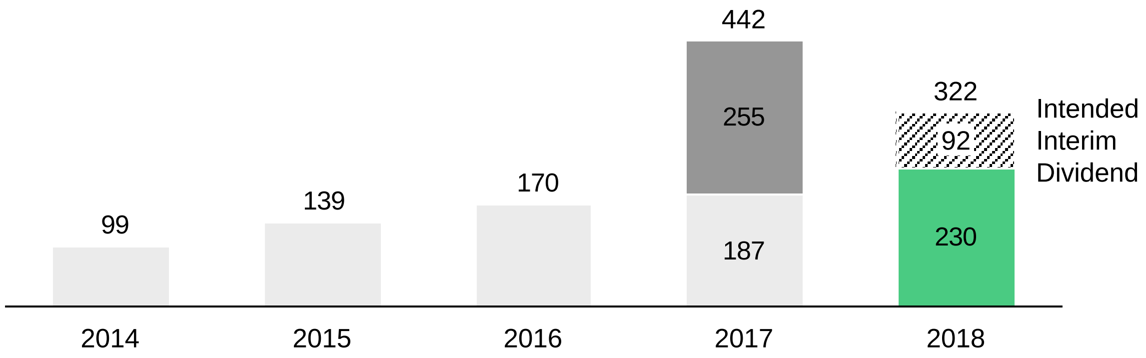
* Excluding a.s.r. Bank and after proposed dividend

Attractive returns to shareholders

Dividend per share (in €)



Capital return to shareholders (in €m)



- Proposed 2017 dividend of € 1.63 per share, an increase of 28.3% on the 2016 dividend per share
- Ambition to offer a growing dividend per share
- Pay-out ratio of 45% led to € 230m dividend pay-out
- Intention to introduce interim dividends with a pay-out ratio of 40% of the previous year's dividend. Based on the proposed 2017 dividend this would amount to € 0.65 interim dividend per share payable in 2018

- In 2017, a total of 9 million own shares were purchased for an amount of € 255m
- Since IPO in June 2016, € 672m of capital has been returned to shareholders, including proposed 2017 dividend

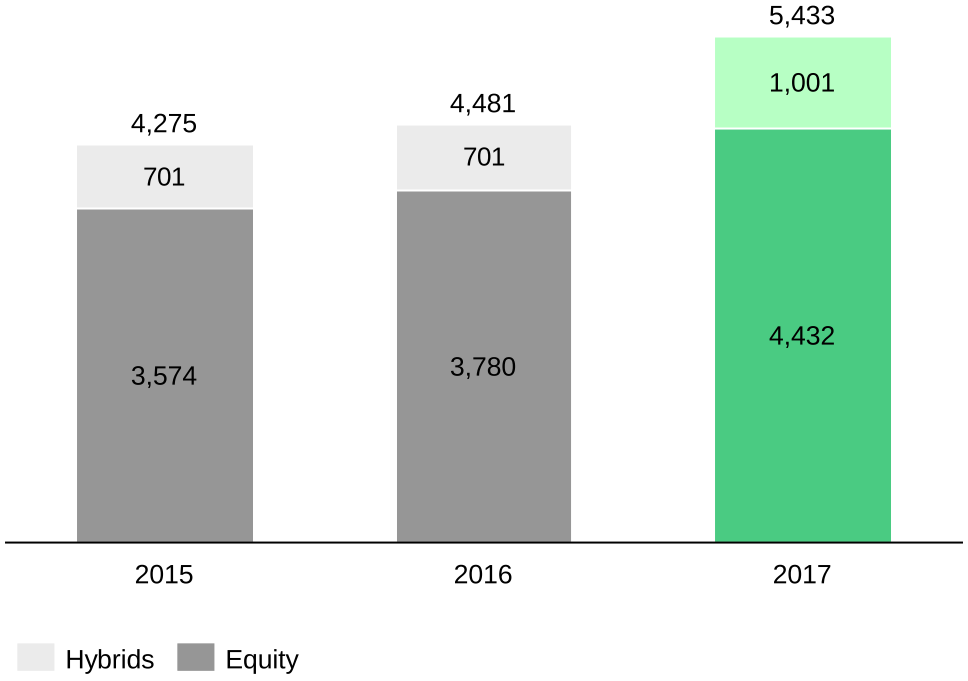
* Number of shares restated for 2014 & 2015 to 150 million shares
** Number of shares for 2016 is 147 million shares. Number of shares for 2017 is 141 million shares. Treasury shares are not eligible for dividend

Solvency and capital

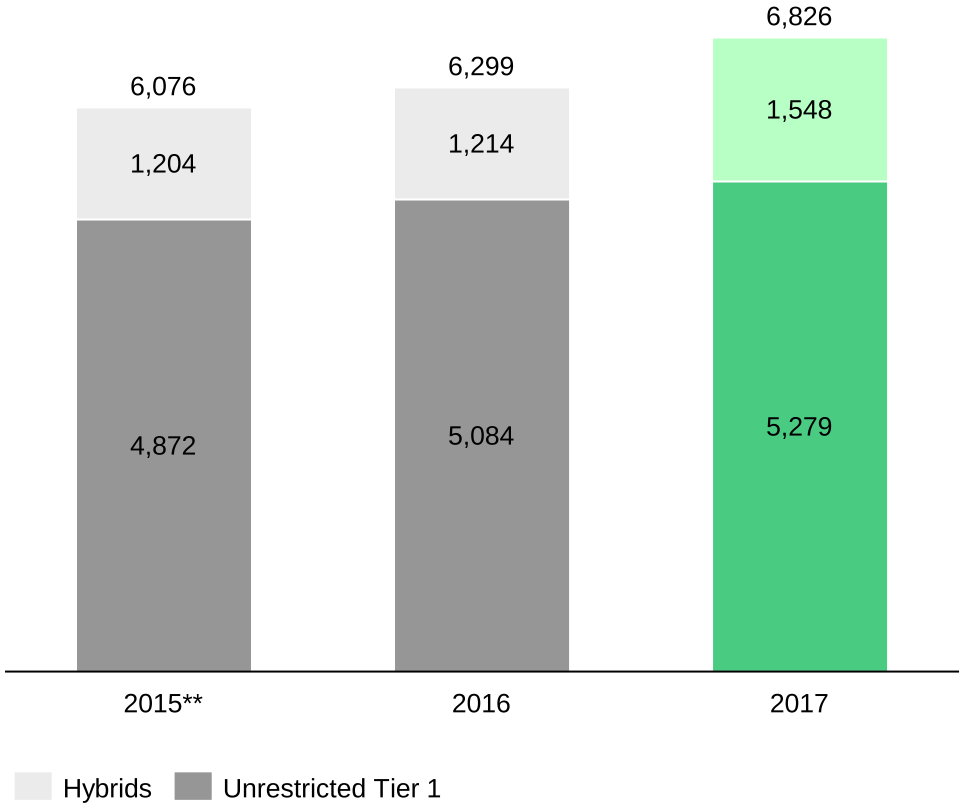
Chris Figee, CFO

Multi-year equity and EOF movement

IFRS equity (in €m)



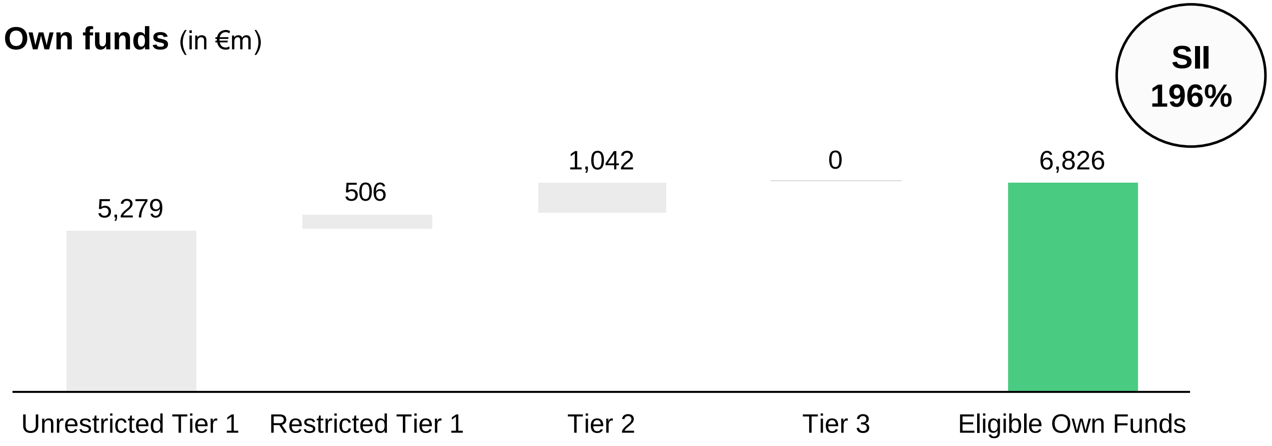
SII EOF* (in €m)



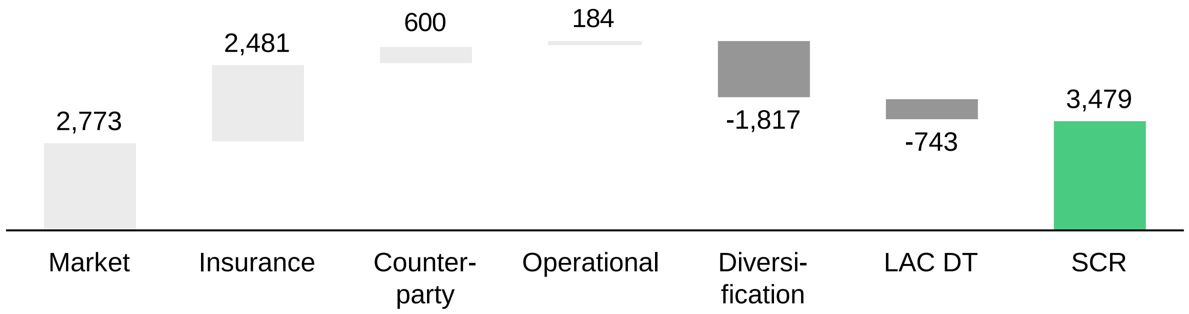
* After deduction of (proposed) dividend payments
** Day one reporting

Robust Solvency II and significant financial flexibility

Own funds (in €m)



Required Capital (in €m)

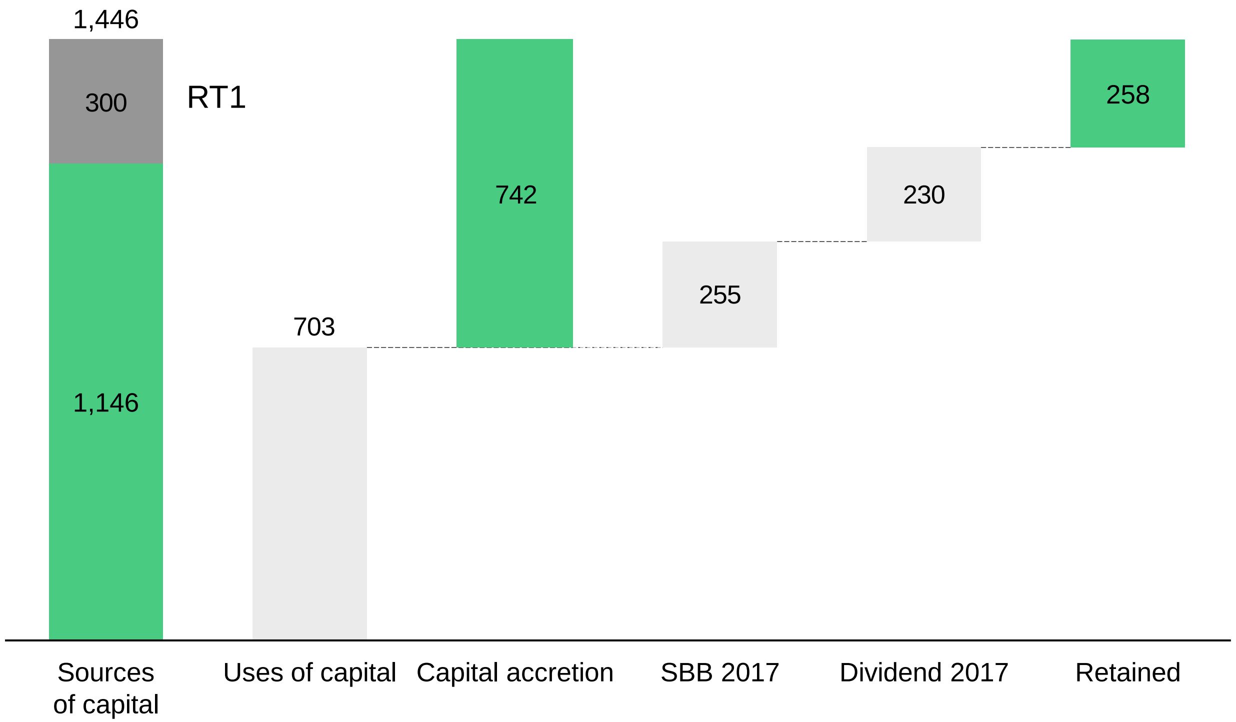


- Solvency II ratio 196% based on standard formula*
- Unrestricted Tier 1 capital: 77% of total own funds and 152% of SCR
- Restricted Tier 1 capital increased as a result of the issuance of Restricted Tier 1 hybrid debt instrument amounting to € 300m (nominal)
- Tier 3 capital per 2017 of € 0m; no tiering risk at present
- Ample headroom available within SII framework:
  - RT1: € 814m
  - T2 & T3 : € 697m
- Market risk under 50% of required capital (pre-diversification and LAC DT)
- LAC DT ratio raised to 74% reflecting increase of DTL position, no future profits modelled in LAC DT position

* Excluding a.s.r. bank

Strong capital accretion in 2017

Capital accretion (in € m)



- a.s.r. businesses amassed € 1,146 of solvency capital in 2017 through solid operational performance, capital release, favourable financial markets and other sources
- Created capital was applied for re-risking, hybrid capital cost, absorbing the effect from lower volatility adjustment and UFR unwind
- On balance, € 742m of capital was added, of which € 255m was returned to shareholders via share buy-backs, on top of € 230m of proposed ordinary dividend over 2017

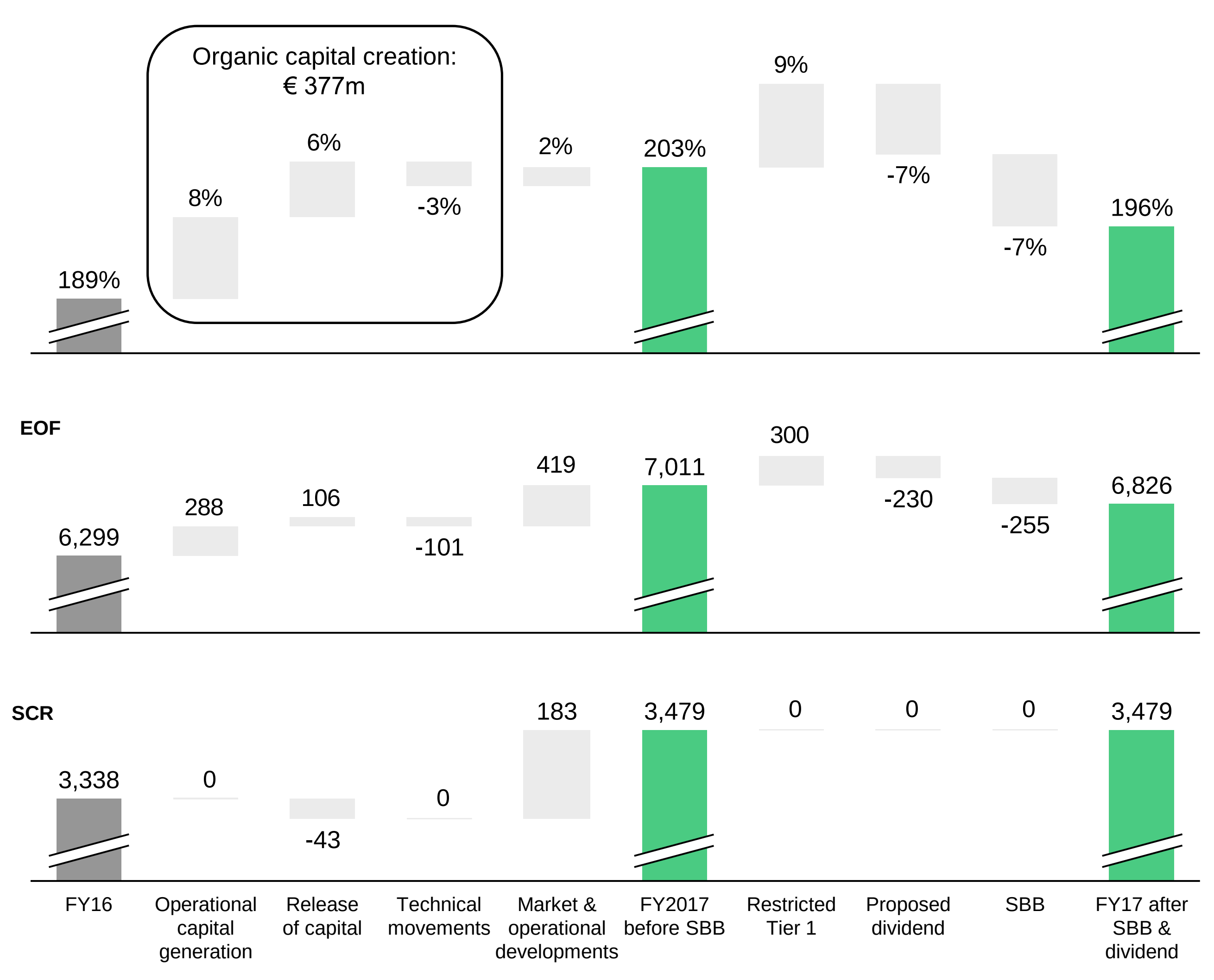
Sources of capital

- Operational capital generation
- Net release of capital
- Assumption changes & business developments
- Investment results & market movements

Uses of capital

- Technical movement: (UFR unwind)
- Cost of hybrids
- Additional required capital invested in market risk

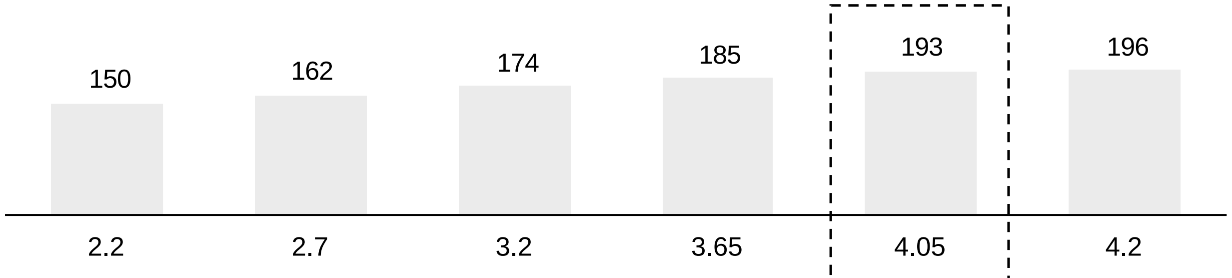
Solvency ratio movement in FY17



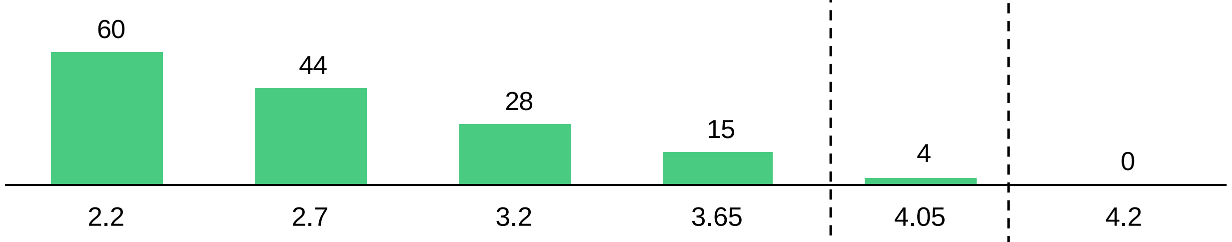
- Strong organic capital creation of € 377m, 11%-pts SII
  - Solid operating performance of business segments generated 8%-pts SII, reflecting mostly strong technical results in Non-life and investment returns conform LTIM assumptions
- Solvency II ratio of 203% included -6%-points re-risking of investment portfolio and -9%-points of impact from lower VA in 2017
- Creation of EOF (excluding capital flows) amounted to € 712 million. Creation of EOF (excluding capital flows) before impact from lower VA represented 30%-pts in 2017
- Market developments were the largest contributor to own funds development with outperformance of LTIM assumptions in real estates and equities as main contributor for the increase in Solvency ratio
- Share buy-backs in January, June, and September 2017 (9m shares in total) amounted to € 255m or -7%-points
- Proposed dividend of € 230m represents 61% of organic capital creation and 80% of operating capital generation

Sensitivity of SII ratio to UFR

Stock of SII (in %)



Additional annual OCC ("flow") (in €m)



Eligible Own Funds (in €m)

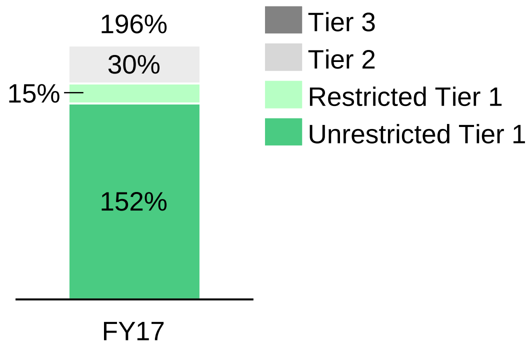
5,373	5,774	6,152	6,467	6,729	6,826
2.2	2.7	3.2	3.65	4.05	4.2

* Excluding a.s.r. bank

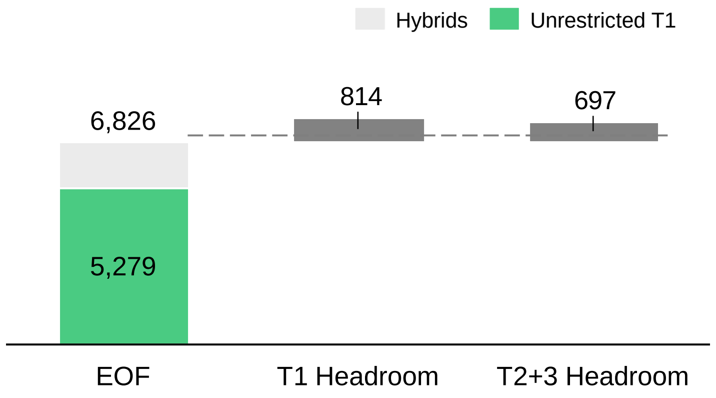
- Group Solvency ratio of 196%, based on standard formula*
- EIOPA will be lowering the UFR towards the current target of 3.65% while lowering the UFR by 15 bps per annum. Target UFR for 2018 is 4.05%
- Lowering UFR would lead to lower 'stock' of capital, but also increase organic capital creation because of reduced UFR unwind
- Economically, a UFR that is in line with long-term investment results would be an optimal way to measure capital base (and compare to >100% threshold)
- At current yield, a.s.r. monitors at a UFR of 2.2% as metric for long-term financial stability. The cash investment yield is somewhat above this percentage
- Solvency II ratio at UFR 2.2% increased from 142% at FY16 to 150% at FY17

Strong and resilient balance sheet

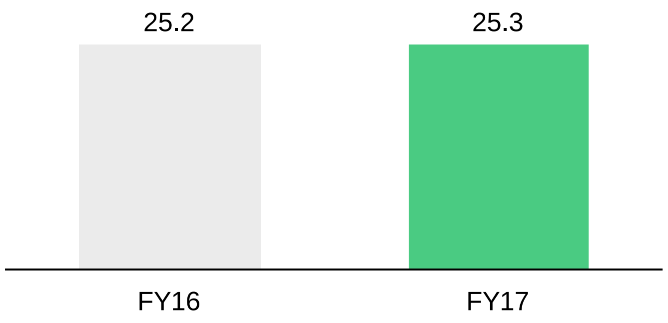
Solvency II composition (in %)



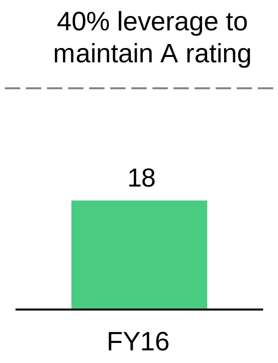
Financial flexibility (in €m)



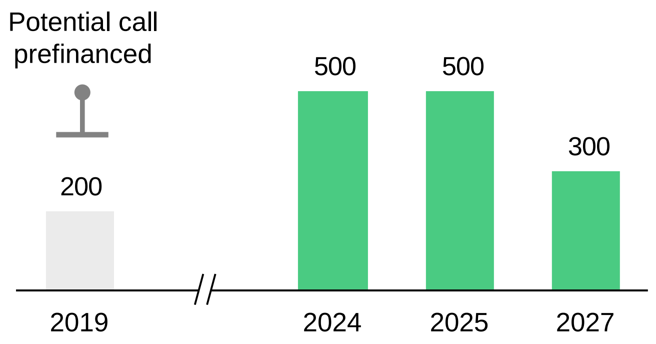
Financial leverage (in %)



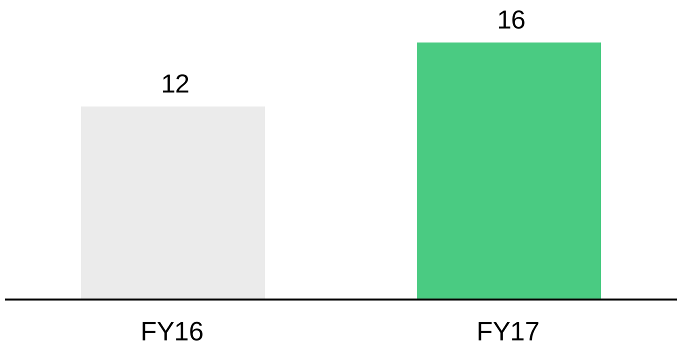
S&P leverage (in %)



Debt maturity profile

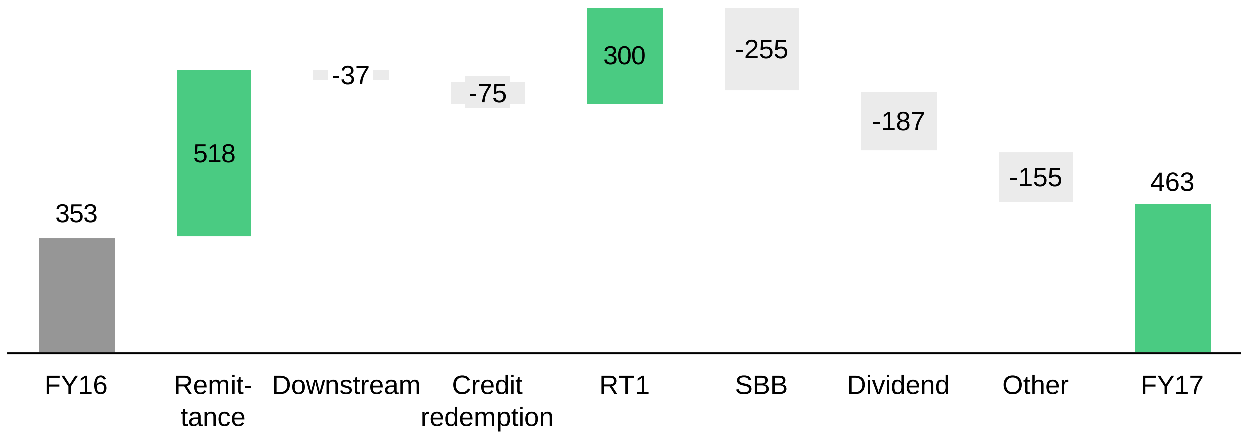


Interest coverage ratio (IFRS, multiple)

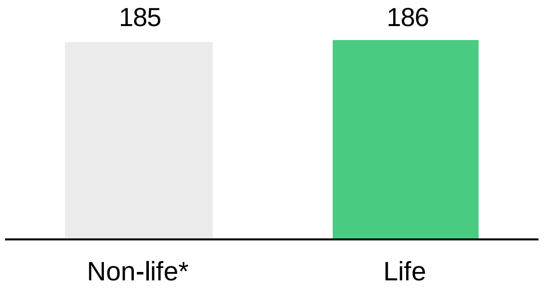


Unencumbered access to pools of liquidity

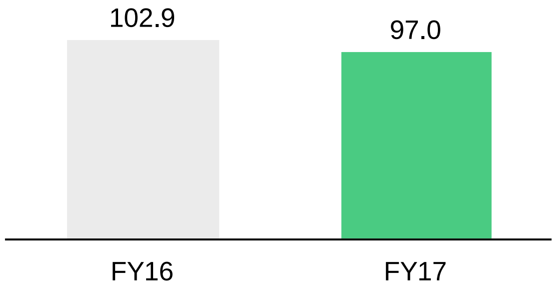
Cash remittance (in €m)



SII entities (in %)



Double leverage (in %)



- Holding cash of € 463m at year-end 2017, safely above the year-end target of € 350m
- Total shareholder return of € 442m in 2017
- Strongly capitalised operating companies:
  - Strong track record of operating companies upstreaming cash
  - Remittance of operating companies exceeded OCC
  - Remittance of operating companies exceeded the net result after tax and hybrids
  - Low double leverage
- The a.s.r. policy is to maintain cash where it can yield, therefore a.s.r. will only upstream cash if applicable
- Other cash remittance consisted primarily of holding costs and hybrids costs

* Excluding a.s.r. health

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Wrap-up

Jos Baeten, CEO

Key take-aways

- Strong operating result - a record year - driven by strong performance in all business segments
- Combined ratio of 95.1% reflects continued focus on cost and underwriting discipline
- Operating return on equity at 15.6%, since IPO ahead of target of ‘up to 12%’

- Resilient, high quality balance sheet and robust Solvency II at 196%* based on standard formula
- Substantial financial flexibility supported by significant headroom across all tiers of capital
- Ample cash remittance to Holding Company from insurance operating companies; entities remain highly capitalised

- Consistently outperforming medium-term targets
- Dividend proposal of € 1.63 per share, up 28.3%
- Intended interim dividend at 40% of previous year

* Excluding a.s.r. bank

Save the date…

a.s.r.

Capital Markets Day

10 October 2018

Utrecht

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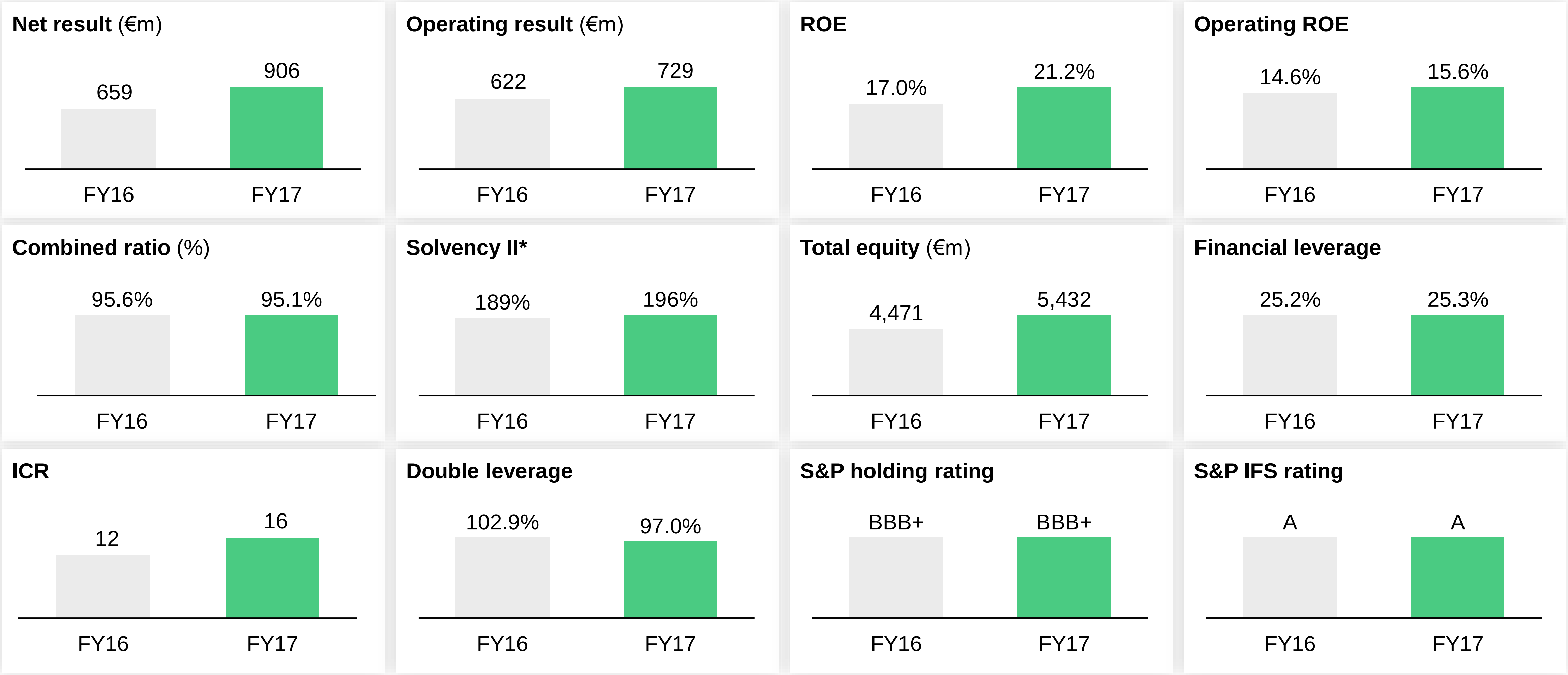
Appendix

A. Financial ratios
B. Combined ratio per product line
C. Calculation of operating ROE
D. Operating result per segment
E. SCR movement during 2017
F. Sensitivities Solvency II ratio
G. What would 2017 *”market consistent”* OCC estimate look like..?
H. Investment portfolio
I. Details of fixed-income portfolio
J. Details of equities portfolio and real estate portfolio
K. Life segment book development
L. Investment contribution Life segment

A. Financial ratios



* Calculation based on standard model and excluding a.s.r. bank

B. Combined ratio per product line

		FY16	FY17
Non-life Segment	Claims ratio	72.0%	72.8%
	Expense ratio	8.3%	7.6%
	Commission ratio	15.3%	14.7%
	Combined ratio	**95.6%**	**95.1%**
Disability	Claims ratio	69.9%	72.4%
	Expense ratio	8.5%	7.8%
	Commission ratio	9.8%	10.6%
	Combined ratio	**88.2%**	**90.9%**
Health	Claims ratio	93.0%	94.0%
	Expense ratio	4.5%	4.0%
	Commission ratio	1.6%	1.2%
	Combined ratio	**99.1%**	**99.2%**
Property & Casualty*	Claims ratio	61.5%	59.6%
	Expense ratio	10.3%	9.7%
	Commission ratio	26.7%	26.2%
	Combined ratio	**98.5%**	**95.5%**

* Including travel and leisure insurance

C. Calculation of operating ROE

(in €m)		FY16	FY17
Operating result (before tax, annualised)		622	729
Minus: Interest on hybrid instruments [1]		45	48
Operating result after hybrid costs (before tax, annualised)		557	681
Tax effect (25% tax rate)		144	170
Operating result after hybrid costs (net of taxes, annualised)		**433**	**511**
(in €m)	**FY15**	**FY16**	**FY17**
Equity attributable to shareholders	3,574	3,780	4,432
Minus: Unrealised gains and losses reserve [2]	683	726	869
Minus: IFRS equity Real estate developments and SOS [3]	8	25	37
Adjusted IFRS equity	2,883	3,029	3,526
Average adjusted IFRS equity		**2,956**	**3,278**
Operating ROE		**14.6%**	**15.6%**

1 Interest on hybrid instruments is deducted to show the return to equity shareholders after hybrid costs
2 Unrealised revaluation reserves are excluded as the operating result adjusts all capital gains and losses
3 Real Estate Development and SOS equity are excluded from the calculation as they are also excluded from the operating result due to their ‘run-off’ classification

D. Operating result per segment

	FY16				FY17			
	IFRS profit before tax	Investment related	Incidentals	Operating result	IFRS profit before tax	Investment related	Incidentals	Operating result
Non-life segment	187	30	21	136	241	70	-1	172
Life segment	642	114	-31	559	931	271	27	633
Banking and Asset Management segment	7	6	-1	2	7	2	-2	7
Distribution and Services segment	12	-	-	12	16	-	-	16
Holding and Other / Eliminations segment	5	-1	93	-87	-84	-3	18	-99
Real Estate Development segment	2	-	2	-	17	-	17	-
Total	**855**	**149**	**84**	**622**	**1,128**	**340**	**59**	**729**

Operating result: Profit before tax adjusted for

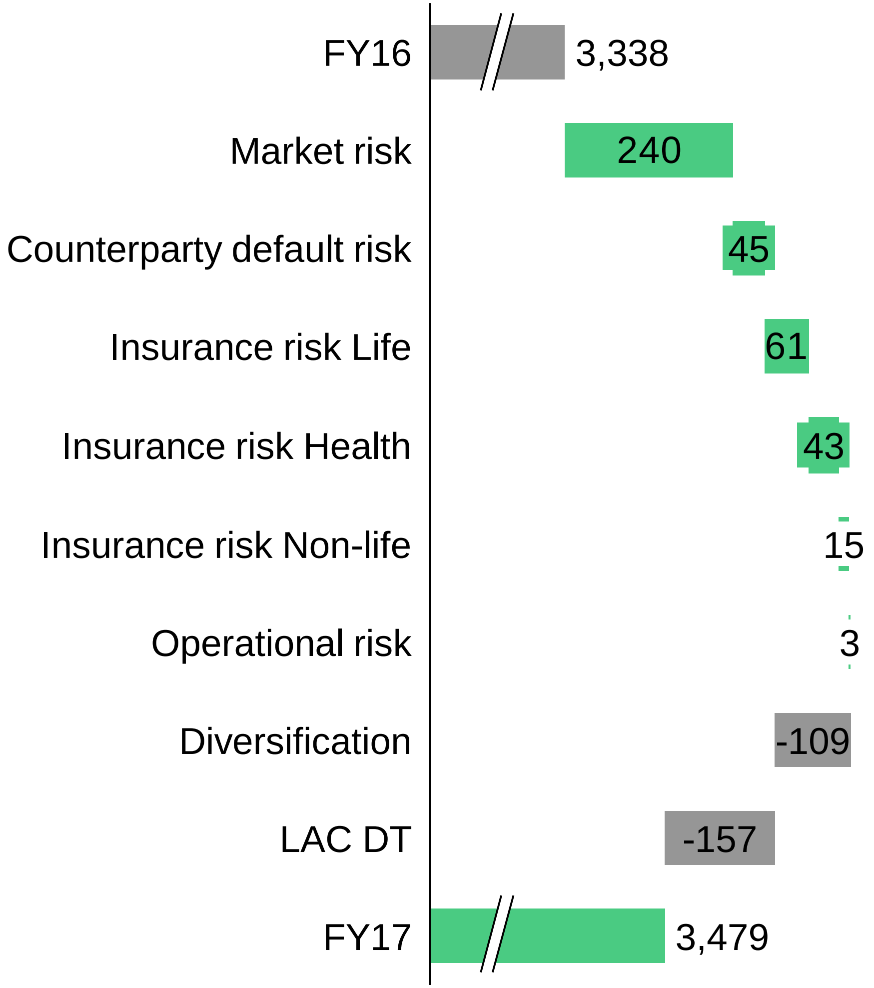
i. Investment-related income: income for own account of an incidental nature (for example realised capital gains and losses, impairment losses or reversals and (un)realised changes of investments held at fair value

ii. Incidentals insurance segments: incidental items relating to changes in methods, changes in accounting policies, effects of changes in accounting methods not related to insurance portfolios and revaluation of insurance liabilities

iii. Incidentals non–insurance segments: incidental items relating to changes in methods, changes in accounting policies and effects of changes in accounting methods not related to the underlying performance of the non-insurance segments, and

iv. Other incidentals: incidental items not related to the core business or on-going business

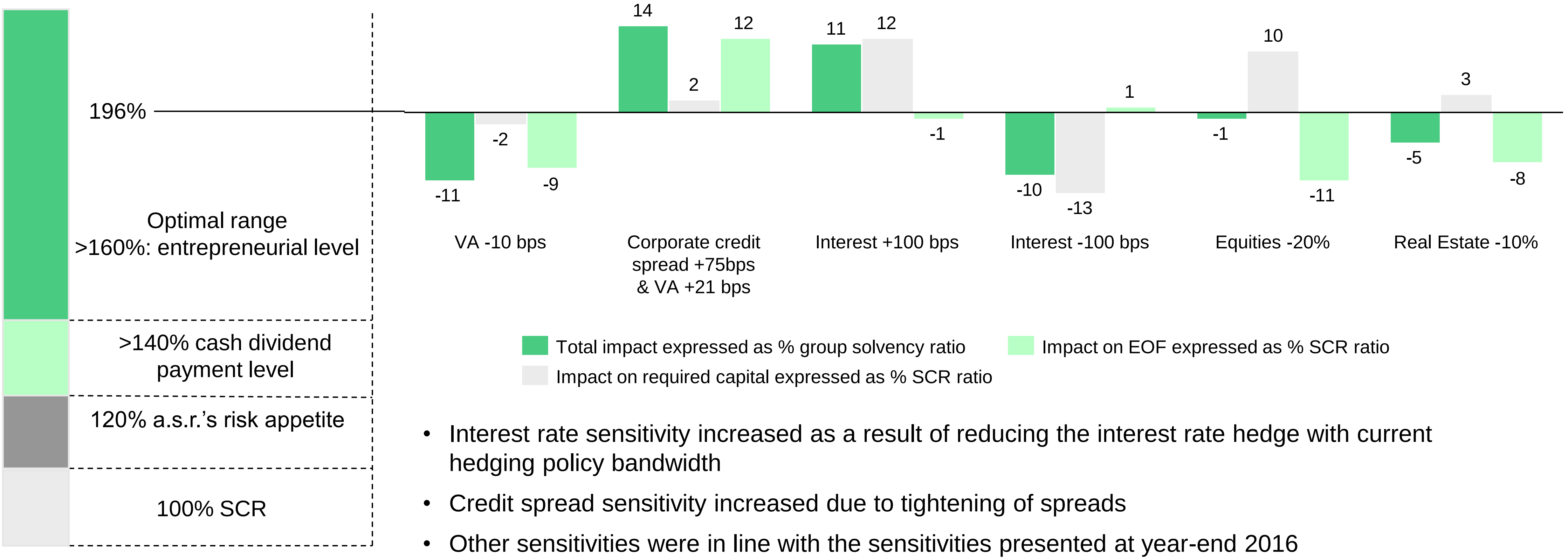
E. SCR movement during 2017



FY SCR decreases in	FY SCR increases in
Market risk: • Currency risk **Insurance risk Life:** • Longevity risk • Diversification • LAC DT	**Market risk:** • Equity risk • Real estate risk • Concentration risk **Insurance risk Life:** • Expenses risk • Lapses risk **Insurance risk Health:** • HSLT risk and HNSLT risk **Insurance risk Non-life:** • Premium reserve risk **Counterparty default risk**

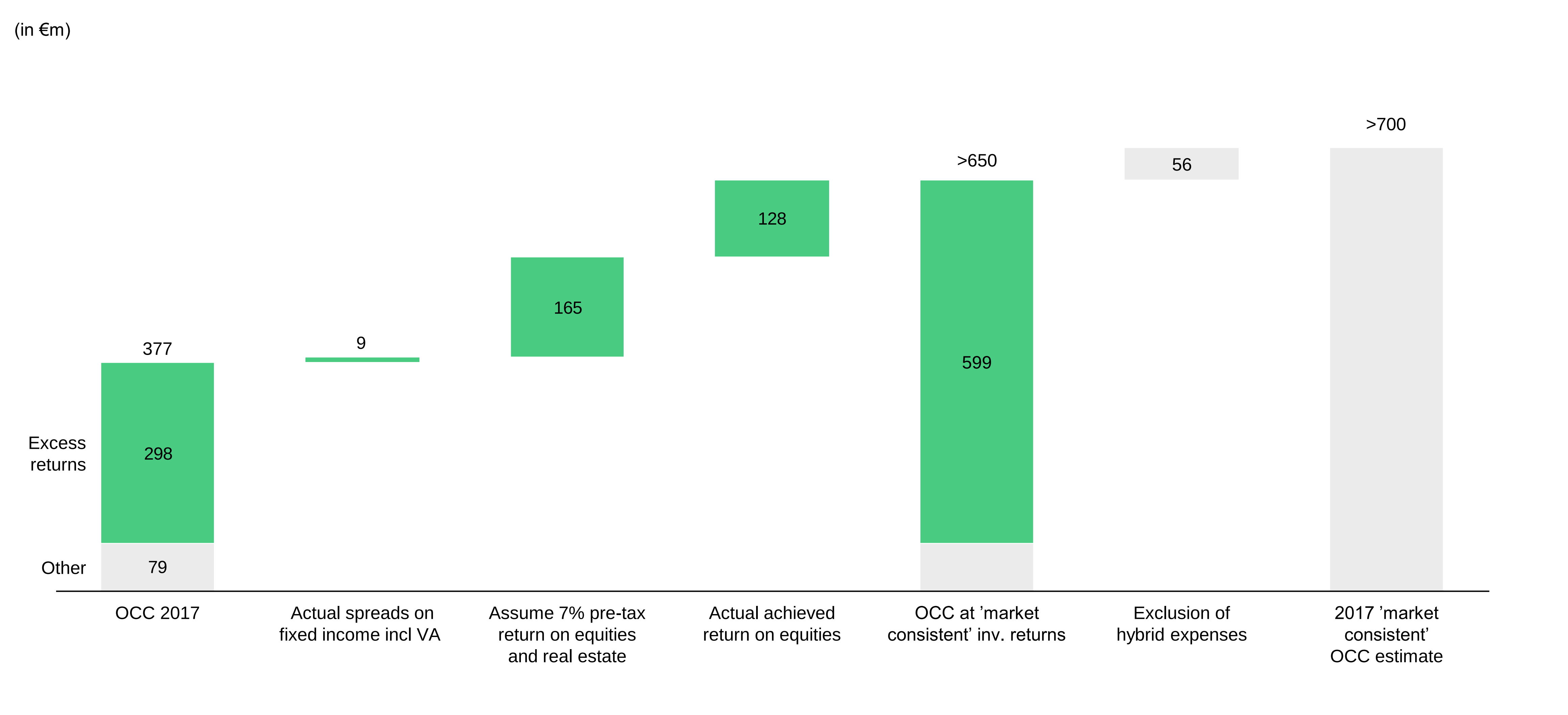
Delta required capital FY: € 141m

F. Sensitivities Solvency II ratio



- Interest rate sensitivity increased as a result of reducing the interest rate hedge with current hedging policy bandwidth
- Credit spread sensitivity increased due to tightening of spreads
- Other sensitivities were in line with the sensitivities presented at year-end 2016
- Current solvency level enables a.s.r. to potentially absorb multiple downward adjustments

G. What would 2017 *”market consistent”* OCC estimate look like..?



* All figures are post tax

H. Investment portfolio

Assets (in €bn, fair value)*	**FY16**	**FY17**
Fixed income	26.0	23.8
Equities	2.2	2.6
Real estate	3.2	3.4
Mortgages / other loans	7.2	7.8
Cash for investments	0.8	1.5
Other **	0.1	0.0
Total investments	**39.5**	**39.1**
Investments on behalf of policyholders	7.7	7.7
Other assets ***	9.7	8.6
Total balance sheet a.s.r.	**56.9**	**55.4**

* Rounding differences appear
** Other mainly represents equity associates
*** Other assets mainly represents Loans and receivables (mainly due from credit institutions), cash and cash equivalents
Note: This presentation is on an investment portfolio basis and distinguishes different investment categories from an asset management perspective. Therefore, this presentation differs from the financial statement presentation based on IFRS.

- Re-risking of the investment portfolio: from government bonds to credits, equity, mortgages and real estate to optimise return on solvency capital
- Real estate: Sale of six non-core assets of the acquired office portfolio and additional investments in real estate. Increase of real estate mainly due to quarterly valuations performed by external appraisers
- Vacancy rates decreased due to redevelopments and new contracts retail and sale of non-core office locations
- Mortgage exposure further increased. High quality mortgage portfolio further improved credit performance with improved arrears positions and foreclosure losses incurred < 1 bps
- Swap spread exposure in Solvency II regime further reduced by exchanging long dated core government bonds with combination of short duration instruments and receiver swaps
- Decrease in total portfolio value due to increased interest rates

I. Details of fixed-income portfolio

Highlights

- The core of the portfolio consist of AAA government bonds, with selective peripheral sovereign exposure. FY17 saw a general decrease in exposure to the asset class as a whole, but an increase in US Treasuries (currency exposure hedged)
- The decrease in value of the investment portfolio is mainly a the result of i) diversification towards higher yielding assets and ii) increased interest rates
- Exposure structured instruments decreased mainly due to decreased exposure in CDOs
- In line with the investment plans formed for 2017, exposure to government bonds was reduced in favour of increases in:
  - credits, gradual build-up during 2017
  - equity exposure
  - real estate, largely completed with the purchase of Basisfonds Stationslocaties C.V.
  - mortgages, increase particularly in more attractive yielding LtFV buckets
- The swap spread exposure was further reduced
- High quality mortgage portfolio with credit losses < 1 bps

Mortgages (in €m, book value) *	FY16	FY17	*Delta*
LtFV < 75%	1,561	1,833	*17%*
LtFV < 100%	753	877	*16%*
LtFV < 125%	925	1,199	*30%*
LtFV > 125%	95	103	*9%*
NHG	3,869	3,798	*-2%*
Total	**7,202**	**7,810**	***8%***

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

Fixed income (in €m)	FY16	FY17	*Delta*
Government	13,032	10,906	*-16%*
Financials	4,792	5,092	*5%*
Structured	205	168	*-18%*
Corporate	5,472	5,586	*2%*
Derivatives	2,490	2,090	*-16%*
Total	**25,991**	**23,842**	***-8%***

Governments (in €m)	FY16	FY17	*Delta*
Germany	4,150	2,972	*-19%*
Netherlands	3,672	2,839	*-32%*
Belgium	1,391	1,138	*-8%*
France	1,233	1,137	*-18%*
GIIPS	1,061	932	*-12%*
Austria	693	676	*-2%*
United States	45	525	*1,076%*
Other	499	377	*-25%*
Supranationals	288	310	*8%*
Total	**13,032**	**10,906**	***-16%***

J. Details of equities portfolio and real estate portfolio

Highlights

Equities

- Re-risking during 2017 as well as favourable equity markets resulted in the increase in equity exposure
- Continuation of the active hedging policy for the illiquid part of the portfolio

Real estate

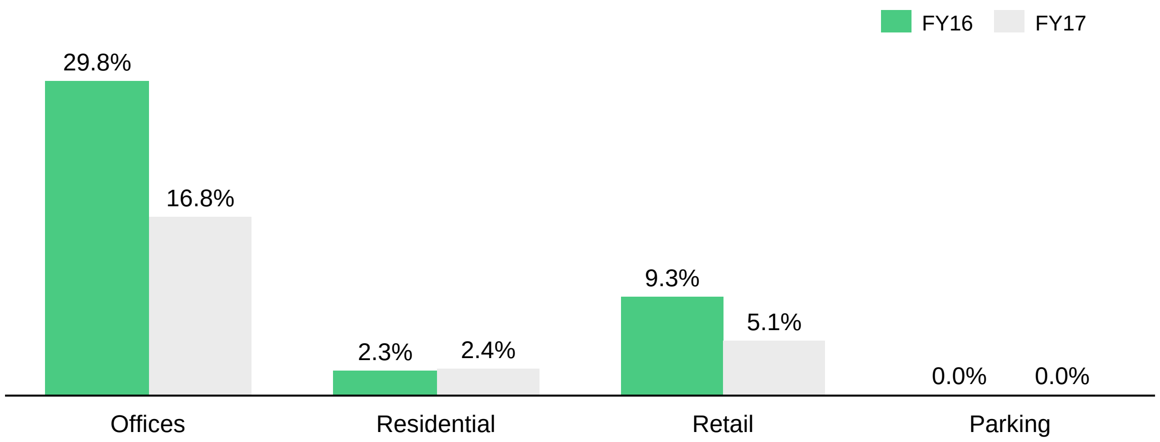
- Vacancy rates of Retail decreased due to redevelopments and new contracts with e.g. Hudson's Bay
- Vacancy rates of Offices decreased mainly due to the sale of non-core office locations
- Increased the participation in ASR DPRF in H2, while lowering the stake in ASR DMOF
- Total increase in Real estate portfolio of 6% mainly as a result of quarterly valuations performed by external appraisers

Equities (€m)	**FY16**	**FY17**	***Delta***
Equities	1,793	2,142	*19%*
Private equities	82	64	*-21%*
Hedge funds	0	0	*-%*
Other funds	289	346	*-20%*
Derivatives	16	14	*-7%*
Total	**2,180**	**2,566**	***18%***

* As of H1 2017, a.s.r. managed Real estate funds are classified in the Real estate table instead of under 'Other funds' equity

Real estate (€m)	**FY16**	**FY17**	***Delta***
Offices	202	119	*-41%*
Retail	64	68	*6%*
Rural	1,248	1,350	*8%*
Parking & other	41	62	*51%*
Total real estate (excluding funds & own use)	**1,554**	**1,599**	***3%***
ASR Dutch Prime Retail Fund	524	655	*25%*
ASR Dutch Core Residential Fund	754	839	*11%*
ASR Dutch Mobility Office Fund	155	70	*-55%*
Other Funds	54	71	*31%*
Total real estate (excluding own use)	**3,041**	**3,234**	***6%***
Offices in own use	145	143	*-1%*
Total real estate	**3,186**	**3,377**	***6%***

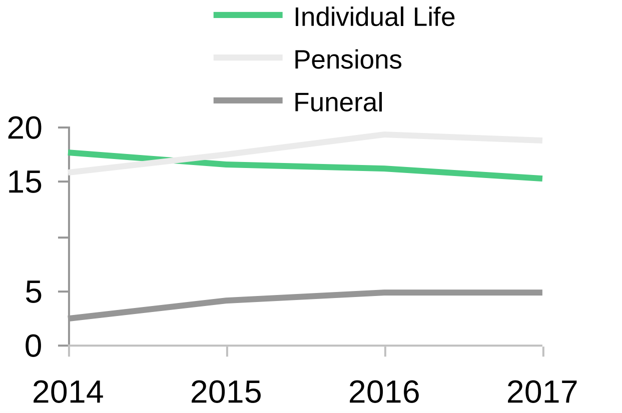
Real estate vacancy rates**



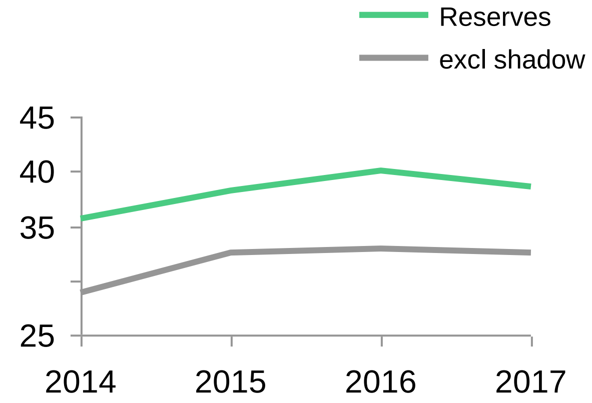
* New contract with Hudson's Bay reduced Retail vacancy to 5.1%, to be fully effectuated in 2018
** Excluding Other Funds and Offices in own use

K. Life segment book development

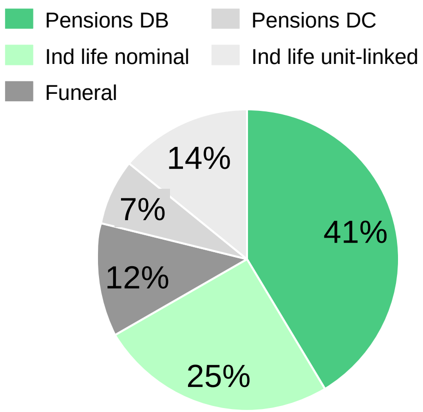
Life reserves development (in € bn)



Life reserves (in € bn)



Reserves - FY17 (€39 billion)



- Individual Life book has decreased by more than € 2 billion since 2014. Pension book has increased more than € 3 billion since 2014 due to buy-outs and regular interest accrual on liabilities (mostly DB book). Funeral book has increased, supported by the acquisitions of AXENT and NIVO
- When corrected for shadow accounting (interest rate movements) and realised gains reserve, the life book increased by a total of €3 billion the last three years
- Life reserves amounted to €39 billion at FY17. The Pension DB book represents the largest part of the IFRS reserves

L. Investment contribution Life segment

(in €m)	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017
Direct investment income*	530	473	505	476	521	479
Amortisation realised gains reserve	61	99	119	150	161	161
Total investment contribution	591	572	624	626	682	640
Required interest on liabilities**	-431	-398	-423	-387	-423	-389
Investment margin	**160**	**174**	**201**	**239**	**259**	**251**
Shadow accounting reserve (Life)	2,585	2,590	5,842	3,709	2,507	2,858
Realised gains reserve (Life)	3,028	3,185	3,217	3,482	3,437	3,203

- Direct investment increased in 2017 despite lower interest rate environment
- The regular decrease in direct investment income was offset by an inflow in the investment portfolio due to the businesses acquired
- Furthermore, during 2016 & 2017, additional yield was picked up due to the expansion of the swap portfolio (part of the swap-spread hedging programme) and additional market risk (mortgages, equity, credits)
- The amortisation from the realised gains reserve shows a year-on-year increase

* This line item differs from ''investment income'' in the Annual Report due to (i) interest expenses on derivates and (ii) saving mortgages (offset through technical provisions)
** Including other components such as profit sharing

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