2023

Interim report

For the first half year

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

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ASR Nederland N.V. and its group companies are hereinafter referred to as 'a.s.r.' or 'the Group', except when referring to the legal entity ASR Nederland N.V.

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1 Report of the Executive Board

1.1 Financial and business performance HY 2023

ASR Nederland N.V.

Key figures

a.s.r. key figures *(in € million, unless stated otherwise)*	HY 2023	HY 2022	Delta (%)
Operating result	**460**	**454**	**1.4%**
- Non-life	189	180	5.4%
- Life	310	291	6.5%
- Asset Management	21	19	6.2%
- Distribution and Services	15	17	-12.9%
- Holding and Other (incl. Eliminations)	-75	-53	40.0%
Incidental items (not included in operating result)	**-4**	**-2,500**	n.m.[1]
- Investment related	109	-2,419	n.m.
- Non-investment related	-113	-81	-40.4%
Result before tax	**456**	**-2,046**	n.m.
Income tax	-115	535	n.m.
Non-controlling interest	5	-1	n.m.
Result attributable to holders of equity instruments	**346**	**-1,512**	n.m.
Operating return on equity	**13.5%**	**12.0%**	**1.5%-p**
Return on equity on IFRS basis	12.4%	-56.1%	n.m.
Premiums received and DC inflow	**4,111**	**3,650**	**12.6%**
- Non-life	2,961	2,490	18.9%
- Life	1,149	1,160	-1.0%
Operating expenses	**-357**	**-332**	7.6%
- Non-life	-144	-139	3.8%
- Life	-97	-98	-1.0%
- Asset Management	-60	-56	8.1%
- Distribution and Services	-48	-45	6.7%
- Holding and Other (incl. Eliminations)	-7	7	n.m.
Per share metrics			
OCC per share (€)	2.80	3.17	-11.7%
Operating result per share (€)	3.11	3.36	-7.3%
(Interim) Dividend per share (€)	1.08	0.98	10.2%

Other key figures	30 June 2023	31 December 2022	Delta (%)
Solvency II ratio (standard formula)	215%	221%	-6%-p
Organic capital creation (OCC, 2022 & 2023: HY)	414	428	-3.3%
Financial leverage	32.1%	32.1%	0.0%-p
Double leverage	71.6%	75.1%	-3.6%-p
Total equity attributable to holders of equity instruments (IFRS-based)	6,283	6,109	2.8%
Contractual Service Margin	1,972	1,829	7.8%
Number of FTEs (total workforce)	5,063	4,873	3.9%
Number of FTEs (internal)	4,436	4,313	2.8%

1 n.m.: not meaningful.

Operating result
The operating result increased by € 6 million (1.4%) to € 460 million (H1 2022: € 454 million), mainly driven by favorable results in the Life, Non-life and Asset management business segments, partly offset by the lower result in Holding & Other due to increased hybrid debt expenses and Distribution & Services.

Operating result per segment
The operating result of the Non-life segment increased by € 10 million (5.4%) to € 189 million, mainly due to a higher operating investment and finance result in addition to a higher contribution from P&C that benefitted from strong underlying performance, the absence of weather-related calamities in the first half of 2023, a non-recurring release of provisions and a higher discounting impac of incurred claims. This more than offset some one-off strengthening of Disability provisions and adverse claims experience in Disability and Health. The operating investment and finance result improved due to interest accretion of the balance sheet as a result of higher interest rates, partly offset by lower investment returns from equities.

The operating result of the Life segment increased by € 19 million (6.5%) to € 310 million (HY 2022: € 291 million), driven mainly by an improved operating investment and finance result, primarily related to higher interest rates, and to a lesser extent by the operating insurance service result.

In Asset management, the operating result increased by € 1 million (6.2%) to € 21 million, driven by organic business growth and higher fee income resulting from increased third-party Assets under Management (AuM). This was partly offset by higher operating expenses.

The operating result of Distribution & Services decreased by € 2 million (-12.9%) to € 15 million, despite a solid operational performance. The decrease was mainly due to higher interest expenses and one-off expenses related to previous years.

The Holding & Other operating result decreased by € 21 million to € -75 million, mainly due to increased interest charges (€ 35 million) related to the € 1 billion Tier 2 bond issued to finance the business combination with Aegon Nederland and higher operating expenses, partly offset by non-recurring higher investment income.

Premiums received and DC inflow
Overall premiums received and Defined Contribution (DC) inflow for the group increased by 12.6% to € 4,111 million. The premiums received in the Non-life segment increased by 18.9% to € 2,961 million. P&C increased by 5.8% to € 949 million and Disability by 12.1% to € 1,111 million. Furthermore, Health increased by 49.7% to € 901 million, primarily as a result of an increase of almost 200,000 customers in the policy renewal season.

Premiums received and DC inflow in the Life segment remained fairly stable at € 1,149 million (-1.0%). Growth of the pension DC products of 7.8% was offset by the decrease in the 'servicebook' portfolio comprising the existing Pension Defined Benefit (DB) portfolio and Individual life. Premiums received in Funeral increased slightly.

Operating expenses
Operating expenses increased by € 25 million to € 357 million, primarily as a result of higher personnel related costs (including the impact of the Collective Labor Agreement). In addition, the number of FTE’s increased to 5,063 (FY 2022: 4,873).

Expenses for non-ordinary activities, classified as incidental items and therefore not included in operating expenses, increased by € 10 million to € 44 million. This increase mainly related to regulatory costs for the implementation of IFRS 17 and to integration and consultancy costs for the a.s.r. and Aegon Nederland business combination.

Result before tax
The result before tax increased by € 2,502 million to € 456 million (HY 2022: € -2,046 million). The negative result in HY 2022 primarily reflected the negative investment-related incidentals, related to significant revaluations driven mainly by sharply rising interest rates in HY 2022. The non-investment related items decreased by € 33 million, mainly related to a.s.r.’s own pension scheme. This was partly offset by a higher operating result (€ 6 million).

The IFRS net result amounted to € 346 million (HY 2022: € -1,512 million), with an effective tax rate of 25.2%.

Operating return on equity
The operating return on equity increased by 1.5%-points to 13.5% (HY 2022: 12.0%), primarily due to a lower IFRS equity, in combination with a slightly higher annualised net operating result.

Solvency II ratio and Organic Capital Creation
The Solvency II ratio, using the standard formula, decreased by 6%-points to 215% (31 December 2022: 221%).
In addition to a positive impact (12%-p) from Organic Capital Creation (OCC) and market and operational developments

(-12%-p), this includes a 7%-point deduction for the interim dividend of € 1.08 per share (€ 228 million), reflecting the newly-issued shares to Aegon N.V. as part of the transaction.

Market and operational developments led to a lower solvency ratio (-12%-points), reflecting the negative impact of higher equity markets, interest rate and spread movements, real estate developments and higher counterparty default risk due to a higher cash position to fund the Aegon Nederland transaction, which more than offset the positive impact of higher volatility adjustment and a higher LAC DT benefit.

OCC decreased by € 14 million to € 414 million (HY 2022: € 428 million), equal to 12.2%-points of the Solvency II ratio. The positive impact of lower UFR drag due to higher interest rates and higher contribution from P&C was more than offset by higher Tier 2 hybrid expenses and a lower contribution from Disability.

Pro-forma[1] Solvency II ratio after closing of the Aegon Nederland transaction is estimated at > 185%.

Dividend and capital distribution
a.s.r. will pay an interim dividend for 2023 of € 1.08 per share, equal to 40% of last year's full-year dividend, in line with the dividend policy. This is an increase of 10% compared to the interim dividend in 2022, reflecting the significant step-up in the 2022 full-year dividend.

Medium term targets
The business combination of a.s.r. and Aegon Nederland, together with the introduction of IFRS 17 reporting standards impacted the medium-term targets. Our aim is to present new medium term targets in the second quarter of 2024. For this reason, no update on the progress of the current set of medium term targets is included in this document.

1 The pro-forma data is solely based on simple addition of stand alone a.s.r. / Aegon NL taking into account some major approximations for impacts resulting from the combination. No bottom-up calculations have been made.

Non-life segment

Key figures, Non-life segment[1]

(in € million, unless stated otherwise)	HY 2023	HY 2022	Delta
Premiums received	2,961	2,490	18.9%
Operating expenses	-144	-139	3.8%
Operating result	**189**	**180**	**5.4%**
Incidental items (not included in operating result)	**-47**	**-242**	**n.m.**[2]
- Investment related	18	-212	n.m.
- Non-investment related	-65	-31	n.m.
Result before tax	143	-62	n.m.
Result attributable to holders of equity instruments	**107**	**-47**	**n.m.**

Combined ratio	HY 2023	HY 2022	Delta
Combined ratio Non-life (incl. Health)	**94.9%**	**93.4%**	**1.5%-p**
- Claims ratio	75.5%	71.8%	3.7%-p
- Commission ratio	14.0%	15.4%	-1.4%-p
- Expense ratio	5.4%	6.3%	-0.8%-p
Combined ratio			
- P&C	90.7%	94.2%	-3.5%-p
- Disability	94.4%	88.5%	5.8%-p
- Health	99.5%	98.7%	0.8%-p

Premiums received

Premiums received increased by € 471 million (18.9%) to € 2,961 million, reflecting strong organic growth in all three product lines. In P&C (+5.8%) and Disability (+12.1%) the organic growth was driven by increased sales volumes, tariff adjustments and the closing of a new collective disability insurance agreement as part of the collective labor agreement for the nursing and home care employee sector at the end of last year. In Health, premiums received increased by 49.7%, due to an increase of almost 200,000 customers in the policy renewal season.

Operating result

The operating result of the Non-life segment increased by € 10 million (5.4%) to € 189 million, mainly due to a higher operating investment and finance result in addition to a higher contribution from P&C that benefitted from strong underlying performance, the absence of weather-related calamities in the first half of 2023, a non-recurring release of provisions and a higher discounting impact of incurred claims. This more than offset some one-off strengthening of Disability provisions and adverse claims experience in Disability and Health. The operating investment and finance result improved due to interest accretion of the balance sheet as a result of higher interest rates, partly offset by lower investment returns from equities.

Operating expenses

Operating expenses increased by € 5 million (3.8%) to € 144 million, mainly driven by organic growth.

1 The Non-life segment consists of non-life insurance entities and their subsidiaries. The non-life insurance entities offer the following non-life insurance contracts; disability insurance, property and casualty insurance and health insurance.

2 n.m.: not meaningful.

Combined ratio

The combined ratio of segment Non-life increased by 1.5%-points to 94.9%.

In P&C, the combined ratio decreased to 90.7% (HY 2022: 94.2%), benefitting from strong underlying performance, an absence of weather related calamities, a non-recurring release of provisions related to actuarial interest rate for bodily injury and a higher discounting impact of incurred claims due to higher interest rates.

In Disability, the combined ratio increased to 94.4% (HY 2022: 88.5%). The increase is mainly related to one-off strengthening of provisions in Group disability due to alignment of non-economic assumptions between sub portfolios and adverse claims experience in Individual disability in the beginning of the year, which normalised in the second quarter. HY 2022 included positive non-recurring experience variance.

The combined ratio of Health increased by 0.8%-points to 99.5% mostly due to adverse claims experience in supplementary Health, which led to onerous (sub-)portfolios that are recognised in full in the first half of 2023. In the basic Health portfolio the expense ratio improved due to growth of the portfolio at relatively stable costs.

Result before tax

The result before tax increased by € 205 million to € 143 million (HY 2022: € -62 million), mainly due to the negative impact of investment related incidental items in the first half of 2022. The investment related incidental items improved by € 230 million, reflecting relative stable financial markets and interest rates in the first half of 2023 in contrast to the same period in 2022. Non-investment related incidentals amounted to € -65 million, primarily reflecting the non-economic assumption update for inflation in the liability for incurred claims of Disability.

Life segment

Key figures, Life segment[1]

(in € million, unless stated otherwise)	HY 2023	HY 2022	Delta
Premiums received and DC inflow	1,149	1,160	-1.0%
Operating expenses	-97	-98	-1.0%
Operating result	**310**	**291**	**6.5%**
Incidental items (not included in operating result)	**31**	**-1,430**	**n.m.**[2]
- Investment related	26	-1,459	n.m.
- Non-investment related	4	28	n.m.
Result before tax	341	-1,139	n.m.
Result attributable to holders of equity instruments	**255**	**-844**	**n.m.**
Assets under Management DC proposition (€ billion, 2022: FY)	6.5	5.4	20.7%

Premiums received and DC inflow
Premiums received and DC inflow in the Life segment remained fairly stable (-1.0%) at € 1,149 million (HY 2022: € 1,160 million). Organic business growth of the Pension DC products amounted to 7.8%, primarily driven by the recurring premiums of 'Werknemers Pensioen' (+16%), largely offsetting the decrease in the 'servicebook' portfolio comprising of the existing Pension DB portfolio and Individual life. Funeral premiums increased slightly compared to last year.

AuM of the DC proposition increased by 20.7% to € 6.5 billion (31 December 2022: € 5.4 billion), primarily driven by net inflows and positive market revaluations. The number of active participants of 'Werknemers Pensioen' increased by 10k to over 160k (31 December 2022: 150k). 'Doenpensioen', especially for small employers and facilitated in an IORP, also contributed to the growth, with the number of active participants increasing by 10k to 170k (31 December 2022: 160k).

Operating result
The operating result increased by € 19 million (6.5%) to € 310 million (HY 2022: € 291 million), driven mainly by an improved operating and investment finance result (OIFR). The OIFR improved by € 15 million reflecting a positive impact of lower UFR drag (IFRS) due to higher interest rates. The operating insurance service result (OISR) increased by € 49 million due to a reclassification of € 46 million between OISR and Other result which was not reflected in the HY 2022 figures. Corrected for this reclassification the OISR increased by € 4 million. The expected insurance service result, consisting of the regular Contractual Service Margin (CSM) and Risk Adjustment (RA) release to the result, remained stable, with a slightly higher CSM release offset by a decreased RA release driven mainly by higher interest rates. The Other result, corrected for the reclassification, remained fairly stable at € -2 million.

Operating expenses
Operating expenses decreased by € 1 million to € 97 million (HY 2022: € 98 million). Higher personnel related costs due to IT investments were offset by lower asset management fees paid, reflecting lower mortgage production compared to the same period of the previous year.

1 The Life segment comprises the life insurance entities and their subsidiaries. The life insurance entity offers financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Life segment also includes ASR Premiepensioeninstelling N.V. (previously known as Brand New Day Premiepensioeninstelling N.V.), which offers investment contracts to policyholders that bear no insurance risk and for which the actual return on investments allocated to the contract is passed on to the policyholder.

2 n.m.: not meaningful.

Result before tax

The result before tax increased by € 1,480 million to € 341 million (HY 2022: € -1,139 million) mainly due to the negative impact of investment related incidental items in the first half of 2022, reflecting significant negative revaluations driven mainly by strongly increasing interest rates in HY 2022. In addition non-investment incidental items decreased by € 24 million, mainly related to a.s.r.'s own pension scheme. The remaining part of the increase was due to the improvement in the operating result (€ 19 million).

Asset Management segment

Key figures, Asset Management segment[1]

(in € million, unless stated otherwise)	HY 2023	HY 2022	Delta
Fee income	81	76	6.8%
Operating expenses	-60	-56	8.1%
Operating result	**21**	**19**	6.2%
Incidental items (not included in operating result)	**-1**	**-0**	**n.m.**[2]
- Investment related	-	-	n.m.
- Non-investment related	-1	-0	n.m.
Result before tax	20	19	4.0%
Result attributable to holders of equity instruments	**15**	**14**	**4.0%**
Assets under Management for third parties (€ billion, 2022: FY)	30.8	28.5	8.1%
Mortgage origination (€ billion)	1.4	3.7	-62.2%

Operating result
The operating result increased by € 1 million (6.2%) to € 21 million, driven by organic business growth and higher fee income resulting from increased third-party AuM. This was partly offset by higher operating expenses.

Assets under management
Total AuM for third parties increased by € 2.3 billion to € 30.8 billion (31 December 2022: € 28.5 billion), which was driven by positive revaluations and inflows in the a.s.r. DC products 'Werknemers Pensioen' and 'Doenpensioen'. In addition, negative revaluations in the ASR Dutch Core Residential Fund were more than offset by the inflow in the ASR Dutch Farmland Fund, which on balance increased real estate third-party AuM.

Operating expenses
Operating expenses rose by € 5 million to € 60 million, mainly driven by higher personnel costs and licensing costs.

Mortgage origination
Mortgage origination decreased by € 2.3 billion to € 1.4 billion (HY 2022: € 3.7 billion), mainly due to declining appetite for mortgages as a result of rising mortgage rates. The mortgage origination was allocated to the ASR Mortgage Fund (€ 0.5 billion) and to the external investors (€ 0.5 billion). The remaining part was taken to a.s.r.'s own balance sheet.

Payment arrears of more than three months on the mortgage portfolio remained stable at 0.03% (2022: 0.03%). Credit losses on mortgages decreased by 0.10 bps to 0.04 bps (2022: 0.14 bps).

Result before tax
The IFRS result before tax increased by € 1 million to € 20 million, in line with the lower operating result.

1 The Asset Management segment involves all activities related to asset management including investment property management. These activities include amongst others ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V. and ASR Hypotheken B.V.

2 n.m.: not meaningful.

Distribution and Services segment

Key figures, Distribution and Services segment[1]

(in € million, unless stated otherwise)	HY 2023	HY 2022	Delta
Fee income	68	63	8.2%
Operating expenses	-48	-45	6.7%
Operating result	**15**	**17**	-12.9%
Incidental items (not included in operating result)	**-5**	**-6**	**n.m.**[2]
- Investment related	-	-0	n.m.
- Non-investment related	-5	-6	n.m.
Result before tax	10	11	-6.1%
Result attributable to holders of equity instruments	**7**	**7**	**-1.6%**

Operating result
The operating result decreased by € 2 million (-12.9%) to € 15 million, despite a solid operational performance. The decrease was mainly due to higher interest expenses and one-off expenses related to previous years

Fee income
Total income increased by € 5 million to € 68 million. This increase was driven mainly by organic business growth in various portfolios and some small acquisitions.

Operating expenses
Operating expenses increased by € 3 million to € 48 million, mainly due to the growth of the business.

Incidental items
Costs related to start-ups and amortisation of intangible assets decreased by € 2 million to € 5 million.

Result before tax
The IFRS result before tax decreased by € 1 million to € 10 million, in line with the lower operating result.

1 The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of Poliservice B.V. (Poliservice), Van Kampen Groep Holding B.V. (VKG), Van Kampen Geld B.V., Dutch ID B.V., Corins B.V., SuperGarant Verzekeringen B.V. (and ZZP Nederland Verzekeringen B.V. and Bedrijfsartsengroep B.V.), and ASR Vitaliteit & Preventieve Diensten B.V. (Vitality).

2 n.m.: not meaningful.

Holding and Other segment (including eliminations)

Key figures, Holding and Other segment / Eliminations[1]

(in € million, unless stated otherwise)	HY 2023	HY 2022	Delta
Operating expenses	-7	7	n.m.[2]
Operating result	**-75**	**-53**	-40.0%
Incidental items (not included in operating result)	**17**	**-821**	**n.m.**
- Investment related	64	-749	n.m.
- Non-investment related	-47	-72	n.m.
Result before tax	-57	-874	n.m.
Result attributable to holders of equity instruments	**-38**	**-642**	**n.m.**

Operating result

The operating result decreased by € 21 million to € -75 million. This was mainly due to increased interest charges on the subordinated liabilities and increased operating expenses.

The operating result includes interest charges of € 80 million (HY 2022: € 45 million) for subordinated liabilities (Tier 1 and Tier 2 notes). The increase compared to the previous year was due to the € 1 billion Tier 2 bond issued in November 2022, which was partly offset by non-recurring higher investment income.

Operating expenses

Operating expenses increased by € 13 million to € -7 million due to various smaller items, among other things increased expenses related to digitisation, increased personnel costs and lower eliminated investment expenses compared to last year.

Result before tax

The result before tax increased by € 817 million to € -57 million. The increase of € 813 million in investment related incidentals is mainly as a result of negative revaluations related to a.s.r. own pension scheme in the first half of 2022. The increase of € 25 million of non-investment related is also related to a.s.r. own pension scheme.

1 The segment Holding and Other consists primarily of the holding activities of a.s.r. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.), ASR Vooruit B.V., the investment firm that performs activities related to private investing for customers, and the activities of ASR Deelnemingen N.V.

2 n.m.: not meaningful.

Capital management

- The Solvency II ratio, using the standard formula, decreased by 6%-points to 215% (31 December 2022: 221%). The Solvency II ratio meets the entrepreneurial level of 'above 160%'.
- OCC decreased by € 14 million to € 414 million, equal to 12.2%-points of the Solvency II ratio.
- Equity attributable to holders of equity instruments (IFRS-based equity) increased by € 174 million to € 6,283 million, primarily as a result of the net result addition.
- Financial leverage was stable at 32.1% (31 December 2022: 32.1%). The leverage ratio - excluding the issued shares (as part of the equity) and the € 1 billion Tier 2 bond issued to finance the business combination of a.s.r. and Aegon Nederland- was 26.3%.
- Double leverage decreased by 3.6%-points to 71.6% (31 December 2022: 75.1%). The double leverage, excluding the issued shares and the issued € 1 billion Tier 2 bond to finance the business combination of a.s.r. and Aegon Nederland, was 85.4%.

Solvency II

Solvency II[1]

(in € million, unless stated otherwise)	30 June 2023	31 December 2022	Delta
Eligible Own Funds	7,369	7,441	-1%
Required capital	3,430	3,360	2%
Solvency II ratio (post dividend)	**215%**	**221%**	**-6%-p**

The Solvency II ratio, using the standard formula, decreased by 6%-points to 215% (31 December 2022: 221%). This included a 7%-point deduction for the interim dividend of € 1.08 per share (€ 228 million) and includes the newly-issued shares to Aegon N.V. as part of the transaction.

Market and operational developments led to a lower solvency ratio (-12%-points), reflecting the negative impact of higher equity markets, interest rate and spread movements, real estate developments and higher counterparty default risk due to a higher cash position to fund the Aegon Nederland transaction, which more than offset the positive impact of higher volatility adjustment and a higher LAC DT benefit.

Organic capital creation decreased by € 14 million to € 414 million (2022: € 428 million), equal to 12.2%-points of the Solvency II ratio. The positive impact from lower UFR drag due to higher interest rates and higher contribution from P&C was more than offset by higher Tier 2 hybrid expenses and a lower contribution from Disability.

Eligible Own Funds

Eligible own funds decreased to € 7,369 million (31 December 2022: € 7,441 million) mainly driven by capital distribution, spread movements and real estate developments. This was partly offset by organic capital creation and a higher volatility adjustment.

Required Capital

Required capital stood at € 3,430 million (31 December 2022: € 3,360 million). This increase was driven mainly by equities (reflecting a higher symmetric adjustment) and counterparty default risk (cash position related to Aegon Nederland transaction), partly offset by a higher LAC DT benefit.

1 Solvency II ratio is inclusive of financial institutions.

Equity

Breakdown of total equity

(in € million, unless stated otherwise)	30 June 2023	31 December 2022	Delta
Share capital	24	24	0.0%
Share premium reserve	1,533	1,533	0.0%
Unrealised gains and losses	315	266	18.4%
Actuarial gains and losses (IAS19)	-162	-168	-3.1%
Retained earnings	3,655	3,529	3.6%
Treasury shares	-86	-79	8.9%
Equity attributable to shareholders	**5,279**	**5,105**	**3.4%**
Other equity instruments	1,004	1,004	0.0%
Equity attributable to holders of equity instruments	**6,283**	**6,109**	**2.8%**
Non-controlling interest	17	27	-35.8%
Total equity	**6,300**	**6,136**	**2.7%**

Statement of changes in total equity

(in € million, unless stated otherwise)	HY 2023	FY 2022
Beginning of reporting period - total equity	**6,136**	**7,192**
Profit / loss for the period	346	-1,750
Unrealised gains and losses	97	-325
Actuarial gains and losses (IAS19)	5	887
Dividend	-254	-347
Discretionary interest on other equity instruments	-12	-48
Non-controlling interest	-10	9
Treasury shares acquired	-7	-71
Other changes	-2	589
End of reporting period - total equity	**6,300**	**6,136**

Total equity attributable to holders of equity instruments (IFRS-based) increased by € 174 million to € 6,283 million (31 December 2022: € 6,109 million) primarily as a result of the addition of the HY 2023 net result (€ 346 million) and an increase in unrealised gains and losses (€ 97 million), driven by higher equity markets. The increase was partially offset by the payment of the final dividend for 2022 (€ -254 million). The actuarial gains and losses mainly related to indexation (discount curve increased slightly from 3.67% to 3.75%). Movements in the treasury shares (€ -7 million) related to the buyback (€ -10 million) and sale of shares (€ 3 million) as part of the a.s.r. employee purchase programme. Several other factors, comprising the regular discretionary interest on other equity instruments (€ -12 million), the non-controlling interest (€ -10 million) and other changes (€ -2 million) led to a slight decrease of equity.

Contractual Service Margin

Statement of changes in contractual service margin

(in € million, unless stated otherwise)	HY 2023	FY 2022
Beginning of reporting period	**1,829**	**2,061**
New business	173	71
Interest accretion	52	73
Changes in estimates	38	-255
Release CSM to P&L	-120	-121
End of reporting period	**1,972**	**1,829**

The CSM increased by €143 million to €1,972 million (31 December 2022: €1,829 million). The Non-life segment (Disability) increased by € 112 million to € 180 million and the Life segment (Funeral, Pensions and Individual life) increased by € 32 million to € 1,792 million. For the product lines reporting in accordance with the PAA model (P&C and Health), no CSM applies.

CSM increased mainly due to the addition of profitable new production (€ 173 million). This relates to both Disability (€ 108 million) due to increases in market interest rates and improved pricing, and the Life segment (€ 65 million) partially due to the indexation of Funeral policies in the beginning of the year.

Interest accretion mainly reflects the impact of interest accretion on the Variable Fee Approach (VFA) portfolio in the Life segment.

Changes in estimates reflect the impact of assumption changes to the CSM. In the first half of 2023 the impact amounted to € 38 million and mainly related to the Disability portfolio. In full-year 2022, the adjustment of € -255 million, mainly related to the impact of cost and inflation assumption updates on the Life portfolio, reflecting the extra-ordinary circumstances in 2022.

The release of CSM in profit & loss (P&L) was stable at € 120 million. The release of CSM in Disability increased due to the higher CSM on the balance sheet as a result of new business. In the Life segment, the release of CSM decreased, reflecting the negative impact of the adjustment of the non-economic assumptions in 2022, partly offset by positive impact of interest rates on the VFA portfolio.

Financial leverage

Financial leverage

(in € million, unless stated otherwise)	30 June 2023	31 December 2022	Delta
Basis for financial leverage (Equity + CSM net of taxes)	6,742	6,462	4.3%
Financial liabilities	3,184	3,059	4.1%
of which hybrids	1,004	1,004	0.0%
of which subordinated liabilities	994	993	0.1%
of which Tier 2	987	987	0.0%
of which senior debt	200	75	166.7%
Financial leverage (%)	**32.1%**	**32.1%**	**0.0%-p**
Interest coverage ratio - Operating based	**6.7x**	**9.1x**	**-2.4x**
Interest coverage ratio - IFRS based	**6.3x**	**-23.5x**	**n.m.**[1]

The financial leverage is calculated using clean values of the loans (i.e. excluding accrued interest). These are divided by equity attributable to shareholders including the Contractual Service Margin (CSM) net of taxes.

a.s.r.'s financial leverage remained fairly stable at 32.1% (31 December 2022: 32.1%). The increase in shareholders' equity by € 174 million and the CSM (net of taxes) by € 106 million were offset against an increase in the debt position by € 125 million. The leverage ratio - excluding the issued shares (as part of the equity) and the € 1 billion Tier 2 bond issued to finance the business combination of a.s.r. and Aegon Nederland - was 26.3%.

The interest coverage ratio on an operating result basis decreased by 2.4x to 6.7x (FY 2022: 9.1x), primarily due to higher interest expenses. This is the result of the issuance of an issued € 1 billion Tier 2 bond in November last year. The operating interest coverage ratio on an operating basis excluding the issued shares and the issued € 1 billion Tier 2 bond, would be 11.6x. The IFRS based interest coverage ratio is 6.3x.

1 n.m.: not meaningful.

Double leverage

Double leverage

(in € million, unless stated otherwise)	30 June 2023	31 December 2022	Delta
Total value of associates (including CSM net of taxes)	6,960	7,097	-1.9%
Equity attributable to shareholders	5,279	5,105	3.4%
Hybrids and subordinated liabilities	2,984	2,984	0.0%
Contractual Service Margin (net of taxes)	1,464	1,357	7.8%
Equity attributable to holders of equity instruments (incl. CSM)	**9,727**	**9,446**	**3.0%**
Double leverage (%)	**71.6%**	**75.1%**	**-3.6%-p**

Double leverage decreased by 3.6%-points to 71.6% (31 December 2022: 75.1%) as the value of associates including CSM (net of taxes) decreased by € 137 million to € 6,960 million and holding equity, including hybrids and subordinated liabilities and the CSM (net of taxes) increased by € 281 million to € 9,727 million. The double leverage, excluding the issued shares and the issued € 1 billion Tier 2 bond to finance the business combination of a.s.r. and Aegon Nederland, was 85.4%.

1.2 **Risk management**

Financial markets

During the first half of 2023 almost all investment categories delivered positive returns, with European listed real estate as the most notable exception. Equities performed clearly better than bonds. American (tech-)stocks led the pack in the first half of the year with returns of well above 10%. European stocks also performed well but returns on Asian and Emerging Markets stocks were limited to 2-5%, in line with returns on European government bonds and corporate credits.

The IMF expects a growth of 2.8% in 2023 and 3% in 2024 for the world economy, lower than previous projections. This is partly because of the less fortunate beginning of the year, mainly in the eurozone which could not escape from a 'winter recession'. Besides, the return to growth of China, after abandoning its zero-covid policy, disappoints up to now and is also affecting emerging markets, both inside as well as outside the region. On the contrary Japan surprised positively and this also applies for other countries like Japan, India and Brazil.

In the meantime the 'inflation wave' is past the 2022 peak. Especially in the US inflation came down, from 9.1% year-on-year June 2022 to 4.0% a year later. This is partly because of the lower prices for food and energy but also the 'core inflation' (without prices of food and energy) went down to 5.3% year-on-year. Also the eurozone seems to have left behind 'peak inflation '. During the last months 'headline' inflation decreased from 10.6% to 5.5% year-on-year. European core inflation more or less stabilised in June to 5.4% year-on-year. As expected inflation pressure will decrease further in the coming months, mainly because we left behind the peak in prices of food and energy. However, the consensus foresees central bank inflation targets of 2% just reappear in 2025.

In order to fight inflation the Fed increased its base rate last year from 0% to 5.25% while the ECB went from -0.5% to 3.5% in less than a year. With that the end of rate hikes are still out of sight, although there is light at the end of the tunnel. Most plausible scenario is a period of at least 3-6 months of stable higher rates after this year's summer. In this period central banks will get the opportunity to digest the consequences of previous rate hikes on economic growth and inflation.

Operational risk

The operational risk profile of a.s.r. remained stable in the first half of 2023. Strategic and operational risks are being closely and explicitly monitored and reported upon in the Business Risk Committees and Non Financial Risks Committee. As a consequence of the Aegon transaction the inherent transition and migration risks have increased. The inherent geopolitical risks as a result of Russia vs Ukraine conflict, also remain at an increased level. However, both aforementioned inherent risks haven't materially impacted the a.s.r. operational risk profile so far.

Geopolitical developments

The risk of non-compliance has increased as a result of the Russia vs Ukraine conflict, on the one hand due to the number of new sanctions, and on the other because investments by Russian oligarchs in particular also extend to the Netherlands and are not always fully transparent. Continuous screening is applied, also additional checks on customer portfolios have been performed. As for the IT risk the expected increase in cyber attacks has not materialised and a normal level of monitoring is performed.

Developments in solvency

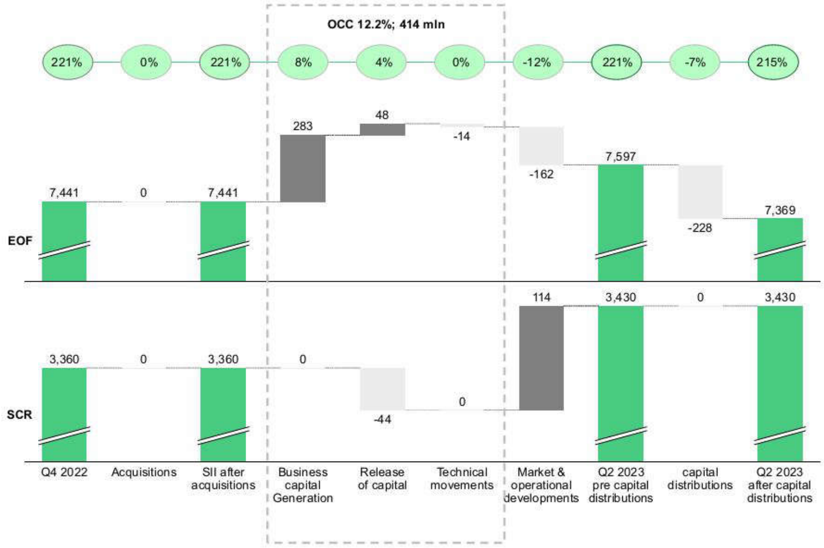
The Solvency II ratio, using the standard formula, decreased by 6%-points to 215% (31 December 2022: 221%). In addition to a positive impact from Organic Capital Creation (12%-p) and market and operational developments (-12%-p), this includes a 7%-point deduction for the interim dividend of € 1.08 per share (€ 228 million), reflecting the newly-issued shares to Aegon N.V. as part of the transaction.

Market and operational developments led to a lower solvency ratio (-12%-points), reflecting the negative impact of higher equity markets, interest rate and spread movements, real estate developments and higher counterparty default risk due to a higher cash position to fund the Aegon Nederland transaction, which more than offset the positive impact of higher volatility adjustment and a higher LAC DT benefit.

Organic Capital Creation decreased by € 14 million to € 414 million (2022: € 428 million), equal to 12.2%-points of the Solvency II ratio. The positive impact of lower UFR drag due to higher interest rates and higher contribution from P&C was more than offset by higher Tier 2 hybrid expenses and a lower contribution from Disability.

Capital generation

Within a.s.r., the definition of organic capital creation (OCC) covers Technical Movements, Net release of Capital and Business Capital Generation. It gives an indication of the capital created during the regular course of business. The figure below shows the OCC as part of the overall movement of the solvency ratio.



Sensitivities

The sensitivities of the Solvency II ratio as at 30 June 2023 expressed as an impact on the Group solvency ratio (in percentage points) are presented in the table below. The total impact is split between the impact on the solvency ratio related to movement in the available capital and the required capital. The sensitivities are based on the situation per 30 June 2023 (excluding financial institutions); the table also includes comparative figures.

Solvency II sensitivity (%-points)

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
UFR 3.2%	-4	-4	-	-	-3	-4
Interest rate +0.5% (UFR 3.45%)	-3	-2	-1	+1	-4	-1
Interest rate -0.5% (UFR 3.45%)	+2	+1	-3	-8	-1	-7
Interest steepening +10 bps	-1	-1	-	-	-1	-1
Volatility Adjustment -10bp	-7	-7	-	-3	-7	-11
Government spread + 50 bps / VA 9 bps (2022: VA: +10 bps)	-4	-3	-	-	-4	-3
Mortgage spread +50 bps	-8	-8	+1	-	-8	-8
Equity prices -20%	-13	-11	+19	+15	+4	+3
Property values -10%	-10	-10	+4	+4	-6	-6
Spread +75bps/ VA +17bps (2022: VA +18 bps)	+9	+10	-	+1	+9	+11
Inflation + 30 bps	-2	-2	-	-	-2	-2

Solvency II sensitivities - explanation

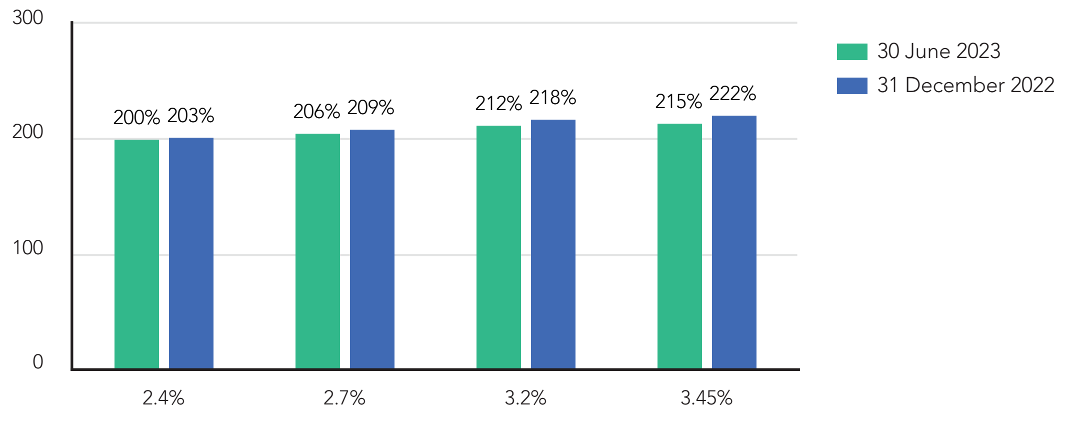
Risk	Scenario
Interest rate risk - UFR 3.2%	Measured as the impact of a lower UFR. For the valuation of liabilities, the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged. The impact on available capital, required capital and ratio relates to a comparison with a solvency ratio measured at a UFR of 3.45% for 2023 (3.45% for 2022).
Interest rate risk (incl. UFR 3.45%)	Measured as the impact of a parallel 0.5% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR (3.45%) after the last liquid point of 20 years remained unchanged.
Interest steepening	Measured as the impact of a linear steepening of the interest rate curve between 20Y and 30Y of 1 bps to 10 bps.
Volatility Adjustment	Measured as the impact of a 10 bps decrease in the Volatility Adjustment.
Government spread	Measured as the impact of an increase of spread on Government bonds of 50 bps. At the same it is assumed that the Volatility Adjustment will increase by 9 bps (2022: +10 bps).
Mortgage spread	Measured as the impact of a 50 bps increase of spreads on mortgages.
Equity risk	Measured as the impact of a 20% downward movement in equity prices.
Property risk	Measured as the impact of a 10% downward movement in the market value of real estate.
Spread risk (including impact of spread movement on VA)	Measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. At the same time, it is assumed that the Volatility Adjustment will increase by 17 bps (2022: +18bps) based on reference portfolio.
Inflation risk	Measured as the impact of a 30 bps parallel increase of the inflation rates (EUSWI-curve). The extrapolation of the UFI remains unchanged

Expected development ultimate forward rate

The European Insurance and Occupational Pensions Authority (EIOPA) will continue to monitor and adjust the ultimate forward rate used to extrapolate insurers' discount curves to better reflect expected inflation and real interest rates. The applicable UFR in 2023 is 3.45%. The impact on the solvency ratio (excluding financial institutions) of various UFR levels is shown below.

Sensitivities Solvency II ratio to UFR

(in %-ratio)

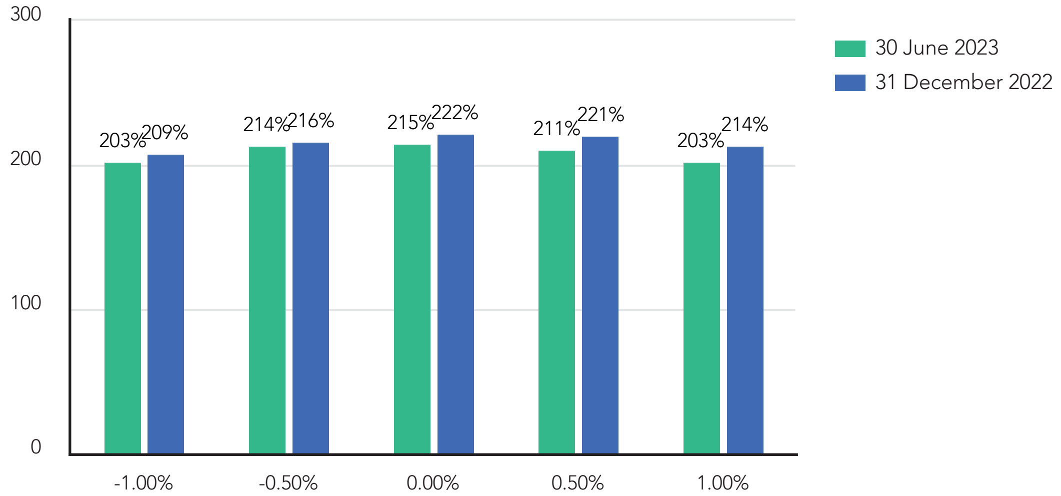


Interest rate sensitivity of Solvency II ratio

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

Sensitivities Solvency II ratio to interest rate

(in %-ratio)



Capital management

Management

Overall capital management is administered at group level. a.s.r. currently considers investing capital above the management target Solvency II ratio (calculated based on the standard formula) of 160% with the objective of creating value for its shareholders. If and when a.s.r. operates at a certain level (which may change over time) that is considerably above the management target, and it assesses that it cannot invest this capital in value-creating opportunities for a prolonged period of time, a.s.r. may decide, but is not obliged, to return (part of this) capital to its shareholders.

If a.s.r. chooses to return capital, it plans to do so in a form that is efficient for shareholders at that time. a.s.r. actively manages its in-force business, which is expected to result in free capital generation over time. Additionally, business improvement and balance sheet restructuring should improve the capital generation capacity while advancing the risk profile of the company. The legal entities are individually capitalised and excess capital over management's targets for the legal entities is intended to be upstreamed to the holding company as far as is needed for amongst others covering external dividend, coupon payments on hybrids/senior financing instruments and holding costs and in so far the local regulations and the internal risk appetite statement allow. Excess capital that is upstreamed to the holding company is added to and managed in the holding cash buffer until it is further distributed and used to cover dividends, coupons and other holding expenses. The capital and cash attribution to the holding is closely monitored and managed on a continuous basis.

Objectives

The group is committed to maintain a strong capital position in order to be a robust and sustainable insurer for its policyholders and other stakeholders. The objective is to maintain a solvency ratio well above the minimum levels as defined in the risk appetite statements and above the relevant management threshold levels. Sensitivities are periodically performed for principal risks and annual stress tests are performed to test a.s.r.'s robustness to withstand moderate to severe scenarios. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a 'single A' rating by Standard & Poor's.

The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 215% at 30 June 2023 after foreseeable (interim) dividend, which was comfortably above the internal requirement of 120% and the management threshold level of 160%. In line with the year end 2022 Solvency ratio, the € 1.0 billion subordinated Tier 2 capital instrument ("Tier 2 Notes") issued in November 2022 is not included in the Solvency ratio, as the issue is specifically earmarked to fund the Aegon transaction.

In accordance with a.s.r.'s dividend policy, the liquidity of the underlying entities is not taken into account for the liquidity position of the group. However, the capital is recognised in the capital position of the group, since a.s.r. has the ability to realise the capital of this entity, for example by selling the entity. Specifically regarding a.s.r. health basic in H1 2023, no dividend or capital withdrawals have taken place.

Capital management actions

a.s.r. closely monitors the development of its capital position in relation to the capital management policy. The close monitoring shows a continuing robust solvency position throughout the first half of 2023, owing to strong risk management and effective hedging strategies. a.s.r. made some continuing improvements to the portfolio and the hedging positions to further improve the resilience and profitability of the investment portfolio and to align its investment portfolio with the outcomes of the Strategic Asset Allocation Study. a.s.r. will continue to closely monitor the solvency position in the future.

During the first half year of 2023, a.s.r. purchased 233,242 of own shares at an average price of € 42.87 per share, resulting in a total consideration € 10 million for its employee share scheme.

Furthermore, during the first half of 2023, a.s.r. paid out its final dividend relating to 2022 of € 1.72 per share. Combined with the interim dividend 2022 of € 0.98 per share paid in September 2022, the total dividend amounted to € 2.70 per share or € 386 million in total (taken into account the lower number of shares owing to the share repurchase program).

a.s.r. will pay an interim dividend over 2023 of € 1.08 per share (equal to 40% of the total dividend per share over 2022, corrected for the lower number of outstanding shares resulting from share repurchases). Based on the outstanding shares as per 30 June 2023, this would result in a total interim dividend of € 228 million. Note that the increase in total dividend results from both the higher dividend per share and the increase in number of shares resulting from the Aegon transaction.

The dividend payment was fully funded by the available cash buffer at holding level and upstreams from the operating companies. The cash buffer consists of a liquidity buffer and short term sovereign bonds. At half year 2023, the cash buffer stood at € 2,655 million (FY 2022: € 2,142 million). Note that the cash buffer at both periods included the cash consideration for the Aegon transaction.

Tiering

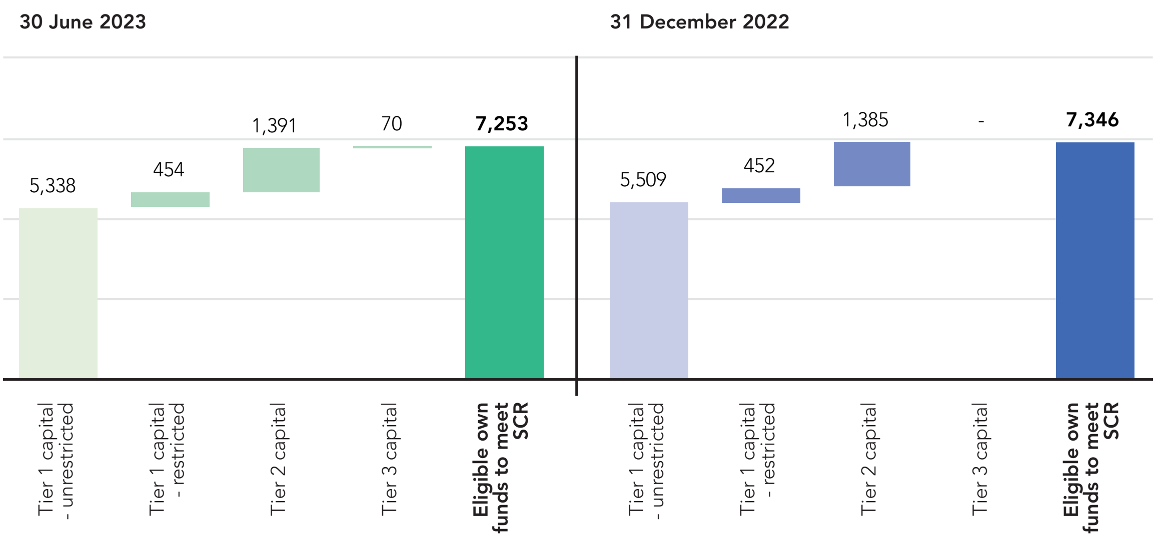
With respect to the capital position, Solvency II requires the insurers to classify their equity into Tiers.
The figure below shows a.s.r.'s capital position.

Ratio including Financial Institutions	30 June 2023	31 December 2022
Eligible own funds	7,369	7,441
Solvency capital requirement	3,430	3,360
Solvency ratio	215%	221%

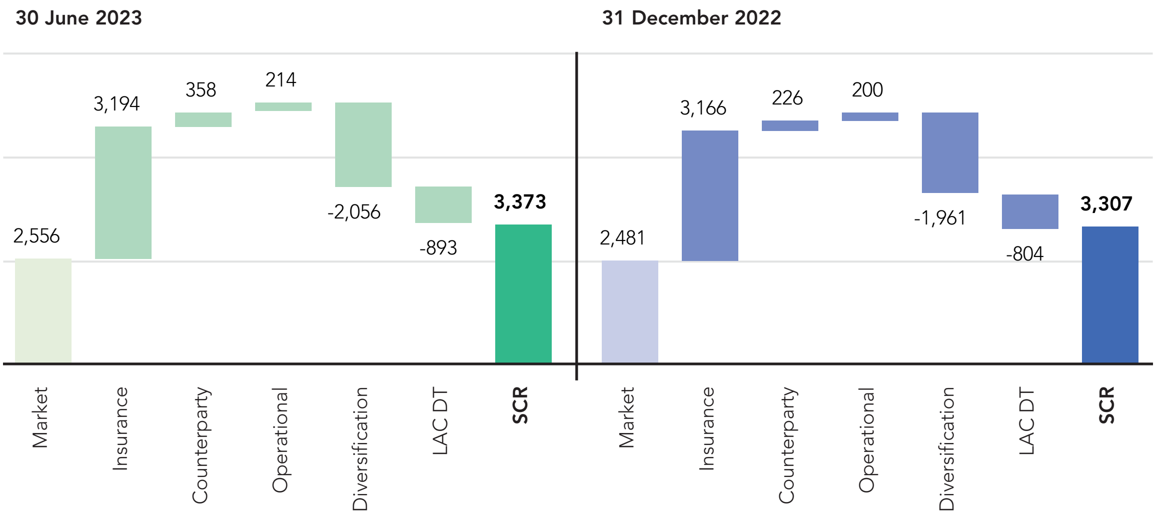
Ratio excluding Financial Institutions	30 Juni 2023	31 December 2022
Eligible own funds	7,253	7,346
Solvency capital requirement	3,373	3,307
Solvency ratio	215%	222%

Split of EOF and SCR excluding financial institions is presented below:

Eligible own funds



Solvency capital requirement



Standard & Poor's confirmed the BBB+ rating and stable outlook of ASR Nederland N.V. and the single A rating and stable outlook of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. on 10 July 2023 including Aegon Nederland.

Ratings per legal entity

Ratings Standard & Poor's	Type	Rating	Outlook	Rating & outlook since
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012

Rating reports can be found on the corporate website at www.asrnl.com

1.3 **Conformity statement**

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

1. The condensed consolidated interim financial statements for the period ended 30 June 2023 give a true and fair view of the assets, liabilities, financial position and earnings of a.s.r. and its consolidated entities; and

2. The interim report of the Executive Board for the period ended 30 June 2023 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding a.s.r. and its consolidated entities.

Utrecht, the Netherlands, 29 August 2023

Jos Baeten (CEO)
Ewout Hollegien (CFO)
Ingrid de Swart (COO/CTO)

2023

Condensed consolidated interim financial statements

For the first half year 2023

2 General information

ASR Nederland N.V. (a.s.r.) is a leading insurance company in the Netherlands. In 2023 a.s.r. sells insurance products under the following labels: a.s.r., Ardanta, Europeesche Verzekeringen, Ditzo and Loyalis. On 17 April 2023, a.s.r. discontinued the Europeesche Verzekeringen en Ditzo brands, both brands will be offered under the name of a.s.r. a.s.r. has a total of 4,436 internal FTEs (FY 2022: 4,313 internal FTEs).

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

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

The condensed consolidated interim financial statements were significantly impacted by the adoption of IFRS 17 Insurance contracts and IFRS 9 Financial instruments accounting standards. The impact of these changes on a.s.r.'s profit before tax and shareholders return is disclosed in chapter 4.2.

The condensed consolidated interim financial statements were authorised for issue by the Executive Board (EB) and approved by the Supervisory Board (SB) on 29 August 2023.

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

3 Condensed consolidated interim financial statements

3.1 Consolidated interim balance sheet

Consolidated interim balance sheet

(in € millions and before profit appropriation)	Note	30 June 2023	31 December 2022 restated	1 January 2022 restated
Intangible assets		321	322	310
Property, plant and equipment	6.1	648	679	556
Investment property	6.1	657	664	2,052
Associates and joint ventures at equity method		84	79	102
Investments	6.2	39,809	41,077	49,610
Investments related to direct participating contracts	6.2	10,884	9,912	11,574
Investments related to investment contracts	6.2	2,408	2,027	1,985
Derivatives	6.2	5,528	5,761	6,441
Deferred tax assets		316	332	-
Reinsurance contract assets		349	381	522
Other assets		493	460	560
Cash and cash equivalents		3,594	2,246	2,305
Total assets		**65,092**	**63,941**	**76,017**
Share capital		24	24	22
Share premium reserve		1,533	1,533	956
Unrealised gains and losses		315	266	717
Actuarial gains and losses		-162	-168	-1,055
Retained earnings		3,655	3,529	5,613
Treasury shares		-86	-79	-83
Equity attributable to shareholders		**5,279**	**5,105**	**6,170**
Other equity instruments		1,004	1,004	1,004
Equity attributable to holders of equity instruments		**6,283**	**6,109**	**7,174**
Non-controlling interests		17	27	18
Total equity		**6,300**	**6,136**	**7,192**
Subordinated liabilities		2,045	2,005	1,010
Insurance contract liabilities	6.3	31,885	31,641	41,998
Liabilities arising from direct participating insurance contracts	6.4	11,521	10,518	12,175
Liabilities arising from investment contracts	6.2	2,408	2,027	1,985
Employee benefits	6.5	2,731	2,742	4,013
Provisions		13	18	24
Borrowings		270	214	192
Derivatives	6.2	5,149	5,681	832
Deferred tax liabilities		-	-	3
Due to banks		1,983	2,264	5,741
Other liabilities		788	695	852
Total liabilities		**58,792**	**57,805**	**68,824**
Total equity and liabilities		**65,092**	**63,941**	**76,017**

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

The comparative figures for 31 December 2022 and 1 January 2022 have been restated, see chapter 4.2. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

3.2 Consolidated interim income statement

Consolidated interim income statement

(in € millions)	Note	HY 2023	HY 2022 restated
Insurance contract revenue	6.6	3,276	2,905
Incurred claims and benefits		*-2,498*	*-2,241*
Insurance service operating expenses		*-581*	*-513*
Insurance service expenses	6.7	-3,079	-2,754
Insurance service result before reinsurance		**197**	**150**
Allocation of reinsurance premiums paid		-45	-47
Amounts recoverable from reinsurers		18	46
Net expenses from reinsurance contracts		**-27**	**-2**
Insurance service result		**170**	**149**
Direct investment income	6.8	1,388	836
Net fair value gains and (losses)	6.9	1,023	-12,568
Net finance expenses from insurance contracts	6.10	-1,094	9,464
Net finance income from reinsurance contracts	6.10	4	-55
Changes in liabilities arising from investment contracts		-177	314
Other finance expenses		-784	-186
Investment operating expenses		-34	-29
Investment and finance result		**326**	**-2,225**
Share of result of associates and joint ventures		2	-1
Fee income		123	109
Other income		23	78
Total other income		**148**	**186**
Other expenses		-188	-156
Other income and expenses		**-41**	**30**
Result before tax		**456**	**-2,046**
Income tax (expense) / gain		-115	535
Result after tax		**341**	**-1,511**
Net result		**341**	**-1,511**
Attributable to:			
Non-controlling interests		-5	1
- Shareholders of the parent		334	-1,523
- Holders of other equity instruments		12	12
Result attributable to holders of equity instruments		**346**	**-1,512**

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

The comparative figures for 2022 have been restated, see chapter 4.2. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

Basic and diluted earnings per share

(in €)	HY 2023	HY 2022
Basic earnings per ordinary share	2.26	-11.28
Diluted earnings per ordinary share	2.02	-9.67

3.3 Consolidated interim statement of comprehensive income

Consolidated interim statement of comprehensive income

(in € millions)	Note	H1 2023	H1 2022 - Restated
Net result		**341**	**-1,511**
Remeasurements of post-employment benefit obligation	6.5	7	994
Unrealised change in value of property for own use and plant		-9	26
Equity instruments designated as FVOCI			
- Unrealised change in value of equity instruments designated as FVOCI	6.10	74	-521
- Realised gains/(losses) on equity instruments designated as FVOCI	6.10	61	99
Income tax on items that will not be reclassified to profit or loss		-31	-186
Total items that will not be reclassified to profit or loss		**103**	**412**
Total other comprehensive income, after tax		**103**	**412**
Total comprehensive income		**444**	**-1,099**
Attributable to:			
Non-controlling interests		-5	1
- Shareholders of the parent		**437**	**-1,111**
- Holders of other equity instruments		12	12
Total comprehensive income attributable to holders of equity instruments		**448**	**-1,100**

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

The comparative figures for 2022 have been restated, see chapter 4.2.

3.4 Consolidated interim statement of changes in equity

Consolidated statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealised gains and losses	Unrealised actuarial gains and losses	Retained earnings	Treasury shares (-)	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
1 January 2022, as previously reported	**22**	**956**	**1,461**	**-1,055**	**5,061**	**-83**	**6,363**	**1,004**	**18**	**7,385**
Impact of changes in accounting standards	0	-0	-744	0	552	0	-193	-	0	-193
Restated at 1 January 2022	**22**	**956**	**717**	**-1,055**	**5,613**	**-83**	**6,170**	**1,004**	**18**	**7,192**
Net result	-	-	-	-	-1,512	-	-1,512	-	1	-1,511
Total other comprehensive income	-	-	-420	738	94	-	412	-	-	412
Total comprehensive income	**-**	**-**	**-420**	**738**	**-1,417**	**-**	**-1,100**	**-**	**1**	**-1,099**
Dividend paid	-	-	-	-	-214	-	-214	-	0	-215
Discretionary interest on other equity instruments	-	-	-	-	-12	-	-12	-	-	-12
Treasury shares acquired (-)/sold	-	-	-	-	-0	-73	-73	-	-	-73
Increase (decrease) in capital	0	0	-	-	0	-	0	-	7	7
Other movements	-	-	-	-	-0	-0	0	-	-1	-1
At 30 June 2022	**22**	**956**	**297**	**-317**	**3,970**	**-156**	**4,771**	**1,004**	**25**	**5,800**
At 1 January 2023	**24**	**1,533**	**266**	**-168**	**3,529**	**-79**	**5,105**	**1,004**	**27**	**6,136**
Net result	-	-	-	-	346	-	346	-	-5	341
Total other comprehensive income	-	-	49	5	48	-	103	-	-	103
Total comprehensive income	**-**	**-**	**49**	**5**	**394**	**-**	**448**	**-**	**-5**	**444**
Dividend paid	-	-	-	-	-254	-	-254	-	-1	-255
Discretionary interest on other equity instruments	-	-	-	-	-12	-	-12	-	-	-12
Treasury shares acquired (-)/sold	-	-	-	-	-0	-7	-7	-	-	-7
Increase in capital	0	-0	-	-	0	-	0	-	-4	-4
Other movements	-	-	-	-	-1	-	-1	-	0	-1
At 30 June 2023	**24**	**1,533**	**315**	**-162**	**3,655**	**-86**	**5,279**	**1,004**	**17**	**6,300**

The comparative figures for 2022 have been restated, see chapter 4.2.

The unrealised actuarial gains and losses increased in HY 2023 by € 5 million after tax and € 7 million before tax (HY 2022: increased by € 738 million after tax and € 994 million before tax). Further information related to employee benefits is disclosed in chapter 6.4.

In January 2023, a.s.r. announced the share repurchase programme for the employee share plan for an amount of € 10 million. Therefore, during HY 2023, a.s.r. repurchased 233 thousand shares under an open market share buyback programme for an amount of € 10 million (average share price € 42.87).

As part of the employee share purchase plan a.s.r. sold 76 thousand shares (HY 2022: 67 thousand shares) for an amount of € 3 million (HY 2022: € 2 million), leading to a decrease of € 0.4 million (HY 2022: € 0.2 million) in retained earnings.

The amount of treasury shares held as at HY 2023 of € 86 million (FY 2022: € 79 million) represents 2,060 thousand treasury shares (FY 2022: 1,903 thousand).

In the Annual General Meeting of Shareholders on 31 May 2023 the resolution was adopted to cancel 1,798 thousand shares which were acquired in 2022. The cancellation has been effected in August 2023.

3.5 Consolidated interim statement of cash flows

Consolidated interim statement of cash flows

(in € millions)	2023	2022 restated
Cash and cash equivalents as at 1 January	**2,246**	**2,306**
Cash generated from operating activities		
Result before tax	456	-2,046
Adjustments on non-cash items included in result:		
Revaluation through profit or loss	16	37
Retained share of result of associates and joint ventures	-2	2
Amortisation of intangible assets	6	5
Depreciation of property, plant and equipment	21	18
Amortisation of subordinated debts	1	1
Changes in operating assets and liabilities:		
Net (increase) / decrease in investment property	7	-132
Net (increase) / decrease in investments	1,330	9,660
Net (increase) / decrease in investments related to direct participating contracts	-973	1,776
Net (increase) / decrease in investments related to investment contracts	-381	130
Net (increase) / decrease in derivatives	-300	4,354
Net (increase) / decrease in amounts due to banks	-281	-3,164
Net (increase) / decrease in reinsurance contract assets	31	40
Net increase / (decrease) in insurance contract liabilities	244	-7,665
Net increase / (decrease) in liabilities arising from direct participating contracts	1,003	-1,826
Net increase / (decrease) in liabilities arising from investment contracts	381	-130
Net (increase) / decrease in other operating assets and liabilities	77	-462
Income tax received (paid)	30	-66
Cash flows from operating activities	**1,667**	**532**
Cash flows from investing activities:		
Investments in associates and joint ventures	-4	-
Purchases of property, plant and equipment	-10	-119
Purchases of group companies (less acquired cash positions)	-7	-
Purchase of intangible assets	-	-9
Cash flows from investing activities	**-22**	**-128**
Cash flows from financing activities:		
Repayment of loans	-10	-3
Repayment of lease liabilities	-5	-3
Dividend paid	-255	-215
Discretionary interest to holders of equity instruments	-12	-12
Non-controlling interests	-9	8
(Purchase)/ sale of treasury shares	-7	-73
Cash flows from financing activities	**-298**	**-298**
Cash and cash equivalents as at 30 June	**3,594**	**2,412**
Further details on cash flows from operating activities:		
Interest received	1,205	679
Interest paid	-695	-160
Dividend received	123	99
Further details on lease payments:		
Total cash outflow for leases	-4	-3

The comparative figures for 2022 have been restated, see chapter 4.2.

All cash and cash equivalents are freely available. The cash components include € 259 million (HY 2022: € 779 million) related to cash collateral received on derivative instruments and is managed separately from other cash equivalents.

4 Accounting policies

4.1 General

The condensed consolidated interim financial statements of a.s.r. for the first half year ended 30 June 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted for use within the European Union (EU). They do not contain all of the information required for complete consolidated financial statements and must therefore be read in conjunction with the 2022 consolidated financial statements of a.s.r. These are prepared in accordance with International Financial Reporting Standards (IFRS) – including IAS standards and Interpretations – as adopted for use within the EU and with the financial reporting requirements included in Title 9, book 2 of the Dutch Civil Code, where applicable. a.s.r.'s interpretation of the EU-IFRS is included in the a.s.r. accounting manual. a.s.r. currently does not use any of the EU permitted carve-outs and is therefore compliant with IFRS as published by the IASB.

The consolidated financial statements were significantly impacted by the adoption of IFRS 17 Insurance contracts and IFRS 9 Financial instruments accounting standards. In accordance to IAS 34 a.s.r. disclosed the impact on balance sheet items and items within the income statement in the relevant chapters.

The accounting policies included in chapter 4.5 and chapter 4.6 are a summary of the a.s.r. accounting manual in regards to the accounting policies affected by the adoption of these new standards together with the policy in regard to estimates and assumptions and fair value of assets and liabilities. As a result these interim financial statements contain more disclosures than would traditionally be included.

4.2 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2023

a.s.r. has adopted the following new standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023:

- IFRS 17 Insurance contracts;
- IFRS 9 Financial instruments.

The impact of these changes on a.s.r.'s profit before tax and shareholders returns is summarised below. In line with IFRS accounting requirements, the comparative figures impacted by IFRS 17 have been restated. In addition, a.s.r. has chosen to restate the comparative figures impacted by IFRS 9 in line with the overlay approach as permitted under IFRS 17, ensuring better comparability between 2022 and 2023.

4.2.1 IFRS 17 Insurance contracts

Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, classification, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participating features. The standard introduces three models for the measurement of the insurance contracts. The general measurement model (GMM), the variable fee approach (VFA) for contracts with a direct participating feature and the premium allocation approach (PAA) which is a simplified version of the GMM and is used mainly for short-duration contracts.

The GMM and VFA measures insurance liabilities by taking the present value of future cash flows (inflows as well as outflows) adding a risk adjustment (RA) as well as a contractual service margin (CSM). The CSM represents the unearned profits of insurance contracts and is released to the income statement over the expected insurance coverage period and recognised as revenue in each reporting period. The insurance contract revenue depicts the insurance contract services provided arising from the group of insurance contracts at an amount that reflects the consideration to which a.s.r. is entitled to in exchange for those services. Revenue includes the release of the CSM and RA in profit or loss over the coverage period. Insurance service result, comprising of insurance contract revenue and insurance service expenses, is a new income statement line item which is effectively a net result on non-financial risks of all insurance contracts.

Shadow accounting and recognising a provision for realised gains and losses has been discontinued under IFRS 17.

Insurance finance income and expenses are presented separately from insurance contract revenue and insurance service expenses.

The VFA is required for insurance contracts that meet specific requirements whereby a link between payments to the policyholder and the returns on underlying items, such as some 'participating', 'with profits' and 'unit linked' contracts, is key. The interest on the CSM for such contracts is accreted implicitly through adjusting the CSM for the change in the variable fee. The variable fee represents a.s.r.'s share of the fair value of the underlying items less amounts that do not vary based on the return of the underlying items. The CSM is also adjusted for the time value of money and the effect of changes in financial risks not arising from underlying items such as options and guarantees.

a.s.r. applies the PAA to simplify the measurement of contracts in the Non-life segment, except for certain groups of Non-life contracts because they do not qualify for the PAA. a.s.r. uses the PAA as the default measurement model for reinsurance contracts with a duration of one year or less, but the business line has the option to choose the GMM.

When measuring liabilities for remaining coverage, the PAA is similar to a.s.r.'s previous accounting treatment. When measuring liabilities for incurred claims, a.s.r. discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised directly in profit or loss. Under IFRS 17, insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability when triggers are identified. These assets are presented in the carrying amount of the insurance contract liabilities and are included in the insurance contract cash flows once the related contracts have been recognised. Under the GMM and VFA, insurance acquisition cash flows are included in the estimates of the present value of future cash flows of insurance contracts and accounted for over the coverage period. For contracts under the PAA model a.s.r. made the election to recognise insurance acquisition cash flows directly in the income statement.

Income and expenses from reinsurance contracts held, other than insurance finance income and expenses, are included within the insurance service result in the income statement, but separate from the insurance contracts.

For more information reference is made to chapter 4.5 accounting policy E.

Under the former a.s.r. accounting policies (IFRS 4) the main principles applied were:

- Future obligations in respect of policy benefits for life insurance contracts were 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 as for calculating the premium at inception of the insurance contract 'tarief grondslagen'.
- For Non-life a provision for claims, a provision for current risks, and a provision for unearned premiums was recognised. The provision for claims was based on estimates of claims payable. Claims payable related to unpaid claims and claims handling costs, as well as claims incurred but not reported.
- Shadow accounting was applied allowing recognised unrealised gains or losses on assets (either through other comprehensive income or profit or loss) to be transferred to the insurance liabilities.
- A provision for realised gains and losses as part of the insurance liability was recognised.
- The liability adequacy test (LAT) was performed each reporting date to assess the adequacy of insurance liabilities. For this test, the insurance liabilities were calculated in accordance with Solvency II, using the Ultimate Forward Rate prevailing at the reporting date.
- All acquisition costs were recognised in the income statement when incurred.
- Revenue for insurance contracts was recognised when premiums were earned or received.
- The reinsurance expenses were presented under net insurance premiums and amounts recovered from reinsurers were presented under net insurance claims and benefits.
- Value of Business acquired (VOBA) represented the difference between the fair value and the carrying amount of insurance portfolios that had been acquired.
- Receivables and payables in relation to insurance contracts were presented under loans and receivables and due to customers.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied retrospectively to the extent practicable. At 1 January 2022, a.s.r.:

- Identified, recognised and measured each group of contracts using the full retrospective approach (as if IFRS 17 had always been applied), the modified retrospective approach or the fair value approach.
- Identified, recognised and measured any assets for prepaid insurance acquisition cash flows as if IFRS 17 had always been applied.
- Derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included the intangible assets 'value of business acquired', insurance receivables and insurance payables. Under IFRS 17, these are included in the measurement of the insurance contracts liabilities and assets.
- Recognised any resulting net difference in equity. The carrying amount of goodwill from previous business combinations was not adjusted.

Notwithstanding the above, for certain groups of contracts IFRS 17 has not been applied retrospectively, because data was not available. In these cases, a.s.r. applied the modified retrospective approach or the fair value approach as allowed by IFRS 17 at 1 January 2022. To indicate the effect of these groups of contracts on the CSM and insurance contract revenue, a.s.r. has provided additional disclosures. See chapter 6.3 and chapter 6.4.

a.s.r. has applied the transition provisions in IFRS 17 and has disclosed the effect on the consolidated financial statements at 1 January 2022 in chapter 3.4 the consolidated interim statement of changes in equity, and in chapter 4.2.3 financial impact of changes in accounting policies and changes in presentation. The application of the transition measurement methods are presented below:

Transition measurement methods for contracts measured under the GMM or PAA

Segment	Product	Reporting year date	Transition measurement method
Non-life	P&C		Full retrospective approach
	Disability		Modified retrospective approach or Fair value approach
	Health		Full retrospective approach
Life	Life individual	Contracts after 1-1-2016	Full retrospective approach
		Contracts before 1-1-2016	Fair value approach
	Pension	Acquisitions after 1-1-2018	Full retrospective approach
		Other contracts	Fair value approach
	Funeral	Contracts after 1-1-2002	Full retrospective approach
		Contracts before 1-1-2002	Fair value approach

Modified retrospective approach
The objective of the modified retrospective approach is to achieve the closest outcome to full retrospective application possible using reasonable and supportable information available without undue cost or effort. a.s.r. applies each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 retrospectively.

Modifications on transition for insurance contracts measured under the GMM:

- Some groups of insurance contracts issued before 1 January 2022 contain contracts issued more than one year apart. For these groups, the discount rate at 1 January 2022 was used for subsequent measurement instead of the discount rate on initial recognition. These contracts represent 5.5% of the total insurance contracts liabilities at 1 January 2022.

When the modification above was used to determine the CSM (or the loss component) on initial recognition:

- The amount of the CSM recognised in the income statement before 1 January 2022 was determined by comparing the CSM on initial recognition and the remaining CSM at 1 January 2022; and
- The amount allocated to the loss component before 1 January 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

Fair value approach
For certain groups of contracts, the fair value approach was used for identifying and measuring groups of contracts at 1 January 2022. Under the fair value approach, a.s.r. determines the CSM (or loss component) as at 1 January 2022 for a group of insurance contracts based on the difference between the fair value of the group and the fulfilment cash flows. When the fair value approach is used a.s.r. does not apply annual cohorts. For these groups the discount rate at 1 January 2022 is used. When insurance contracts have been acquired that contain only a liability for incurred claims a.s.r. has applied the policy choice to continue this accounting at transition date. These contracts represent 63.9% of the total insurance contracts liabilities at 1 January 2022.

Non-life insurance contracts
P&C and Health applied the full retrospective approach. Individual disability and absenteeism insurance applied the fair value approach. Group disability applied the modified retrospective approach.

Life insurance contracts
On transition to IFRS 17, a.s.r. applied the full retrospective approach for all Life individual contracts issued or acquired on or after 1 January 2016, for all Pension portfolios acquired after 1 January 2018 and for all funeral contracts issued or acquired on or after 1 January 2002. For all other contracts a.s.r. applies the fair value approach in identifying and measuring groups of contracts.

Direct participating insurance contracts
a.s.r. applied the FV approach for all groups of contracts issued or acquired before 1 January 2022.

If the calculation resulted in a CSM, then a.s.r. measured the CSM at 1 January 2022. If the calculation resulted in a loss component, then a.s.r. adjusted the loss component to zero, and increased the liability for remaining coverage. In effect the adjustment to zero is incorporated in equity of the opening balance at transition date.

4.2.2 IFRS 9 Financial instruments

See accounting policy E.

Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification and measurement of financial assets under IFRS 9 is based on a.s.r.'s business models, in which a financial asset is managed, and its contractual cash flow characteristics. In many instances, the classification and measurement under IFRS 9 will be similar to IAS 39, although certain differences will arise. The classification of financial liabilities remains unchanged. Derivatives embedded in contracts for which the host is a financial asset in scope of IFRS 9 are not separated. Instead the hybrid financial instrument as a whole is assessed for classification which is in line with a.s.r.'s previous classification under IAS 39.

Impairment of financial assets

The recognition and measurement of impairments under IFRS 9 is intended to be more forward looking than under IAS 39. The new impairment requirement will apply to all financial assets that are debt instruments and are measured at amortised cost or at fair value through other comprehensive income. Initially, a provision is required for expected credit losses (ECL) resulting from default events that are expected within the next twelve months. In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial asset. For trade receivables that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL (simplified approach). Under IFRS 9, credit losses are recognised earlier than under IAS 39. For a.s.r. only other financial assets are in scope of the impairment requirement, for which a.s.r. applies the simplified approach.

Hedge accounting

The hedge accounting requirements of IFRS 9 introduce a new general hedge accounting model. At first application of IFRS 9 a.s.r. decided not to apply hedge accounting.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. However, the following assessments have been made based on the facts and circumstances that existed at 1 January 2023:

- The determination of the business models within which certain financial assets are held;
- The designation and revocation of previous designations of certain financial assets measured at FVTPL;
- In line with Solvency II reporting a.s.r. accounts for debt instruments at their “dirty” fair value, thus including any related accrued interest.

Details of the changes and implications resulting from the adoption of IFRS 9 are presented in chapter 4.2.3 and chapter 4.2.4 below.

4.2.3 Financial impact of changes in accounting policies and changes in presentation

Below, the reconciliation of the 2022 and 2021 consolidated balance sheet is disclosed to account for the impact of IFRS 17 and IFRS 9.

Reconciliation of the consolidated balance sheet 31 December 2022

(in € millions)	31 December 2022	Reclassification	Remeasurement IFRS9	Remeasurement IFRS17	Restated 31 December 2022
Intangible assets	418	-	-	-96	322
Property, plant and equipment	679	-	-	-	679
Investment property	664	-	-	-	664
Associates and joint ventures at equity method	79	-	-	-	79
Investments	25,640	16,726	-1,289	-	41,077
Investments on behalf of policyholders	9,912	-9,912	-	-	-
Investments related to direct participating contracts	-	9,912	-	-	9,912
Investments related to investment contracts	2,000	27	-	-	2,027
Loans and receivables	17,171	-17,171	-	-	-
Derivatives	5,428	334	-	-	5,761
Deferred tax assets	119	0	332	-120	332
Reinsurance contracts	357	-357	-	-	-
Reinsurance contract assets	-	418	-	-37	381
Other assets	828	-368	-	-	460
Cash and cash equivalents	2,245	1	-	-	2,246
Total assets	**65,539**	**-390**	**-956**	**-253**	**63,941**
Share capital	24	-	-	-	24
Share premium reserve	1,533	-	-	-	1,533
Unrealised gains and losses	-922	1,187	-	-	266
Actuarial gains and losses	-168	-	-	-	-168
Retained earnings	5,333	-1,185	-956	336	3,529
Treasury shares	-79	-	-	-	-79
Equity attributable to shareholders	**5,722**	**3**	**-956**	**336**	**5,105**
Other equity instruments	1,004	-	-	-	1,004
Equity attributable to holders of equity instruments	**6,726**	**3**	**-956**	**336**	**6,109**
Non-controlling interests	27	-	-	-	27
Total equity	**6,753**	**3**	**-956**	**336**	**6,136**
Subordinated liabilities	1,980	26	-	-	2,005
Liabilities arising from insurance contracts	29,633	-29,633	-	-	-
Liabilities arising from insurance contracts on behalf of policyholders	13,007	-13,007	-	-	-
Insurance contract liabilities	-	32,163	-	-522	31,641
Liabilities arising from direct participating insurance contracts	-	10,585	-	-67	10,518
Liabilities arising from investment contracts	2,000	27	-	-	2,027
Employee benefits	2,742	-	-	-	2,742
Provisions	18	-	-	-	18
Borrowings	214	-	-	-	214
Derivatives	5,523	159	-	-	5,681
Due to customers	471	-471	-	-	-
Due to banks	2,262	2	-	-	2,264
Other liabilities	938	-244	-	-	695
Total liabilities	**58,787**	**-393**	**-**	**-589**	**57,805**
Total equity and liabilities	**65,539**	**-390**	**-956**	**-253**	**63,941**

Reconciliation of the consolidated balance sheet 1 January 2022

(in € millions)	31 December 2021	Reclassification	Remeasurement IFRS9	Remeasurement IFRS17	Restated 1 January 2022
Intangible assets	428	-	-	-119	310
Property, plant and equipment	556	-	-	-	556
Investment property	2,052	-	-	-	2,052
Associates and joint ventures at equity method	102	-	-	-	102
Investments	33,550	14,602	1,458	-	49,610
Investments on behalf of policyholders	11,574	-11,574	-	-	-
Investments related to direct participating contracts	-	11,574	-	-	11,574
Investments related to investment contracts	1,952	33	-	-	1,985
Loans and receivables	15,259	-15,259	-	-	-
Derivatives	6,212	229	-	-	6,441
Reinsurance contracts	417	-417	-	-	-
Reinsurance contract assets	-	488	-	34	522
Other assets	631	-71	-	-	560
Cash and cash equivalents	2,306	-1	-	-	2,305
Total assets	**75,040**	**-396**	**1,458**	**-85**	**76,017**
Share capital	22	-	-	-	22
Share premium reserve	956	-	-	-	956
Unrealised gains and losses	1,461	-745	-	-	717
Actuarial gains and losses	-1,055	-	-	-	-1,055
Retained earnings	5,061	742	1,082	-1,271	5,613
Treasury shares	-83	-	-	-	-83
Equity attributable to shareholders	**6,363**	**-3**	**1,082**	**-1,271**	**6,170**
Other equity instruments	1,004	-	-	-	1,004
Equity attributable to holders of equity instruments	**7,367**	**-3**	**1,082**	**-1,271**	**7,174**
Non-controlling interests	18	-	-	-	18
Total equity	**7,385**	**-3**	**1,082**	**-1,271**	**7,192**
Subordinated liabilities	992	18	-	-	1,010
Liabilities arising from insurance contracts	37,797	-37,797	-	-	-
Liabilities arising from insurance contracts on behalf of policyholders	14,566	-14,566	-	-	-
Insurance contract liabilities	-	40,383	-	1,615	41,998
Liabilities arising from direct participating insurance contracts	-	12,160	-	15	12,175
Liabilities arising from investment contracts	1,952	33	-	-	1,985
Employee benefits	4,013	-	-	-	4,013
Provisions	24	-	-	-	24
Borrowings	192	-	-	-	192
Deferred tax liabilities	69	-	376	-443	3
Derivatives	759	73	-	-	832
Due to customers	573	-573	-	-	-
Due to banks	5,741	-	-	-	5,741
Other liabilities	976	-124	-	-	852
Total liabilities	**67,655**	**-393**	**376**	**1,187**	**68,824**
Total equity and liabilities	**75,040**	**-396**	**1,458**	**-85**	**76,017**

In the second quarter of 2023 a.s.r. finalised the 2022 opening balance sheet. In a.s.r.'s 2022 consolidated financial statements a provisional 2022 opening balance sheet was presented due to uncertainties in the valuation of the insurance contract liabilities and liabilities for direct participating insurance contracts in the business lines Pensions and Disability. During the first half year of 2023 certain assumptions updates and model improvements were implemented in these business lines. Compared to the provisional opening balance sheet this resulted in a slight increase in the insurance contract liabilities with a similar decrease in the liabilities for direct participating insurance contracts, with a negligible net impact on equity.

4.2.4 Transition to IFRS 9

The following table contains the original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 for each class of financial assets and financial liabilities as at 1 January 2023. Also included are the reclasses related to amongst others the 'dirty' fair value. See accounting policy D.

Original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 as at 1 January 2023

(in € millions)	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
Financial assets				
Investments				
Investments - transferred under repurchase agreements				
Government bonds	Available for sale	FVTPL (mandatory)	432	437
Investments - own risk				
Real estate equity funds	FVTPL	FVTPL (mandatory)	4,105	4,092
Mortgage equity funds	FVTPL	FVTPL (mandatory)	684	705
Mortgage equity funds	Available for sale	FVTPL (mandatory)	303	303
Government bonds	Available for sale	FVTPL (mandatory)	8,794	8,872
Corporate bonds	Available for sale	FVTPL (mandatory)	7,188	7,272
Asset-backed securities	Available for sale	FVTPL (mandatory)	416	413
Preference shares	Available for sale	FVOCI	289	297
Other investment funds	Available for sale	FVTPL (mandatory)	1,596	1,588
Other investment funds	FVTPL	FVTPL (mandatory)	16	16
Equities	Available for sale	FVOCI	1,743	1,743
Equities	FVTPL	FVTPL (designated)	67	67
Other participating contracts	Available for sale	FVOCI	6	6
Government and public sector loans	Amortised Cost	FVTPL (mandatory)	221	227
Mortgage loans	Amortised Cost	FVTPL (mandatory)	10,366	9,074
Loans to credit institutions	Amortised Cost	FVTPL (mandatory)	2,627	2,644
Other investments	Amortised Cost	FVTPL (mandatory)	3,352	3,320
			42,206	**41,077**
Investments related to direct participating contracts				
Real estate equity funds	FVTPL	FVTPL (mandatory)	170	170
Mortgage equity funds	FVTPL	FVTPL (mandatory)	252	252
Government bonds	FVTPL	FVTPL (mandatory)	1,526	1,543
Corporate bonds	FVTPL	FVTPL (mandatory)	1,386	1,386
Equities	FVTPL	FVTPL (mandatory)	6,504	6,486
Other investments	FVTPL	FVTPL (mandatory)	75	76
			9,912	**9,912**
Investments related to investment contracts				
Real estate equity funds	FVTPL	FVTPL (mandatory)	97	97
Government bonds	FVTPL	FVTPL (mandatory)	261	261
Corporate bonds	FVTPL	FVTPL (mandatory)	149	149
Equities	FVTPL	FVTPL (mandatory)	1,449	1,449
Other investments	FVTPL	FVTPL (mandatory)	44	71
			2,000	**2,027**
Derivatives assets	FVTPL	FVTPL (mandatory)	5,428	5,761
Other financial assets	Amortised Cost	Amortised Cost	669	247
Cash and cash equivalents	FVTPL	FVTPL (mandatory)	2,245	2,246
Total financial assets			**62,459**	**61,270**

Original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 as at 1 January 2023.

(in € millions)	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
Financial liabilities				
Subordinated liabilities	Amortised cost	Amortised cost	1,980	2,005
Liabilities arising from investment contracts	FVTPL	FVTPL (designated)	2,000	2,027
Borrowings (excluding lease liabilities)	Amortised cost	Amortised cost	152	152
Due to customers	Amortised cost	Not applicable	471	-
Derivatives liabilities	FVTPL	FVTPL (mandatory)	5,523	5,681
Due to banks	Amortised cost	Amortised cost	2,262	2,264
Other financial liabilities	Amortised cost	Amortised cost	200	29
Total financial liabilities			**12,588**	**12,159**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - Fair value through profit or loss

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments - transferred under repurchase agreements				
Government bonds				
brought forward	-			
reclassified from available for sale		432		
reclassified from other assets		5		
carried forward				437
Investments - own risk				
Real estate equity funds				
brought forward	4,105			
remeasurement			-14	
carried forward				4,092
Mortgage equity funds				
brought forward	684			
reclassified from available for sale		303		
remeasurement			21	
carried forward				1,008
Government bonds				
brought forward	-			
reclassified from available for sale		8,794		
reclassified from other assets		77		
carried forward				8,872
Corporate bonds				
brought forward	-			
reclassified from available for sale		7,188		
reclassified from other assets		85		
carried forward				7,272
Asset-backed securities				
brought forward	-			
reclassified from available for sale		416		
remeasurement			-4	
reclassified from other assets		2		
carried forward				413
Other investment funds				
brought forward	16			
reclassified from available for sale		1,596		
remeasurement			-7	
carried forward				1,605
Equities	67			67
Government and public sector loans				
brought forward	-			
reclassified from loans and receivables		221		
reclassified from other assets		2		
remeasurement			4	
carried forward				227
Mortgage loans				
brought forward	-			
reclassified from loans and receivables		10,366		
reclassified from other assets		22		
remeasurement			-1,314	
carried forward				9,074
Loans to credit institutions				
brought forward	-			
reclassified from loans and receivables		2,574		
reclassified from other assets		3		
remeasurement			67	
carried forward				2,644
Other investments				
brought forward	-			
reclassified from loans and receivables		3,352		
reclassified from other assets		10		
remeasurement			-42	
carried forward				3,320

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments related to direct participating contracts	9,912			9,912
Investments related to investment contracts				
brought forward	2,000			
reclassified from loans and receivables		27		
carried forward				2,027
Derivatives assets				
brought forward	5,428			
reclassified from other assets		334		
carried forward				5,761
Cash and cash equivalents				
brought forward	2,245			
reclassified from other assets		1		
carried forward				2,246
Total FVTPL	**24,457**	**35,808**	**(1,289)**	**58,977**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - Fair value through other comprehensive income

FVOCI	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments				
Equities				
brought forward	-			
reclassified from available for sale		1,743		
carried forward				1,743
Preference shares				
brought forward	-			
reclassified from available for sale		289		
reclassified from other assets		8		
carried forward				297
Other participating contracts				
brought forward	-			
reclassified from available for sale		6		
carried forward				6
Total FVOCI	**-**	**2,046**	**-**	**2,046**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - Available for sale

Available for sale	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments				
brought forward	20,767			
reclassified to FVTPL		-18,728		
reclassified to FVOCI		-2,038		
carried forward				-
Total available for sale	**20,767**	**(20,767)**	**-**	**-**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - Amortised cost

Amortised cost	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Loans and receivables				
brought forward	17,171			
reclassified to investments		(16,513)		
reclassified to investment contracts		(27)		
reclassified to other assets		(245)		
reclassified to insurance contract liabilities		(323)		
reclassified to reinsurance contract assets		(63)		
carried forward				-
Other financial assets				
brought forward	669			
reclassified from loans and receivables		245		
reclassified to investments		(219)		
reclassified to derivatives assets		(336)		
reclassified to insurance contract liabilities		(50)		
reclassified to other non-financial assets		(64)		
carried forward				247
Total amortised cost	**17,840**	**(17,593)**	**-**	**247**

Reconciliation of the carrying amount of financial liabilities under IAS 39 to IFRS 9 on 1 January 2023 - Fair value through profit or loss

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Liabilities arising from investment contracts				
brought forward	2,000			
reclassified from due to customers		27		
carried forward				2,027
Derivatives liabilities				
brought forward	5,523			
reclassified from other financial liabilities		159		
carried forward				5,681
Total FVTPL	**7,523**	**186**	**-**	**7,709**

Reconciliation of the carrying amount of financial liabilities under IAS 39 to IFRS 9 on 1 January 2023 - Amortised cost

Amortised cost	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Subordinated liabilities				
brought forward	1,980			
reclassified from other financial liabilities		25		
carried forward				2,005
Borrowings (excluding lease liabilities)	152	-		152
Due to customers				
brought forward	471			
reclassified to reinsurance contract assets		(2)		
reclassified to insurance contract liabilities		(278)		
reclassified to liabilities arising from direct participating insurance contracts		(103)		
reclassified to liabilities arising from investment contracts		(27)		
reclassified to other liabilities		(61)		
carried forward				-
Due to banks				
brought forward	2,262			
reclassified from other financial liabilities		2		
carried forward				2,264
Other financial liabilities				
brought forward	200			
reclassified to insurance contract liabilities		(10)		
reclassified to subordinated liabilities		(26)		
reclassified to derivatives liabilities		(160)		
reclassified to due to banks		(2)		
reclassified from due to customers		27		
carried forward				29
Total amortised cost	**5,065**	**(614)**	**-**	**4,450**

The following table contains the reconciliation of closing impairment allowance in accordance with IAS 39 as at 31 December 2022 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2023.

Reconciliation of closing impairment allowance in accordance with IAS 39 as at 31 December 2022 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2023

Impairment of financial assets	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments at FVTPL from available for sale	(227)	-	227	-
Equities and similar investments at FVOCI from available for sale	(147)	-	147	-
Loans and receivables	(71)	27	44	-
Other assets	-	(4)	-	(4)
Total loss allowance	**(445)**	**24**	**418**	**(4)**

4.3 **Upcoming changes in published IFRS standards and Interpretations**

There are no upcoming changes in published IFRS standards and Interpretations which were relevant to a.s.r., published prior to 1 January 2023 and effective for accounting periods beginning on or after 1 January 2024.

4.4 **Key accounting policies**

Several key accounting policies were significantly impacted by the adoption of IFRS 17 Insurance contracts and IFRS 9 Financial instruments accounting standards. These accounting policies along with the accounting policies normally described in the interim financial statements are described below.

A. Estimates and assumptions

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

- The fair value and impairments of unlisted financial instruments;
- The estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets;
- The measurement of insurance contract liabilities and liabilities arising from direct participating insurance contracts;
- Actuarial assumptions used for measuring employee benefit obligations;
- When forming provisions, the required estimate of existing obligations arising from past events;
- The recoverable amount of impaired assets;
- The fair value used to determine the net asset value in acquisitions.

The estimates and assumptions are based on management's best knowledge of current facts, actions and events. The actual outcomes may ultimately differ from the results reported earlier on the basis of estimates and assumptions.
A detailed explanation of the estimates and assumptions are given in the relevant chapter as included in the 2022 consolidated financial statements.

B. Fair value of assets and liabilities

The valuation methodologies used for financial instruments carried at fair value, the policy for determining the levels within the fair value hierarchy, and the significant Level 3 portfolios, including the respective narratives and sensitivities, are described in accounting policy B in chapter 6.3.4 of the 2022 consolidated financial statements. No material changes have occurred since this report was published.

C. Intangible assets

The valuation methodologies used for intangible assets are described in accounting policy C in chapter 6.3.4 of the 2022 consolidated financial statements. No material changes have occurred since this report was published for the recognition and measurement of goodwill.

Value of business acquired (VOBA) is no longer recognised within intangible assets, instead insurance pre-acquisition cash flows that a.s.r. pays before the related group of contracts is recognised as an asset under the insurance contract liabilities. See accounting policy E1.

D. Financial assets and financial liabilities

a.s.r. has chosen to restate the comparative figures for financial assets and liabilities in line with IFRS 9 and the classification overlay approach in accordance with the amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information. This option results in more useful comparative information.

Recognition and initial measurement

a.s.r. recognises deposits and loans and borrowings on the date on which they originate. All other financial instruments are recognised at the transaction date, which is the date on which a.s.r. becomes party to the contractual stipulations of the instrument.

Financial assets or financial liabilities are initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

When a.s.r. becomes party to a financial asset contract, the related assets are classified into one of the following categories:

- Amortised cost;
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets at fair value through profit or loss (FVTPL).

The classification of the financial assets is determined at initial recognition. The classification and measurement of certain financial assets (debt instruments) is based on a.s.r.'s business models in which a financial asset is managed, and its contractual cash flow characteristics. For detailed information on the fair value of the financial assets see accounting policy B in chapter 6.3.4 of the 2022 consolidated financial statements.

Financial assets at amortised cost

A financial asset (debt instrument) can be measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This is known as the SPPI test.

Financial assets at FVOCI
Financial assets at FVOCI can be divided into debt instruments and equity instruments:

A debt instrument can be measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

a.s.r. has not currently classified any debt instruments at FVOCI.

Equity instruments are measured at FVOCI if they are not held for trading and are not designated as at FVTPL. There is no subsequent recycling of fair value gains and losses to profit or loss following the derecognition of the investment if elected to measure the equity investments as FVOCI.

a.s.r. classifies almost all its equity instruments at FVOCI to reduce volatility in the income statement.

Financial assets at FVTPL
All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL.

Financial assets at FVTPL include:

- Derivatives that do not qualify for hedge accounting;
- Financial assets that are managed and whose performance is evaluated on a fair value basis, such as:
  - Debt instruments for which a.s.r. has identified the business model Other.
  - Investments related to direct participating contracts;
  - Investments related to investment contracts;
  - Financial assets held for trading;
- Associates for which a.s.r. elects to measure at fair value through profit and loss under IFRS 9.

a.s.r. does not currently apply hedge accounting.

Accrued interest
In line with Solvency II reporting a.s.r. accounts for debt instruments at their "dirty" fair value, thus including any related accrued interest.

Business model assessment
The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. a.s.r.'s business models refer to how a.s.r. manages its financial assets in order to generate cash flows.

a.s.r. identifies the business model Hold to Collect for its other financial assets. All other debt instruments are mandatorily designated as at FVTPL (business model Other).

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)
For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs), as well as a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

a.s.r. assesses the SPPI for its other financial assets. All other debt instruments are mandatorily designated as at FVTPL (business model Other).

Subsequent measurement and gains and losses
Financial assets at amortised cost
Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets at FVOCI
Equity investments at FVOCI are measured at fair value. All fair value gains and losses are recorded in OCI, without recycling to profit or loss. Dividends from such investments continue to be recognised in profit or loss as Investment income when a.s.r.'s right to receive payments is established. Impairment requirements are not applicable to equity investments measured as FVOCI.

Financial assets at FVTPL
Financial assets at FVTPL are measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss. Impairment requirements are not applicable to financial assets measured at FVTPL.

Financial liabilities
Classification
a.s.r. classifies its liabilities into one of the following categories:

- Financial liabilities at FVTPL (derivatives); or
- Financial liabilities at amortised cost (all other financial liabilities).

Subsequent measurement and gains and losses
Financial liabilities at FVTPL
Financial liabilities at FVTPL are measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in profit or loss.

Financial liabilities at amortised cost
Financial liabilities at amortised cost are measured at amortised cost using the effective interest method. Interest expenses, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Accrued interest
In line with Solvency II reporting a.s.r. accounts for financial liabilities at their "dirty" fair value, thus including any related accrued interest.

Interest on financial liabilities
Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, a.s.r. estimates future cash flows considering all contractual terms of the liability.

Derivatives including embedded derivatives
Derivatives are primarily used by a.s.r. for hedging interest rate and exchange rate risks, for hedging future transactions and the exposure to market risks.

Derivatives are classified as held-for-trading. Derivatives are measured at fair value with changes in fair value recognised in profit or loss. Derivatives may be embedded in another contractual arrangement (a host contract).

For contracts where the host contract is a financial asset in the scope of IFRS 9, the hybrid financial instrument as a whole is assessed for classification and the embedded derivative is not separated from the host contract.

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract.

For other contracts, a.s.r. accounts for an embedded derivative separately from the host contract when:

- The hybrid contract is not measured at FVTPL;
- The terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract; and
- The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

Impairments in the P&L
a.s.r. recognises loss allowances for ECL on financial assets measured at amortised cost.

a.s.r. recognises a lifetime ECL for other financial assets using the simplified approach.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which a.s.r. is exposed to credit risk. ECL are a probability-weighted estimate of credit losses.

Loss allowances for ECL are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when a.s.r. determines that the borrower does not have assets or resources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with a.s.r.'s procedures for recovery of amounts due. Should amounts be recovered these are then recognised when the payment has been received.

Derecognition and contract modification
Financial assets
a.s.r. derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which a.s.r. neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statement, unless the financial asset is an equity instrument and is measured at fair value through other comprehensive income. For these instruments any revaluation amount is transferred within equity from unrealised gains and losses to retained earnings.

a.s.r. enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are repurchase agreements, securities lending and reverse repurchase agreements. The asset recognised for cash collateral paid on reverse repurchase agreements is presented under investments. The liability recognised for cash collateral received on repurchase agreements is presented under the line item due to banks.

In transactions in which a.s.r. neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, a.s.r. continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

If the terms of a financial asset are modified, then a.s.r. evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If a financial asset measured at amortised cost is modified but not substantially, then the financial asset is not derecognised. If the asset has not been derecognised, then a.s.r. recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue.

Financial liabilities
a.s.r. generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. a.s.r. also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different (i.e. the net present value of the of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instrument), in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

If a financial liability measured at amortised cost is not substantially modified, then it is not derecognised. For such financial liabilities, a.s.r. recalculates the amortised cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognises any resulting adjustment to the amortised cost as a modification gain or loss in 'other finance expenses' in profit or loss. Any costs and fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

E1. Insurance contracts

Classification

Insurance contracts issued by a.s.r. are contracts that transfer significant insurance risks, and in some cases also financial risk, from the policyholder to a.s.r. Contracts measured using the GMM or PAA are classified on the balance sheet as insurance contract liabilities and contracts measured using the VFA are classified as liabilities arising from direct participating insurance contracts.

a.s.r. offers non-life insurance contracts and life insurance contracts as shown in the table below.

Measurement model applied

Segment	Product	Measurement model applied
Non-life	P&C	PAA
	Disability	GMM
	Health	PAA
Life	Life individual	GMM or VFA
	Pensions	GMM or VFA
	Funeral	GMM

Insurance contract liabilities

Non-life insurance contracts

Non-life insurance contracts are contracts that provide cover that is not related to the life or death of insured persons. These insurance contracts are primarily classified into the following categories: Disability, Health, P&C.

Life insurance contracts

The segment Life includes: annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:

- Individual and group participating contracts;
- Individual contracts with discretionary participation features;
- Group contracts with segregated pools with returns based on investment guarantees.

Life insurance contracts with participation features are included within the Life segment. Under these contracts, policyholders are assigned, in addition to their entitlement to a guaranteed element, an entitlement to potentially significant additional benefits whose amount or timing is contractually at the discretion of a.s.r. These additional benefits are based on the performance of a specified pool of investments held by a.s.r. or on the issuer's operational result.

Liabilities arising from direct participating insurance contracts

a.s.r. classifies an insurance contract as a direct participating contract for which at inception the following criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- a.s.r. expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- a.s.r. expects a substantial proportion of any change in the amounts to be paid to the policy holder to vary with the change in the fair value of the underlying items.

Life insurance contracts with direct participating features are included within the Life segment and mainly concern unit-linked contracts and group pension contracts, with policyholders bearing the investment risk. An investment unit is a share in an investment fund that a.s.r. acquires on behalf of the policyholders using net premiums paid by the policyholders. The cash flow upon maturity of the contract is equal to the value of the investment units of the fund in question.

Contracts that meet the requirements of a direct participating contract are measured using the variable fee approach.

Separating components

Currently a.s.r. does not separate any components from its insurance contracts.

Non distinct investment components are identified for products where under all circumstances a payment will be made to the policyholder. These are generally recognised for GMM as the surrender value of the funeral insurance and as the savings account related to the mortgage savings insurance. For VFA policies the non distinct investment component is the investment fund value.

Level of aggregation
Insurance contracts are aggregated into groups for measurement purposes. a.s.r. identifies portfolios of insurance contracts comprising contracts subject to similar risks and managed together. Each portfolio is then divided into cohorts of contracts issued within a maximum of one year and divided into two groups based on the profitability buckets for:

- any contracts that are onerous on initial recognition; and
- any remaining contracts in the portfolio.

Similar risks managed together are generally based on the homogeneous risk groups similar to those used in Solvency II at inception, more or less granularity is applied where applicable. Contracts within a portfolio that would fall into different groups only because law or regulation specifically constraints a.s.r.'s practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued in Europe that are required by EU regulation to be priced on a gender-neutral basis.

The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not subsequently reassessed.

Whether a contract is onerous, profitable or with a risk of the contract becoming onerous (other) is a policy(test) which is set per business. Part of this policy will be pricing and thresholds and forward looking metrics available within a.s.r. The test is performed based on the contracts which are issued in any specific calendar year and are grouped according to the similar risks managed together criteria as described above. The test is generally performed on a set of contracts using reasonable and supportable information, the outcome would be the same had the individual policy assessment been performed.

Recognition
a.s.r. recognises a group of insurance contracts issued from the earliest of:

- the beginning of the coverage period of the group of contracts. The coverage period is the period during which a.s.r. provides insurance contract services in respect of all premiums within the boundary of the insurance contract;
- the date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder; or
- the date when facts and circumstances indicate that the contract is onerous.

Insurance contracts acquired in a (portfolio) transfer or a business combination are recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Contract boundaries
The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which a.s.r. can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- a.s.r. has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- a.s.r. has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not consider risks that relate to periods after the reassessment date.

For investment contracts with direct participating features the contract boundary is defined so that cash flows are within the contract boundary if they result from a substantive obligation of a.s.r. to deliver cash at a present or future date.

The contract boundary is reassessed at each reporting period and when product characteristics and/or conditions fundamentally change and, therefore, may change over time.

Measurement
a.s.r. uses the following measurement models:

- the general measurement model (GMM);
- the variable fee approach (VFA) for contracts with a direct participating feature; and

- the premium allocation approach (PAA) which is a simplified version of the GMM and is used mainly for short-duration contracts.

Measurement – contracts measured under the GMM
Initial measurement
On initial recognition, a.s.r. measures a group of insurance contracts as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risk and the risk adjustment for non-financial risk (RA); and
- the CSM.

The measurement of the fulfilment cash flows of a group of insurance contracts does not reflect non-performance risk of a.s.r. It is the net present value of the projected cash flows of benefits and expenses, less the net present value of premiums, adjusted for the risk adjustment. These cash flows are estimated using realistic, “best estimate”, assumptions in relation to mortality, longevity, lapse rate, expense and inflation. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Actuarial Association. The best estimate includes the intrinsic value and the time value of options and guarantees (TVOG: Time Value of Financial Options and Guarantees) and is calculated using stochastic techniques.

Where applicable, the direct or discretionary participating features of the insurance contracts, such as profit sharing, and any guaranteed benefits at maturity are considered in the future cash flows. The cash flows are discounted using the base curve being the Solvency II curve (including the VA), published by EIOPA excluding the UFR of 3.45% in 2023 (2022: 3.45%). a.s.r. uses an UFR of 3.40% in 2023 (2022: 3.45%) for the construction of the curve from the first smoothing point (FSP).

Insurance pre-acquisition cash flows that a.s.r. pays before the related group of contracts is recognised (i.e. for renewals of insurance contracts or insurance contracts recognised in the following period), are presented as an asset under the insurance contract liabilities. When the group of contracts is recognised, these cash flows are included by way of expected acquisition cash flows in the measurement of the group and the previously recognised asset is transferred and included as part of expected acquisition cash flows initially recognised in the insurance liability. The expected acquisition cash flows calculated at initial recognition are reassessed at each reporting date.

The RA for a group of insurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The risk adjustment is determined for each portfolio of insurance contracts using a Cost of Capital (CoC) method similar to the risk margin used for reporting under the Solvency II. a.s.r. currently uses the Solvency II model to quantify the risks, adjusted for the following points:

- Excluding general operational risk;
- Excluding market risk (if any);
- Excluding reinsurance counter party default risk;
- Added a reinsured risk adjustment by calculating the risk adjustment gross and net of reinsurance;
- A CoC rate of 6% is used, diversification effects are applied for disablity, taking into account a going concern basis;
- ECAP is used where available (e.g. P&C Cat risk); and
- The IFRS 17 discount rate curve is used.

The risks that are generally incorporated through the risk adjustment are mortality, longevity, disability, lapse, catastrophe and expense risk. A projection of expected future risks is made and all these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in Solvency II. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

a.s.r. disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance services result.

The CSM of a group of insurance contracts represents the unearned profit that a.s.r. will recognise as it provides service under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows and including any insurance pre-recognition cash flows, if any, is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. For business combinations see accounting policy N of the 2022 consolidated financial statements.

If the total of the fulfilment cash flows is a net outflow, then the group is onerous. In this case, the net outflow is recognised immediately as a loss in the income statement, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created as part of the insurance liabilities to depict any losses recognised in the income statement, which determines the amounts that are subsequently presented in the income statement as reversals of losses on onerous groups.

Subsequent measurement
The carrying amount of a group of insurance contract liabilities at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises:

- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods including the risk adjustment; and
- any remaining CSM at that date.

The liability for incurred claims comprises the fulfilment cash flows for incurred claims and attributable expenses that have not yet been paid, including claims that have been incurred but not yet reported, and the handling of the payments to and from policyholders. For the contracts in the Non-life segment this concerns all future payments related to the incurred claim (the LIC option), whereas for contracts in the Life segment this concerns the amounts payable for the period (LRC option).

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous).
- Changes relating to current or past services are recognised in the insurance service result in the income statement.
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses.

The CSM of each group of contracts is subsequent calculated at each reporting date.

The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Changes in fulfilment cash flows that relate to future services, except to the extent that:
  - Any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in the income statement and creates a loss component; or
  - Any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- The effect of any currency exchange differences on the CSM; and
- The amount recognised as insurance contract revenue due to the services provided in the period.

Changes in fulfilment cash flows that relate to future services comprise:

- Experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition and non-distinct investment components (NDIC);
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein; and
- Changes in the risk adjustment for non-financial risk that relate to future services.

CSM is recognised as insurance contract revenue following the services provided. This is generally on a straight-line basis over the expected coverage period (taking into account contract terms and lapse assumptions) on an individual insurance contract basis.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM. a.s.r. allocates the CSM to each period based on the passage of time as the service (insurance services and investment-return services) is deemed to be delivered equally over the coverage period.

To determine whether changes in cash flows are deemed to be changes in discretionary cash flows, a.s.r. exercises judgement in specifying at inception what is regarded as their commitment under the contract. How a.s.r. specifies its commitment under the contract will determine how much of the changes in expected future cash flows will be reflected immediately in profit or loss or will adjust CSM.

Measurement – contracts measured under the VFA
Direct participating insurance contracts uses the VFA measurement model. This measurement model is identical to the GMM at initial recognition however, the subsequent measurement differs from the GMM.

Direct participating insurance contracts are contracts under which a.s.r.'s obligation to the policyholder is the net of:

- The obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- A variable fee in exchange for future services provided by the contracts, being a.s.r.'s share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. a.s.r. provides investment-related services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating insurance contracts, a.s.r. adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in the income statement. a.s.r. then adjusts any CSM for changes in the a.s.r.'s share of the fair value of the underlying items, which relates to future services, as explained below.

Subsequent measurement
The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- a.s.r.'s share of the change in the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a.s.r.'s share of a decrease in the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in the income statement (included in insurance service expenses) and creating a loss component; or
  - a.s.r.'s share of an increase in the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in the income statement (included in insurance service expenses); and
- The amount recognised as insurance contract revenue because of the services provided in the period.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts with direct participation features (measured at current discount rates), the effect of the time value of money and financial risks and the risk mitigation option where applicable.

CSM is recognised as insurance contract revenue following the services provided. This is generally on a straight-line basis over the expected coverage period (taking into account contract terms and lapse assumptions) on an individual insurance contract basis.

a.s.r. allocates the CSM to each period based on the passage of time as the investment-related services provided in relation to the investment component and the insurance services provided in relation to the insurance component are deemed to be delivered equally over the coverage period.

Measurement – contracts measured under the PAA
The PAA simplifies the measurement of groups of contracts when:

- the coverage period of each contract in the group of contracts is one year or less, or
- a.s.r. expects that the resulting measurement would not differ materially from the result of applying the GMM.

Initial measurement
On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. Insurance acquisition cash flows are recognised as expenses when they are incurred making use of the option under IFRS 17. The risk adjustment is an implicit part of the valuation of the related liability.

Subsequent measurement
Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance contract revenue for coverage provided. This is recognised equally over the coverage period.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then a.s.r. recognises a loss in the income statement and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage.

a.s.r. recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims, including a risk adjustment for non-financial risk. The fulfilment cash flows are discounted at current rates.

Derecognition and contract modification
a.s.r. derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

a.s.r. also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then a.s.r. treats the changes in cash flows caused by the modifications as changes in estimates of fulfilment cash flows.

On the derecognition of a contract from within a group of contracts:

- The fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group; and
- The CSM of the group is adjusted for the change in fulfilment cash flows.

If a contract is derecognised because its terms are substantially modified, then the CSM is also adjusted for the premium that would have been charged had a.s.r. entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

E2. Reinsurance contracts
Classification
Contracts held by a.s.r. under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. These contracts are predominantly one-year contracts. a.s.r. does not issue reinsurance contracts.

Separating components and Level of aggregation
The accounting principles for the separation of components do not differ from those for insurance contracts. For the determination of the level of aggregation for reinsurance contracts the accounting principles are the same with the exception that a reinsurance contract cannot be classified as onerous.

Recognition
a.s.r. recognises a group of reinsurance contracts held that do not provide proportionate coverage at the earlier of (i) the beginning of the coverage period of the group of reinsurance contracts held; and (ii) the date a.s.r. recognises an onerous group of underlying contracts as long as the reinsurance contract has incepted before this date.

Contract boundaries
The measurement of a group of reinsurance contracts held includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which a.s.r. has a right to receive services from the reinsurer and is compelled to pay premiums.

Measurement – contracts under the PAA
a.s.r. uses the PAA as the default measurement model for reinsurance contracts with a duration of one year or less, but the business line has the option to choose the GMM.

To measure a group of reinsurance contracts a.s.r. applies the same accounting policies for the related insurance contracts, adapted where necessary to reflect the features of reinsurance contracts held that differ from those of the insurance contracts.

Measurement – contracts under the GMM
a.s.r. applies the same accounting policies for insurance contracts to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises:

- The fulfilment cash flows that relate to services that will be received under the contracts in future periods including the risk adjustment; and
- Any remaining CSM at that date.

a.s.r. measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts.

The risk adjustment for non-financial risk is the amount of the risk transferred by a.s.r. to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any derecognised assets for cash flows occurring before the recognition of the group and any cash flows arising at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then a.s.r. recognises the cost immediately in the income statement as an expense.

The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Changes in fulfilment cash flows that relate to future services, unless the change results from a change in fulfilment cash flows allocated to a group of onerous underlying insurance contracts, in which case the change is recognised in the income statement;
- The amount recognised in the income statement because of the services received in the period.

CSM is recognised in profit or loss following the services provided.

Reinsurance contracts cannot be onerous.

4.5 Other accounting policies

Several other accounting policies were significantly impacted by the adoption of IFRS 17 Insurance contracts and IFRS 9 Financial instruments accounting standards. These accounting policies are described below.

F1. Insurance contract revenue

Insurance contract revenue excludes any investment components and is measured as follows.

Insurance contract revenue – contracts measured under the GMM or VFA

a.s.r. recognises insurance contract revenue as it satisfies its performance obligations – i.e. as it provides coverage or other services required to groups of insurance contracts. For contracts measured under the GMM or VFA, the insurance contract revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which a.s.r. expects to receive consideration.

Insurance contract revenue consists of the sum of the changes in the liability for remaining coverage due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  – Amounts allocated to the loss component;
  – Repayments of investment components;
  – Amounts that relate to transaction-based taxes collected on behalf of third parties;
  – Insurance acquisition expenses; and
  – Amounts relating to risk adjustment for non-financial risk.
- The change in the risk adjustment for non-financial risk, excluding:
  – Changes that relate to future service that adjust the CSM; and
  – Amounts allocated to the loss component.
- The amount of CSM for the services provided in the period
- In addition, a.s.r. allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. a.s.r. recognises the allocated amount as insurance contracts revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance contract revenue in each reporting period is generally determined by considering the quantity of benefits provided from the services per insurance contract and allocating the CSM per insurance contract remaining at the end of the reporting period (before any allocation) equally to the services provided in the reporting period and expected to be provided in future periods. For each individual contract the CSM is subsequently released to the current coverage period and to future coverage periods in which the insurance contract service is expected to be provided (taking into account contract terms and lapse assumptions).

Insurance contract revenue – contracts measured under the PAA

For contracts measured under the PAA, the insurance contract revenue for each period is the amount of expected premium receipts for providing coverage in the period. a.s.r. allocates the expected premium receipts to each period on the basis of the passage of time.

Allocation of reinsurance premiums paid

a.s.r. allocates reinsurers premiums paid as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the GMM the allocation of reinsurance premiums paid relating to services received for each reporting period represents the total of the changes in the remaining coverage component that relate to services for which a.s.r. expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving coverage in the period.

F2. Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in the income statement generally as they are incurred.

They comprise the following items:

Incurred claims and benefits:

- Incurred claims and benefits;
- Adjustment of the liabilities for incurred claims and benefits that do not arise from the effects of the time value of money, financial risk and changes therein.

Insurance service operating expenses:

- Attributable insurance service operating expenses;
- Acquisition costs when incurred for insurance contracts measured under the PAA;
- Losses and reversal of losses on onerous contracts; and
- Amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

Loss components

a.s.r. establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in the income statement as reversals of losses on onerous contracts and are excluded from insurance contract revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

Decreases in fulfilment cash flows relating to future services or increases in a.s.r.'s share of the fair value of any underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

F3. Investment income

Investment income comprises the direct investment income such as interest income on financial assets, dividends received, rental income from investment property and other direct investment income. Fair value gains and losses includes the net gains on financial assets at FVTPL, net gains on derecognition of financial assets and liabilities at amortised cost, net gains on derecognition of associates at equity method and fair value gains on investment property.

Interest income
Interest income for all interest-bearing instruments includes coupons earned on fixed income instruments and is recognised on an accrual basis. Transaction costs attributable to the acquisition of debt securities at fair value through profit or loss are immediately recognised in the income statement.

When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition periods; only the post-acquisition portion is recognised as revenue. The pre-acquisition interest is part of the consideration paid.

Interest rate swaps
When the two legs of an interest rate swap are settled gross, interest paid and interest received on these swap are not offset. Gross settlement means that both legs of the swap are settled separately: one party receives interest and the other party pays interest. The net amount depends on the market interest rate. Interest received is accounted for as Direct investment income, interest paid is accounted for as Other finance expense.

Impairments
When a receivable is impaired, a lifetime ECL is recognised and interest income is calculated on the net carrying amount (that is the gross carrying amount less credit allowance).

Dividends
Dividend income is recognised in the income statement when a right to receive payment is established.

Rental income
Rental income from investment property is allocated to the period to which they relate.

F4. Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts, measured through GMM and PAA, arising from the effects of the time value of money, financial risk and changes therein. For direct participating insurance contracts the change in the fair value of the underlying items is included in the insurance finance income and expenses.

a.s.r. presents insurance finance income and expenses for all other contracts in profit or loss.

5 Segment information and changes in group structure

5.1 Segment information

5.1.1 General

Group structure
See chapters 6.4.1 and 6.7.9 of the 2022 consolidated financial statements for the organisation structure and a list of principal group companies and associates in the relevant segments.

Segment information
The operations of a.s.r. have been divided into five operating segments. The main segments are Non-life and Life in which all insurance activities are presented. The other activities are presented as three separate segments being Asset Management, Distribution and Services, and Holding and Other.

Insurance activities
Insurance entities are entities that accept the transfer of insurance risks from policyholders. The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts such as disability insurance, P&C insurance and health insurance. The Life segment mainly comprises the life insurance entity and its subsidiaries. The life insurance entity offers financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Life segment also includes ASR Premiepensioeninstelling N.V. (a.s.r. PPI), which offers investment contracts to policyholders that bear no insurance risk and for which the actual return on investments allocated to the contract is passed on to the policyholder. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile.

Other activities
The other activities consist of:
- The Asset Management segment involves all activities related to asset management including investment property management. These activities include amongst others ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V. and ASR Hypotheken B.V.;
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of Poliservice B.V. (Poliservice), Van Kampen Groep Holding B.V. (VKG), Van Kampen Geld B.V., Dutch ID B.V., Corins B.V., SuperGarant Verzekeringen B.V. (and ZZP Nederland Verzekeringen B.V. and Bedrijfsartsengroep B.V.), and ASR Vitaliteit & Preventieve Diensten B.V. (Vitality);
- The segment Holding and Other consists primarily of the holding activities of a.s.r. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.), ASR Vooruit B.V., the investment firm that performs activities related to private investing for customers, and the activities of ASR Deelnemingen N.V.

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

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

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s condensed consolidated interim financial statements. Goodwill and other intangibles are presented in the related CGU's segment. Intersegment transactions are conducted at arm's length conditions. In general, cost related to centralised services are allocated to the segments based on the utilisation of these services.

The segments are assessed on their operating result.

New definition of operating result

Operating result as presented below is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS. Because it is not determined in accordance with IFRS, operating result as presented by ASR may not be comparable to other similarly titled measures of performance of other companies.

The definition of operating result has changed due to the introduction of IFRS 17.

Operating result is calculated by using the result before tax from continuing operations reported in accordance with IFRS, adjusted for the following:

1. Adjustments to the investment and finance result: investment and finance result, excluding investment operating expenses, is replaced by an Operating Investment and Finance Result (which is part of the Operating Result) which is defined as the expected return on the investments in excess of the expected interest accrual on the insurance liabilities, the investment operating expenses, all hybrid expenses (including hybrid expenses through OCI) and the UFR drag for each reporting period.

   The operating result should reflect the operational performance of a.s.r. and should exclude revaluation effects on the assets and (insurance related) liabilities as a result of interest and spread movements and/or equity and real estate market movements.

   If we are to value the present value of future cash flows, it is common market practice to make use of a forward curve (based on the current discount curve) plus a certain premium reflecting the risk of invested assets. This premium is defined as the implied spread at the beginning of the period over which the result is calculated.

   The expected return is calculated as:
   - For the fixed income investments: the market value of the fixed income assets at the beginning of the period multiplied by the total of the one year forward swap rate and the implied spread at the beginning of the period;
   - For equities and real estate investments: the market value of the equity and real estate assets at the beginning of the period multiplied by a total return assumption;
   - For Insurance related liabilities: the market value of the insurance related liabilities at the beginning of the period multiplied by the one-year forward rate of the IFRS17 curve (i.e. including the Liability Illiquidity Premium and Credit Risk Adjustment);
   - The other assets / liabilities at the beginning of the period multiplied by the forward curve.

   The implied spread per fixed income asset category is defined as the required increase above the forward swap curve to determine the current market value. The implied spreads are calculated quarterly. a.s.r. has defined five fixed income asset categories that each have an implied spread.

   The balance sheet at the beginning of the period is based on a.s.r.'s look-through principle, i.e. all assets in the same asset category have a similar risk-profile (e.g. fixed income funds are classified as fixed income and not as equities, real estate funds are classified as real estate, etc.).

   For real estate and equity investments, a.s.r. applies a total return assumption of 5.5% and 6.6% (pre-tax) respectively. This assumption is evaluated each year;

2. The impact of changes to future services on onerous contracts. This implies that the negative impact of onerous contracts solely have an impact on the operating result at initial recognition;

3. The impact of changes of inflation on the Liability for Incurred Claims;

4. Other adjustments and incidental items:
   - Model- and methodological changes of a fundamental nature, in the measurement of the insurance liabilities;
   - Results of non-core operations;
   - Non-recurring or one-off items related to the ongoing business; and
   - Non-recurring or one-off items not related to the ongoing business, such as (non-exhaustive) restructuring costs, regulatory costs not related to business activities, changes in own pension arrangements and expenses related to mergers and acquisitions (M&A) activities and start-ups.

5.1.2 Segmented balance sheet

Segmented balance sheet

As at 30 June 2023	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	32	67	40	182	-	-	321
Property, plant and equipment	-	603	-	14	246	-216	648
Investment property	49	608	-	-	-	-	657
Associates and joint ventures at equity method	-	3	0	9	72	-	84
Investments	8,643	30,981	22	13	3,657	-3,508	39,809
Investments related to direct participating contracts	-	10,884	-	-	-	-	10,884
Investments related to investment contracts	-	2,408	-	-	-	-	2,408
Derivatives	96	5,432	-	-	-	-	5,528
Deferred tax assets	0	462	-	-	-	-146	316
Reinsurance contract assets	220	129	-	-	-	-	349
Other assets	148	394	26	36	-90	-20	493
Cash and cash equivalents	53	1,047	92	78	2,324	-	3,594
Total assets	**9,241**	**53,019**	**180**	**332**	**6,210**	**-3,890**	**65,092**
Equity attributable to holders of equity instruments	2,204	3,215	163	51	680	-30	6,283
Non-controlling interests	4	26		0	-13	-	17
Total equity	**2,208**	**3,241**	**163**	**51**	**667**	**-30**	**6,300**
Subordinated liabilities	93		-	-	2,045	-93	2,045
Insurance contract liabilities	6,265	28,330	-	-	-	-2,711	31,885
Liabilities arising from direct participating insurance contracts	-	11,521	-	-	-	-	11,521
Liabilities arising from investment contracts	-	2,408	-	-	-	-	2,408
Employee benefits	-	-	-	-	2,731	-	2,731
Provisions	1	10	-	-	2	-	13
Borrowings	1	253	-	203	314	-501	270
Derivatives	298	4,851	-	-	-	-	5,149
Deferred tax liabilities	7	-	5	8	123	-144	-
Due to banks	12	1,771	-	-	200	-	1,983
Other liabilities	356	634	12	69	129	-411	788
Total liabilities	**7,033**	**49,778**	**17**	**281**	**5,543**	**-3,860**	**58,792**
Total equity and liabilities	**9,241**	**53,019**	**180**	**332**	**6,210**	**-3,890**	**65,092**
Additions to							
Intangible assets	3	-	-	1	-	-	5
Property, plant and equipment	-	1	-	3	6	-	10
Total additions	**3**	**1**	**-**	**5**	**6**	**-**	**15**

Segmented balance sheet

As at 31 December 2022 restated	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	30	68	41	183	-	-	322
Property, plant and equipment	-	637	-	13	238	-209	679
Investment property	49	616	-	-	-	-	664
Associates and joint ventures at equity method	-	3	-	9	66	-	79
Investments	7,931	31,225	22	15	5,258	-3,373	41,077
Investments related to direct participating contracts	-	9,912	-	-	-	-	9,912
Investments related to investment contracts	-	2,027	-	-	-	-	2,027
Derivatives	195	5,563	-	-	3	-	5,761
Deferred tax assets	0	760	-	-	-	-428	332
Reinsurance contract assets	248	133	-	-	-	-	381
Other assets	28	342	26	50	40	-26	460
Cash and cash equivalents	262	1,721	85	46	132	-	2,246
Total assets	**8,744**	**53,006**	**174**	**316**	**5,737**	**-4,037**	**63,941**
Equity attributable to holders of equity instruments	2,329	3,288	150	45	266	31	6,109
Non-controlling interests	4	22	-	-	1	-	27
Total equity	**2,333**	**3,310**	**150**	**45**	**267**	**31**	**6,136**
Subordinated liabilities	72	-	-	-	2,005	-72	2,005
Insurance contract liabilities	5,738	28,592	-	-	-	-2,689	31,641
Liabilities arising from direct participating insurance contracts	-	10,518	-	-	-	-	10,518
Liabilities arising from investment contracts	-	2,027	-	-	-	-	2,027
Employee benefits	-	-	-	-	2,742	-	2,742
Provisions	1	13	-	-	4	-	18
Borrowings	-	199	-	200	307	-491	214
Derivatives	327	5,355	-	-	-	-	5,681
Deferred tax liabilities	302	-	6	9	101	-417	-
Due to banks	21	2,165	-	-	78	-	2,264
Other liabilities	-50	828	18	62	234	-399	695
Total liabilities	**6,411**	**49,697**	**24**	**270**	**5,471**	**-4,068**	**57,805**
Total equity and liabilities	**8,744**	**53,006**	**174**	**316**	**5,737**	**-4,037**	**63,941**
Additions to							
Intangible assets	-	1	6	18	-	-	25
Property, plant and equipment	-	169	-	5	5	-	179
Total additions	**-**	**170**	**6**	**22**	**5**	**-**	**204**

In segment Holding and Other the asset related to the employee benefits amounts to € 3,111 million (2022: € 3,035 million) and is accounted for as Investments, which is subsequently eliminated in the Eliminations (since it is related to the investments in Life segment).

5.1.3 Segmented income statement and reconciliation to operating result

Segmented income statement

HY 2023	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Insurance contract revenue	2,464	885	-	-	-	-73	3,276
Incurred claims and benefits	*-1,911*	*-646*	-	-	-	*59*	*-2,498*
Insurance service operating expenses	*-463*	*-119*	-	-	-	*1*	*-581*
Insurance service expenses	-2,374	-765	-	-	-	60	-3,079
Insurance service result before reinsurance	**90**	**120**	**-**	**-**	**-**	**-14**	**197**
Allocation of reinsurance premiums paid	-36	-8	-	-	-	-	-45
Amounts recoverable from reinsurers	14	4	-	-	-	-	18
Net expenses from reinsurance contracts	**-22**	**-4**	**-**	**-**	**-**	**-**	**-27**
Insurance service result	**68**	**116**	**-**	**-**	**-**	**-14**	**170**
Direct investment income	183	1,202	1	2	10	-10	1,388
Net fair value gains and (losses)	-3	1,011	-	-	76	-60	1,023
Net finance expenses from insurance contracts	-33	-1,151	-	-	-	89	-1,094
Net finance income from reinsurance contracts	2	2	-	-	-	-	4
Changes in liabilities arising from investment contracts	-	-177	-	-	-	-	-177
Other finance expenses	-51	-652	-	-4	-58	-20	-784
Investment operating expenses	-5	-20	-33	-	-2	26	-34
Investment and finance result	**93**	**215**	**-31**	**-2**	**26**	**25**	**326**
Share of result of associates and joint ventures	-	-	-	-	2	-	2
Fee income	-	11	107	70	-	-65	123
Other income	5	23	-	-	-	-5	23
Total other income	**5**	**34**	**107**	**70**	**2**	**-70**	**148**
Other expenses	-24	-25	-56	-58	-69	43	-188
Other income and expenses	**-19**	**9**	**51**	**12**	**-67**	**-27**	**-41**
Result before tax	**143**	**341**	**20**	**10**	**-42**	**-16**	**456**
Income tax (expense) / gain	-36	-86	-5	-3	10	4	-115
Result after tax	**107**	**255**	**15**	**7**	**-31**	**-12**	**341**
Net result	**107**	**255**	**15**	**7**	**-31**	**-12**	**341**
Attributable to:							
Non-controlling interests	-	-	-	-	-4	-	-5
- Shareholders of the parent	107	255	15	7	-38	-12	334
- Holders of other equity instruments	-	-	-	-	12	-	12
Result attributable to holders of equity instruments	**107**	**255**	**15**	**7**	**-27**	**-12**	**346**

Segmented income statement

HY 2022 restated	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Insurance contract revenue	2,118	863	-	-	-	-77	2,905
Incurred claims and benefits	*-1,588*	*-687*	-	-	-	*33*	*-2,241*
Insurance service operating expenses	*-419*	*-95*	-	-	-	*1*	*-513*
Insurance service expenses	-2,007	-782	-	-	-	35	-2,754
Insurance service result before reinsurance	**111**	**81**	**-**	**-**	**-**	**-42**	**150**
Allocation of reinsurance premiums paid	-38	-9	-	-	-	-	-47
Amounts recoverable from reinsurers	41	5	-	-	-	-	46
Net expenses from reinsurance contracts	**2**	**-4**	**-**	**-**	**-**	**-**	**-2**
Insurance service result	**114**	**77**	**-**	**-**	**-**	**-42**	**149**
Direct investment income	96	738	-	-	7	-6	836
Net fair value gains and (losses)	-1,123	-11,417	-	-	-429	402	-12,568
Net finance expenses from insurance contracts	902	9,275	-	-	-	-713	9,464
Net finance income from reinsurance contracts	-23	-32	-	-	-	-	-55
Changes in liabilities arising from investment contracts	-	314	-	-	-	-	314
Other finance expenses	-9	-138	-	-1	-476	438	-186
Investment operating expenses	-4	-26	-26	-	-2	29	-29
Investment and finance result	**-161**	**-1,285**	**-27**	**-1**	**-901**	**149**	**-2,225**
Share of result of associates and joint ventures	-	-	-	-	-1	-	-1
Fee income	-	13	98	64	-	-66	109
Other income	1	83	-	-	-	-6	78
Total other income	**1**	**96**	**98**	**65**	**-1**	**-72**	**186**
Other expenses	-16	-28	-52	-53	-52	45	-156
Other income and expenses	**-15**	**68**	**46**	**11**	**-54**	**-27**	**30**
Result before tax	**-62**	**-1,139**	**19**	**11**	**-954**	**80**	**-2,046**
Income tax (expense) / gain	16	296	-5	-3	252	-21	535
Result after tax	**-46**	**-844**	**14**	**8**	**-702**	**60**	**-1,511**
Net result	**-46**	**-844**	**14**	**8**	**-702**	**60**	**-1,511**
Attributable to:							
Non-controlling interests	-	1	-	-	-1	-	1
- Shareholders of the parent	-47	-844	14	7	-713	60	-1,523
- Holders of other equity instruments	-	-	-	-	12	-	12
Result attributable to holders of equity instruments	**-47**	**-844**	**14**	**7**	**-702**	**60**	**-1,512**

The increase in the market interest rates in the first half year of 2022 resulted in a decrease of the employee benefits of € 1.0 billion. The corresponding asset in segment Holding and Other (related to the insurance contract in Life segment based on IFRS 17 valuation) decreased accordingly with € 0.8 billion. This decrease in the employee benefits is accounted for directly in OCI (remeasurements of post-employment benefit obligation), whilst the related decrease of the corresponding asset is accounted for in the income statement as part of the investment and finance result (net fair value gains and (losses) and other finance expenses). The negative HY 2022 result in segment Holding and Other is mainly caused by this accounting mismatch, which is subsequently eliminated in the Eliminations (since it is related to the insurance contract in Life segment).

Operating result

30 June 2023	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Result before tax	**143**	**341**	**20**	**10**	**-42**	**-16**	**456**
Minus adjustments related to the insurance service result	-56	-6	0	0	0	-14	-76
Minus adjustments related to the investment and finance result	18	26	0	0	112	-48	109
Minus adjustments related to the other result	-9	10	-1	-5	-33	0	-38
Operating result	**189**	**310**	**21**	**15**	**-121**	**46**	**460**

Operating result

30 June 2022 restated	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Result before tax	**-62**	**-1,139**	**19**	**11**	**-954**	**80**	**-2,046**
Minus adjustments related to the insurance service result	-23	5	0	0	0	-42	-61
Minus adjustments related to the investment and finance result	-212	-1,459	0	0	-869	120	-2,419
Minus adjustments related to the other result	-8	24	0	-6	-30	0	-20
Operating result	**180**	**291**	**19**	**17**	**-55**	**2**	**454**

The definition of operating result has changed due to the introduction of IFRS 17 Insurance contracts and IFRS 9 Financial instruments. Comparative figures have been adjusted accordingly.

The adjustments to the insurance service result relate amongst others to the changes related to future services from onerous contracts, eliminating the impact of inflation on liabilities for incurred claims and correction for negative surplus interest on separate accounts.

The adjustments to the investment and finance result relate to the adjustment made to replace results with a long term expected return on shares and real estate aligned with the excess return method. See chapter 5.1.1 for more information regarding the new definition of the operating result.

The adjustments to the other result in 2023 are mainly related to Aegon Nederland integration costs, IFRS 17/9 project costs, expenses for start-ups and results of run-off entities.

The adjustments to the other result in 2022 are mainly related to the IFRS 17/9 project costs, expenses for start-ups and results of run-off entities.

5.1.4 Non-life Ratios

Non-life combined ratio

	HY 2023	HY 2022 restated
Claims ratio	75.5%	71.8%
Commission ratio	14.0%	15.4%
Expense ratio	5.4%	6.3%
Combined ratio	**94.9%**	**93.4%**

Non-life combined ratio per business line

	HY 2023	HY 2022 restated
Property & Casualty (P&C)	90.7%	94.2%
Disability	94.4%	88.5%
P&C and Disability	92.4%	91.5%
Health	99.5%	98.7%

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

Claims, commission and expenses

	HY 2023	HY 2022 restated
Insurance contract revenue	2,464	2,118
Allocation of reinsurance premiums paid	-36	-38
Net insurance contract revenue	**2,428**	**2,080**
Insurance claims and benefits	-1,911	-1,588
Amounts recoverable from reinsurers	14	41
Adjustment to the insurance claims and benefits	64	54
Adjusted net insurance claims and benefits	**-1,833**	**-1,493**
Insurance service operating expenses	-463	-419
Of which: Incurred commission expenses	-339	-320
Insurance service operating expenses excluding incurred commission expenses	-124	-99
Adjustments to the insurance service operating expenses	-7	-31
Adjusted insurance service operating expenses	**-131**	**-130**

The definition of Non-Life ratios has changed due to the introduction of IFRS 17 Insurance contracts. Comparative figures have been adjusted accordingly.

Similar to IFRS 4, the IFRS 17 COR indicates the insurance related profitability of a non-life insurance contract. The measurement of the COR changed with the change in accounting regime since the underlying IFRS 4 components are no longer part of the P&L. To measure the COR based on the new definition, the insurance service expenses are divided by the insurance contract revenue, considering the operating result definition of those items. The release of the loss component is recognised in the insurance service operating expenses, but is included in the claims ratio.

5.2 **Acquisitions**

Acquisitions 2023

Aegon Nederland

4 July 2023, a.s.r. completed the business combination between a.s.r. and Aegon N.V. by acquiring the shares of Aegon Nederland N.V. (Aegon Nederland). The acquisition was completed after the balance sheet date and has therefore not been recognised in the 2023 condensed interim financial statements of a.s.r. For more information see chapter 6.12.

Other acquisitions

a.s.r. acquired an entity in segment Non-life and an entity in segment Distribution and Services.

Acquisitions 2022

Wind farm Jaap Rodenburg, wind farm Nieuwe Hemweg and solar park Pesse

In the first half of 2022, ASR Infrastructure Renewables B.V. completed the acquisitions of the assets and liabilities of wind farms Jaap Rodenburg, Nieuwe Hemweg and solar park Pesse.

Other acquisitions

ASR Real Estate B.V. acquired the assets and liabilities of a consultancy company as of 1 May 2022. a.s.r. established the final acquisition balance sheet in the first half year of 2023.

6 Notes to the condensed consolidated interim financial statements

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

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

Fair value of the investment property, land and buildings for own use and plant

30 June 2023	Fair value based on quoted prices in active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investment property	-	-	657	657
Land and buildings for own use	-	-	113	113
Plant	-	-	444	444
Total	**-**	**-**	**1,214**	**1,214**

31 December 2022	Fair value based on quoted prices in active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investment property	-	-	664	664
Land and buildings for own use	-	-	115	115
Plant	-	-	480	480
Total	**-**	**-**	**1,259**	**1,259**

Unobservable and observable inputs used in determination of fair value

30 June 2023								Change in theoretical rental value		
	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model										
Retail	157	DCF	total	11,890,108	mean	7.6%	-5%	-	8	17
			max	1,782,084	max	10.6%	0%	-8	-	8
			min	4,730	min	3.8%	5%	-15	-7	-
Residential	1	DCF	total	79,128	mean	8.5%	-5%	-	-	-
			max	79,128	max	8.5%	0%	-	-	-
			min	79,128	min	8.5%	5%	-	-	-
Rural	203	DCF	total	6,707,331	mean	3.3%	-5%	-	11	21
			max	1,902,037	max	8.8%	0%	-10	-	10
			min	3,575	min	0.5%	5%	-19	-10	-
Offices	279	DCF	total	19,472,459	mean	7.0%	-5%	-	15	29
			max	6,238,506	max	10.6%	0%	-14	-	14
			min	9,758	min	1.8%	5%	-27	-13	-
Property under development	4									
Parking	13									
Land and buildings for own use	**113**	DCF	total	8,645,359	mean	8.0%	-5%	-	6	11
			max	8,645,359	max	8.0%	0%	-5	-	5
			min	8,645,359	min	8.0%	5%	-10	-5	-
Plant	**444**									
Total	**1,214**									

Unobservable and observable inputs used in determination of fair value

31 December 2022								Change in theoretical rental value		
	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model										
Retail	159	DCF	total	11,340,229	mean	7.1%	-5%	-	8	17
			max	1,641,470	max	9.6%	0%	-8	-	8
			min	14,940	min	3.7%	5%	-15	-8	-
Residential	1	DCF	total	76,600	mean	7.9%	-5%	-	-	-
			max	76,600	max	7.9%	0%	-	-	-
			min	76,600	min	7.9%	5%	-	-	-
Rural	202	DCF	total	4,754,747	mean	2.4%	-5%	-	11	21
			max	1,776,687	max	3.8%	0%	-10	-	10
			min	500	min	0.5%	5%	-19	-10	-
Offices	290	DCF	total	19,406,800	mean	6.7%	-5%	-	15	30
			max	5,280,212	max	9.8%	0%	-14	-	14
			min	52,513	min	4.4%	5%	-28	-14	-
Property under development	-									
Parking	13									
Land and buildings for own use	**115**	DCF	total	8,273,071	mean	7.5%	-5%	-	6	12
			max	8,273,071	max	7.5%	0%	-5	-	5
			min	8,273,071	min	7.5%	5%	-10	-5	-
Plant	**480**									
Total	**1,259**									

The significant inputs to the Level 3 values of investment property are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transaction of comparable objects;
- The 10 year Dutch Government Bond Yield (%) rate as published by the DNB.

The significant unobservable and observable inputs to the Level 3 values of plant are the energy prices and market interest rates.

6.2 **Financial assets and liabilities**

See accounting policies B and D.

6.2.1 Financial assets and liabilities measured at fair value

Breakdown of financial assets measured at fair value

30 June 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments at fair value through profit or loss				
Investments - transferred under repurchase agreements				
Government bonds	130	-	-	130
	130	**-**	**-**	**130**
Investments - own risk				
Real estate equity funds	-	-	3,917	3,917
Mortgage equity funds	-	-	988	988
Government bonds	7,394	194	-	7,587
Corporate bonds	7,484	77	7	7,568
Asset-backed securities	-	-	383	383
Other investment funds	600	693	145	1,438
Equities	227	-	-	227
Government and public sector loans	-	222	-	222
Mortgage loans	-	-	9,076	9,076
Loans to credit institutions	36	2,462	-	2,497
Other investments	1,600	1,902	14	3,516
	17,340	**5,551**	**14,529**	**37,420**
Investments related to direct participating contracts				
Real estate equity funds	247	-	-	247
Mortgage equity funds	-	-	256	256
Government bonds	1,842	-	-	1,842
Corporate bonds	1,231	-	-	1,231
Equities	7,167	-	-	7,167
Other investments	138	4	-	142
	10,625	**4**	**256**	**10,884**
Investments related to investment contracts				
Real estate equity funds	153	-	-	153
Government bonds	315	-	-	315
Corporate bonds	171	-	-	171
Equities	1,696	-	-	1,696
Other investments	45	27	-	72
	2,381	**27**	**-**	**2,408**
Investments at fair value through other comprehensive income				
Equities	1,999	-	59	2,058
Preference shares	-	190	5	194
Other participating contracts	6	-	-	6
	2,005	**190**	**64**	**2,259**

30 June 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Derivatives				
Foreign exchange contracts	-	10	-	10
Interest rate contracts				
- Swaps	-	5,047	-	5,047
- Options	-	301	-	301
- Futures	7	92	-	99
Equity index contracts	22	-	-	22
Inflation linked swaps	-	50	-	50
	29	**5,499**	**-**	**5,528**
Cash and cash equivalents	3,594	-	-	3,594
Total financial assets measured at fair value	**36,104**	**11,270**	**14,849**	**62,223**

Breakdown of financial liabilities measured at fair value

30 June 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Liabilities arising from investment contracts	2,381	27	-	2,408
Derivatives				
Foreign exchange contracts	-	32	-	32
Interest rate contracts				
- Swaps	-	5,097	-	5,097
- Futures	20	-	-	20
	20	**5,129**	**-**	**5,149**
Total financial liabilities measured at fair value	**2,400**	**5,156**	**-**	**7,556**

Breakdown of financial assets measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments at fair value through profit or loss				
Investments - transferred under repurchase agreements				
Government bonds	437	-	-	437
	437	**-**	**-**	**437**
Investments - own risk				
Real estate equity funds	-	-	4,092	4,092
Mortgage equity funds	-	-	1,008	1,008
Government bonds	8,646	204	22	8,872
Corporate bonds	7,149	117	6	7,272
Asset-backed securities	6	-	407	413
Other investment funds	759	705	141	1,605
Equities	67	-	-	67
Government and public sector loans	-	227	-	227
Mortgage loans	-	-	9,074	9,074
Loans to credit institutions	36	2,608	-	2,644
Other investments	1,633	1,672	15	3,320
	18,296	**5,534**	**14,765**	**38,594**
Investments related to direct participating contracts				
Real estate equity funds	170	-	-	170
Mortgage equity funds	-	-	252	252
Government bonds	1,543	-	-	1,543
Corporate bonds	1,386	-	-	1,386
Equities	6,486	-	-	6,486
Other investments	72	4	-	76
	9,657	**4**	**252**	**9,912**
Investments related to investment contracts				
Real estate equity funds	97	-	-	97
Government bonds	261	-	-	261
Corporate bonds	149	-	-	149
Equities	1,449	-	-	1,449
Other investments	44	27	-	71
	2,000	**27**	**-**	**2,027**
Investments at fair value through other comprehensive income				
Equities	1,676	-	67	1,743
Preference shares	-	293	5	297
Other participating contracts	6	-	-	6
	1,683	**293**	**71**	**2,046**
Derivatives				
Foreign exchange contracts	-	80	-	80
Interest rate contracts				
- Swaps	-	5,116	-	5,116
- Options	-	275	-	275
- Futures	102	113	-	215
Equity index contracts	31	-	-	31
Inflation linked swaps	-	44	-	44
	133	**5,628**	**-**	**5,761**
Cash and cash equivalents	2,246	-	-	2,246
Total financial assets measured at fair value	**34,451**	**11,485**	**15,088**	**61,023**

Breakdown of financial liabilities measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Liabilities arising from investment contracts	2,000	27	-	2,027
Derivatives				
Foreign exchange contracts	-	29	-	29
Interest rate contracts				
- Swaps	-	5,653	-	5,653
	-	**5,681**	**-**	**5,681**
Total financial liabilities measured at fair value	**2,000**	**5,708**	**-**	**7,709**

Cash and cash equivalents are classified as level 1 when not subject to restrictions.

Investments at own risk decreased mainly due to the sale of government bonds, sales proceeds were used to finalise the business combination between a.s.r. and Aegon Nederland.

Reclassification between categories

2023	To level 1	To level 2	To level 3	Total
From				
Level 1: Fair value based on quoted prices in active market	-	5	6	**12**
Level 2: Fair value based on observable market data	34	-	-	**34**
Level 3: Fair value not based on observable market data	-	-	-	**-**

Fixed income funds are adjusted from level 2 to level 1 (€ 34 million), from level 1 to level 2 (€ 5 million) and from level 1 to level 3 (€ 6 million). Those movements are based on increased and decreased observability of the inputs during the period.

Reclassification between categories

2022	To level 1	To level 2	To level 3	Total
From				
Level 1: Fair value based on quoted prices in active market	-	51	35	**85**
Level 2: Fair value based on observable market data	-	-	-	**-**
Level 3: Fair value not based on observable market data	-	-	-	**-**

Fixed income funds are adjusted from level 1 to level 2 (€ 51 million) and from level 1 to level 3 (€ 35 million). Those movements are based on decreased observability of the inputs during the period.

The following two tables show the movement in financial assets measured at fair value including investments relating to direct participating insurance contracts that are categorised within level 3.

Changes in financial assets classified as FVOCI categorised within level 3

	2023	2022
At 1 January	71	66
Unrealised gains and losses recognised in other comprehensive income	-7	6
At 30 June (31 December 2022)	**64**	**71**

Changes in financial assets at FVTPL categorised within level 3

	2023	2022
At 1 January	15,016	15,361
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	-180	-2,388
Purchases	1,609	5,676
Disposal	-1,343	-3,988
Repayments	-324	-1,137
Reclassification of investments from/to level 3 valuation technique	6	35
Other changes	1	1,457
At 30 June (31 December 2022)	**14,785**	**15,016**
Total revaluations of investments, held at end of period, recognised in the income statement	**-148**	**-2,207**

Unobservable inputs used in determining the fair value for financial assets measured at fair value (recurring basis) that are categorised within level 3

Investments at FVOCI
The main non-observable market input for the equities classified as level 3 is the net asset value as published by the investee. It is estimated that a 10% increase in valuation of these equities would have no impact on net result due to the non-recycling nature of equity treatment, but would increase equity by € 6 million (2022: € 7 million), being approximately 0.1% (before tax) (2022: 0.1% (before tax)) of total equity.

Investments at FVTPL
The mortgage loan portfolio is classified as level 3 'not measured on the basis of market observable market data'. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The valuation method used to determine the fair value of the mortgage loan portfolio is based on the mortgage spread of the risk-free interest rate curve and assumptions for unexpected full prepayments, originating costs, and the options related to early redemption and moving. A slight increase in the mortgage spread used would result in a significant decrease in fair value, and vice versa.

The mortgage loan portfolio consists of high quality mortgages with a relatively fixed return, limited impairments and arrears (see chapter 6.5.8 of the 2022 consolidated financial statements). The mortgage loan portfolio consists only of Dutch mortgages with a limited counterparty default risk in line with the strategic investment plan (see chapter 6.8.4 of the 2022 consolidated financial statements).

The main non-observable market input for the asset-backed securities and mortgage equity funds are based on quotes published by an independent data vendor. If the quote of the data vendor is not available, values or quotes from other pricing services are obtained, including a check on the validity of the value or quote by an independent third party, to base the fair value on. There is no material difference in the fair value of the asset-backed securities and mortgage equity funds if a quote was used from an alternative data vendor when available.

The main non-observable market input for the other investment funds classified as level 3 is the net asset value as published by the investee. It is estimated that a 10% increase in valuation of these equities would increase result before tax and equity by € 14 million (2022: € 14 million), being approximately 0.2% (before tax) (2022: 0.2% (before tax)) of total equity.

The method of determining the fair value of the mortgage equity funds is similar to that of mortgage loans, however it excludes assumptions for originating cost and is determined within the funds structure.

The table below discloses the sensitivities to non-observable market inputs for the property portfolio, including real estate equity funds.

Unobservable and observable inputs used in determination of fair value

30 June 2023	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investments at fair value through profit or loss										
Real estate equity funds associates	3,412	DCF		116,969,839		3.4%	-5%	-	180	359
							0%	-171	-	171
							5%	-325	-162	-
Real estate equity funds third parties	505									
Total real estate equity funds	**3,917**									

Unobservable and observable inputs used in determination of fair value

31 December 2022	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investments at fair value through profit or loss										
Real estate equity funds associates	3,557	DCF		110,918,322		3.1%	-5%	-	187	374
							0%	-178	-	178
							5%	-339	-169	-
Real estate equity funds third parties	535									
Total real estate equity funds	**4,092**									

The main non-observable market input for the real estate equity funds third parties is the net asset value as published by the investee. An increase or decrease in the net asset value of equities classified as level 3 will have a direct proportional impact on the fair value of the investment.

6.2.2 Financial assets and liabilities not measured at fair value for which the fair value is disclosed

Breakdown of financial assets and liabilities not measured at fair value

30 June 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value	Total carrying value
Financial assets					
Other financial assets	136	259	-	394	394
Total financial assets not measured at fair value	**136**	**259**	**-**	**394**	**394**
Financial liabilities					
Subordinated liabilities	-	2,036	-	2,036	2,045
Borrowings	-	203	66	270	270
Due to banks	1,783	200	-	1,983	1,983
Other financial liabilities	9	57	-	66	66
Total financial liabilities not measured at fair value	**1,792**	**2,496**	**66**	**4,355**	**4,364**

Breakdown of financial assets and liabilities not measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value	Total carrying value
Financial assets					
Other financial assets	27	220	-	247	247
Total financial assets not measured at fair value	**27**	**220**	**-**	**247**	**247**
Financial liabilities					
Subordinated liabilities	-	1,950	-	1,950	2,005
Borrowings	-	152	62	214	214
Due to banks	2,189	75	-	2,264	2,264
Other financial liabilities	9	20	-	29	29
Total financial liabilities not measured at fair value	**2,198**	**2,197**	**62**	**4,457**	**4,512**

In 2023, amounts due to banks presented as level 1 primarily comprise the liability recognised for the cash collateral received.

6.3 **Insurance contract liabilities**

See accounting policy E.

Insurance and reinsurance contracts

	Assets		Liabilities	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Non-life - GMM	-	-	4,335	3,963
Non-life - PAA	-	-	1,925	1,751
Non-life insurance contracts	**-**	**-**	**6,260**	**5,713**
Life - GMM	-	-	25,618	25,901
Life insurance contracts	**-**	**-**	**25,618**	**25,901**
Pre-recognition cash flows	**-**	**-**	**8**	**27**
Total insurance contracts	**-**	**-**	**31,885**	**31,641**
Non-life - GMM	164	190	-	-
Non-life - PAA	56	58	-	-
Life - GMM	125	129	-	-
Life - PAA	4	4	-	-
Total reinsurance contracts	**349**	**381**	**-**	**-**

The tables in the following paragraphs show the movements in insurance contract balances for the different measurement models.

6.3.1 Non-life GMM and PAA

Non-life - GMM

Changes in insurance contracts by remaining coverage and incurred claims current period

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2023	**-248**	**20**	**4,191**	**3,963**
Changes in the income statement				
Insurance contract revenue of which:	-762	-	-	-762
Contracts under the modified retrospective approach	-239	-	-	-239
Contracts under the fair value approach	-399	-	-	-399
Insurance service expenses				
New incurred claims and benefits	-	-	585	585
Changes related to past services	-	-	42	42
Incurred claims and benefits	**-**	**-**	**627**	**627**
Other insurance service operating expenses	-	-9	155	146
Amortisation of insurance acquisition cash flows	10	-	-	10
Losses and reversals of losses on onerous contracts	-	2	-	2
Insurance service operating expenses	**10**	**-7**	**155**	**157**
Total insurance service expenses	**10**	**-7**	**782**	**784**
Insurance service result	**-753**	**-7**	**782**	**22**
Net finance expenses (income) from insurance contracts	-16	-	31	15
Total changes in the income statement	**-769**	**-7**	**813**	**37**
Cash flows				
Premiums received	992	-	-	992
Insurance service expenses paid	-	-	-637	-637
Insurance acquisition cash flows	-20	-	-	-20
Total cash flows	**972**	**-**	**-637**	**335**
At 30 June 2023	**-44**	**13**	**4,366**	**4,335**

Changes in insurance contracts by remaining coverage and incurred claims prior period

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2022	**95**	**84**	**4,544**	**4,723**
Changes in the income statement				
Insurance contract revenue of which:	-1,451	-	-	-1,451
Contracts under the modified retrospective approach	-252	-	-	-252
Contracts under the fair value approach	-740	-	-	-740
Insurance service expenses				
New incurred claims and benefits	-	-	1,093	1,093
Changes related to past services	-	-	269	269
Incurred claims and benefits	**-**	**-**	**1,362**	**1,362**
Other insurance service operating expenses	-	-80	232	152
Amortisation of insurance acquisition cash flows	9	-	-	9
Losses and reversals of losses on onerous contracts	-	15	-	15
Insurance service operating expenses	**9**	**-65**	**232**	**177**
Total insurance service expenses	**9**	**-65**	**1,594**	**1,539**
Insurance service result	**-1,441**	**-65**	**1,594**	**88**
Net finance expenses (income) from insurance contracts	-323	-	-830	-1,152
Total changes in the income statement	**-1,764**	**-65**	**764**	**-1,064**
Cash flows				
Premiums received	1,443	-	-	1,443
Insurance service expenses paid	-	-	-1,117	-1,117
Insurance acquisition cash flows	-21	-	-	-21
Total cash flows	**1,422**	**-**	**-1,117**	**305**
At 31 December 2022	**-248**	**20**	**4,191**	**3,963**

Commission expenses paid to intermediaries for services and maintenance during the coverage period, but not yet incurred leading to a prepaid commission at HY 2023 of € 71 million are included in the liability for remaining coverage.

Changes in insurance contracts by measurement component current period

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2023	**3,737**	**158**	**69**	**4**	**66**	**3,963**
Changes in the income statement						
Changes that relate to future services:						
- Changes in estimates that adjust the CSM	-54	-4	57	18	34	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	6	-4	-	-	-	2
- Effects of contracts initially recognised in the period	-133	25	108	70	-	-
Changes that relate to current services:						
- CSM recognised in profit or loss for services provided	-	-	-56	-30	-19	-56
- Release of the risk adjustment for non-financial risk	-	-11	-	-	-	-11
- Experience adjustments	38	6	-	-	-	44
Changes related to past service	44	-2	-	-	-	42
Insurance service result	**-98**	**11**	**110**	**58**	**15**	**22**
Net finance expenses (income) from insurance contracts	14	-1	2	1	-	16
Total changes in the income statement	**-84**	**10**	**112**	**59**	**15**	**37**
Cash flows						
Premiums received	992	-	-	-	-	992
Insurance service expenses paid	-637	-	-	-	-	-637
Insurance acquisition cash flows	-20	-	-	-	-	-20
Total cash flows	**335**	**-**	**-**	**-**	**-**	**335**
At 30 June 2023	**3,988**	**167**	**180**	**63**	**81**	**4,335**

Changes in insurance contracts by measurement component prior period

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2022	**4,415**	**218**	**90**	**-**	**90**	**4,723**
Changes in the income statement						
Changes that relate to future services:						
- Changes in estimates that adjust the CSM	-4	7	-3	9	-12	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	37	-29	-	-	-	7
- Effects of contracts initially recognised in the period	-43	44	7	4	-	8
Changes that relate to current services:						
- CSM recognised in profit or loss for services provided	-	-	-24	-9	-12	-24
- Release of the risk adjustment for non-financial risk	-	-27	-	-	-	-27
- Experience adjustments	-161	16	-	-	-	-145
Changes related to past service	**263**	**6**	**-**	**-**	**-**	**269**
Insurance service result	**91**	**18**	**-21**	**4**	**-24**	**88**
Net finance expenses (income) from insurance contracts	-1,074	-78	-0	-	-	-1,152
Total changes in the income statement	**-983**	**-61**	**-21**	**4**	**-24**	**-1,064**
Cash flows						
Premiums received	1,443	-	-	-	-	1,443
Insurance service expenses paid	-1,117	-	-	-	-	-1,117
Insurance acquisition cash flows	-21	-	-	-	-	-21
Total cash flows	**305**	**-**	**-**	**-**	**-**	**305**
At 31 December 2022	**3,737**	**158**	**69**	**4**	**66**	**3,963**

Non-life PAA

Changes in insurance contracts by remaining coverage and incurred claims current period

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
At 1 January 2023	**5**	**9**	**1,682**	**55**	**1,751**
Changes in the income statement					
Insurance contract revenue	-1,702	-	-	-	-1,702
Insurance service expenses					
New incurred claims and benefits	-	-	1,271	14	1,285
Changes related to past services	-	-	4	-5	-1
Incurred claims and benefits	**-**	**-**	**1,274**	**10**	**1,284**
Other insurance service operating expenses	-	-9	313	-	304
Losses and reversals of losses on onerous contracts	-	9	-	-	9
Insurance service operating expenses	**-**	**-**	**313**	**-**	**312**
Total insurance service expenses	**-**	**-**	**1,587**	**10**	**1,596**
Insurance service result	**-1,702**	**-**	**1,587**	**10**	**-106**
Net finance expenses (income) from insurance contracts	-	-	17	1	18
Total changes in the income statement	**-1,702**	**-**	**1,604**	**10**	**-88**
Cash flows					
Premiums received	1,703	-	-	-	1,703
Insurance service expenses paid	-37	-	-1,404	-	-1,441
Total cash flows	**1,666**	**-**	**-1,404**	**-**	**262**
At 30 June 2023	**-31**	**9**	**1,882**	**65**	**1,925**

Changes in insurance contracts by remaining coverage and incurred claims prior period

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
At 1 January 2022	**-93**	**2**	**1,803**	**67**	**1,778**
Changes in the income statement					
Insurance contract revenue	-2,792	-	-	-	-2,792
Insurance service expenses					
New incurred claims and benefits	-	-	2,011	18	2,029
Changes related to past services	-	-	34	-30	3
Incurred claims and benefits	**-**	**-**	**2,044**	**-12**	**2,032**
Other insurance service operating expenses	-	-2	628	-	627
Losses and reversals of losses on onerous contracts	-	9	-	-	9
Insurance service operating expenses	**-**	**8**	**628**	**-**	**636**
Total insurance service expenses	**-**	**8**	**2,673**	**-12**	**2,669**
Insurance service result	**-2,792**	**8**	**2,673**	**-12**	**-123**
Net finance expenses (income) from insurance contracts	-	-	-136	-	-136
Total changes in the income statement	**-2,792**	**8**	**2,537**	**-12**	**-259**
Cash flows					
Premiums received	2,879	-	-	-	2,879
Insurance service expenses paid	10	-	-2,658	-	-2,648
Total cash flows	**2,889**	**-**	**-2,658**	**-**	**232**
At 31 December 2022	**5**	**9**	**1,682**	**55**	**1,751**

6.3.2 Life - GMM

Life - GMM

Changes in insurance contracts by remaining coverage and incurred claims current period

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2023	**25,550**	**210**	**141**	**25,901**
Changes in the income statement				
Insurance contract revenue of which:	-747	-	-	-747
Contracts under the fair value approach	-539	-	-	-539
Insurance service expenses				
New incurred claims and benefits	-	-	581	581
Incurred claims and benefits	**-**	**-**	**581**	**581**
Other insurance service operating expenses	-	-13	36	23
Amortisation of insurance acquisition cash flows	1	-	-	1
Losses and reversals of losses on onerous contracts	-	48	-	48
Insurance service operating expenses	**1**	**35**	**36**	**72**
Total insurance service expenses	**1**	**35**	**617**	**653**
Investment components	-145	-	145	-
Insurance service result	**-891**	**35**	**762**	**-94**
Net finance expenses (income) from insurance contracts	281	-	-	281
Total changes in the income statement	**-610**	**35**	**762**	**187**
Cash flows				
Premiums received	351	-	-	351
Insurance service expenses paid, including investment components	-	-	-825	-825
Insurance acquisition cash flows	-2	-	-	-2
Total cash flows	**349**	**-**	**-825**	**-475**
Other	5	-	-	5
At 30 June 2023	**25,294**	**245**	**78**	**25,618**

Changes in insurance contracts by remaining coverage and incurred claims prior period

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2022	**35,259**	**29**	**182**	**35,470**
Changes in the income statement				
Insurance contract revenue of which:	-1,496	-	-	-1,496
Contracts under the fair value approach	-1,211	-	-	-1,211
Insurance service expenses				
New incurred claims and benefits	-	-	1,223	1,223
Incurred claims and benefits	**-**	**-**	**1,223**	**1,223**
Other insurance service operating expenses	-	-58	64	6
Amortisation of insurance acquisition cash flows	2	-	-	2
Losses and reversals of losses on onerous contracts	-	239	-	239
Insurance service operating expenses	**2**	**180**	**64**	**246**
Total insurance service expenses	**2**	**180**	**1,287**	**1,469**
Investment components	-418	-	418	-
Insurance service result	**-1,912**	**180**	**1,705**	**-27**
Net finance expenses (income) from insurance contracts	-8,497	-	-	-8,497
Total changes in the income statement	**-10,409**	**181**	**1,705**	**-8,524**
Cash flows				
Premiums received	707	-	-	707
Insurance service expenses paid, including investment components	-	-	-1,746	-1,746
Insurance acquisition cash flows	-2	-	-	-2
Total cash flows	**705**	**-**	**-1,746**	**-1,041**
Other	-5	-	-	-5
At 31 December 2022	**25,550**	**210**	**141**	**25,901**

For the Life segment the LRC includes the incurred claims from certain second order events (for example from premium waiver at disability or incurred survivor benefits) following the option to account for these events as part of the LRC.

Changes in insurance contracts by measurement component current period

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2023	**23,340**	**963**	**1,598**	**-**	**544**	**25,901**
Changes in the income statement						
Changes that relate to future services:						
- Changes in estimates that adjust the CSM	-55	77	-23	-	-15	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	44	1	-	-	-	45
- Effects of contracts initially recognised in the period	-84	22	64	-	-	2
Changes that relate to current services:						
- CSM recognised in profit or loss for services provided	-	-	-50	-	-20	-50
- Release of the risk adjustment for non-financial risk	-	-39	-	-	-	-39
- Experience adjustments	-54	-	-	-	-	-54
Insurance service result	**-148**	**61**	**-8**	**-**	**-35**	**-94**
Net finance expenses (income) from insurance contracts	267	5	10	-	8	282
Total changes in the income statement	**119**	**66**	**2**	**-**	**-28**	**187**
Cash flows						
Premiums received	351	-	-	-	-	351
Insurance service expenses paid	-825	-	-	-	-	-825
Insurance acquisition cash flows	-2	-	-	-	-	-2
Total cash flows	**-475**	**-**	**-**	**-**		**-475**
Other	5	-	-	-	-	5
At 30 June 2023	**22,988**	**1,029**	**1,600**	**-**	**516**	**25,618**

Changes in insurance contracts by measurement component prior period	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2022	**32,288**	**1,384**	**1,799**	**-**	**663**	**35,470**
Changes in the income statement						
Changes that relate to future services:						
- Changes in estimates that adjust the CSM	430	-221	-209	-	-76	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	19	193	-	-	-	213
- Effects of contracts initially recognised in the period	-77	34	65	-	-	21
Changes that relate to current services:						
- CSM recognised in profit or loss for services provided	-	-	-75	-	-41	-75
- Release of the risk adjustment for non-financial risk	-	-96	-	-	-	-96
- Experience adjustments	-89	-	-	-	-	-89
Insurance service result	**283**	**-90**	**-220**	**-**	**-118**	**-27**
Net finance expenses (income) from insurance contracts	-8,185	-331	19	-	-1	-8,497
Total changes in the income statement	**-7,902**	**-421**	**-201**	**-**	**-119**	**-8,524**
Cash flows						
Premiums received	707	-	-	-	-	707
Insurance service expenses paid	-1,746	-	-	-	-	-1,746
Insurance acquisition cash flows	-2	-	-	-	-	-2
Total cash flows	**-1,041**	**-**	**-**	**-**	**-**	**-1,041**
Other	-5	-	-	-	-	-5
At 31 December 2022	**23,340**	**963**	**1,598**	**-**	**544**	**25,901**

6.3.3 Assumptions used

In estimating the fulfilment cash flows included in the contract boundary, a.s.r. considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability reflecting conditions existing at the measurement date, using a probability-weighted average mean of all possible scenarios. In determining possible scenarios, a.s.r. uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables, such as mortality and longevity. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Koninklijk Actuarieel Genootschap (Actuarial Association). Expenses are included in the fulfilment cash flows, when they are directly attributable to insurance contracts and have been allocated to the business lines, including the investment expenses related to direct participating contracts. Directly attributable expenses are included in the insurance service operating expenses.

Lapse, cancellation and surrender assumptions are non-economic assumptions and reflect the expected policyholder behaviour. As such the rates usually depend on issue year, policy year, major product lines and sales channels. Such granularity is usually enough to capture how the product terms and conditions as well as regulations can influence the timing and volume of lapse and surrenders. Calendar year based adjustments and dynamic policyholder behaviour are considered when needed in specific circumstances.

Discount rates

Discount rates to discount the expected future fulfilment cash flows are determined using a liquid risk free curve to which an illiquidity premium is added. The risk-free curve is based on the swap rate and includes a credit-risk adjustment and a first smoothing point of 20 years. a.s.r. uses an UFR of 3.40% in 2023 (2022: 3.45%) for the construction of the curve from the first smoothing point (FSP). The liability illiquidity premium (LIP) is derived from a.s.r.'s current asset portfolio using a top-down approach per entity or liability product.

The discount rate curves are also applicable to the liabilities arising from direct participating insurance contracts. Further information on these contracts can be found in chapter 6.4.

Discount rate curves used in the valuation of the insurance contract liabilities and liabilities arising from direct participating insurance contracts

								Years
	Range LIP	1	5	10	20	30	40	50
1 January 2022	25% (min)	-0.46%	0.04%	0.33%	0.58%	1.02%	1.51%	1.87%
	100% (max)	-0.34%	0.16%	0.45%	0.70%	1.12%	1.59%	1.94%
31 December 2022	25% (min)	3.32%	3.27%	3.23%	2.90%	2.75%	2.84%	2.94%
	100% (max)	3.61%	3.56%	3.52%	3.19%	2.99%	3.03%	3.09%
30 June 2023	25% (min)	4.17%	3.32%	3.07%	2.85%	2.77%	2.86%	2.95%
	100% (max)	4.62%	3.77%	3.52%	3.30%	3.14%	3.16%	3.19%

6.3.4 Contracts issued and acquired in the period

The following tables summarise the effect on the measurement components of insurance and reinsurance contracts arising from the contracts measured under the GMM that were initially recognised in the year.

Contracts issued and acquired: Non-life insurance contracts current year

30 June 2023	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	930	-2	-	928
Insurance acquisition cash flows	19	2	-	20
Estimates of the present value of future cash outflows	**949**	**-**	**-**	**949**
Estimates of the present value of future cash inflows	-1,082	-	-	-1,082
Risk adjustment for non-financial risk	25	-	-	25
CSM	108	-	-	108
Losses recognised on initial recognition	**-**	**-**	**-**	**-**

Contracts issued and acquired: Non-life insurance contracts prior year

31 December 2022	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	400	807	-	1,206
Insurance acquisition cash flows	7	14	-	21
Estimates of the present value of future cash outflows	**407**	**821**	**-**	**1,228**
Estimates of the present value of future cash inflows	-432	-839	-	-1,271
Risk adjustment for non-financial risk	18	26	-	44
CSM	7	-	-	7
Losses recognised on initial recognition	**-**	**8**	**-**	**8**

Contracts issued and acquired: Life insurance contracts current period

30 June 2023	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	206	45	-	251
Insurance acquisition cash flows	2	-	-	2
Estimates of the present value of future cash outflows	**207**	**45**	**-**	**252**
Estimates of the present value of future cash inflows	-292	-44	-	-336
Risk adjustment for non-financial risk	20	1	-	22
CSM	64	-	-	64
Losses recognised on initial recognition	**-**	**2**	**-**	**2**

Contracts issued and acquired: Life insurance contracts prior period

31 December 2022	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	274	113	-	387
Insurance acquisition cash flows	2	-	-	2
Estimates of the present value of future cash outflows	**275**	**113**	**-**	**388**
Estimates of the present value of future cash inflows	-368	-98	-	-466
Risk adjustment for non-financial risk	28	6	-	34
CSM	65	-	-	65
Losses recognised on initial recognition	**-**	**21**	**-**	**21**

6.4 **Liabilities arising from direct participating insurance contracts**

See accounting policy E.

6.4.1 Life - direct participating insurance contracts

The liabilities arising from direct participating insurance contracts of € 11,521 million (2022: € 10,518 million) also comprise pre-recognition cash flows for direct participating insurance contracts amounting to € -13 million (2022: € -9 million).

Changes in liabilities arising from direct participating insurance contracts by remaining coverage and incurred claims current period (excluding pre-recognition cash flows)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2023	**10,325**	**101**	**104**	**10,529**
Changes in the income statement				
Insurance contract revenue of which:	-48	-	-	-48
Contracts under the fair value approach	-63	-	-	-63
New incurred claims and benefits	-	-	6	6
Incurred claims and benefits	**-**	**-**	**6**	**6**
Other insurance service operating expenses	-	-10	38	28
Amortisation of insurance acquisition cash flows	2	-	-	2
Changes related to future services	-	9	-	9
Insurance service operating expenses	**2**	**-1**	**38**	**39**
Total insurance service expenses	**2**	**-1**	**44**	**45**
Investment components	-303	-	303	-
Insurance service result	**-349**	**-1**	**348**	**-2**
Net finance expenses (income) from insurance contracts	806	-25	-	780
Total changes in the income statement	**457**	**-26**	**348**	**778**
Premiums received	565	-	-	565
Insurance service expenses paid, including investment components	-	-	-338	-338
Total cash flows	**564**	**-**	**-338**	**227**
At 30 June 2023	**11,346**	**75**	**114**	**11,534**

Changes in liabilities arising from direct participating insurance contracts by remaining coverage and incurred claims prior period (excluding pre-recognition cash flows)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2022	**11,926**	**142**	**119**	**12,187**
Changes in the income statement				
Insurance contract revenue of which:	-46	-	-	-46
Contracts under the fair value approach	-42	-	-	-42
New incurred claims and benefits	-	-	-	-
Incurred claims and benefits	**-**	**-**	**-**	**-**
Other insurance service operating expenses	-	-39	76	37
Amortisation of insurance acquisition cash flows	4	-	-	4
Changes related to future services	-	76	-	76
Insurance service operating expenses	**4**	**37**	**76**	**117**
Total insurance service expenses	**4**	**37**	**76**	**117**
Investment components	-691	-	691	-
Insurance service result	**-734**	**37**	**767**	**70**
Net finance expenses (income) from insurance contracts	-1,985	-78	-	-2,063
Total changes in the income statement	**-2,719**	**-40**	**767**	**-1,992**
Premiums received	1,093	-	-	1,093
Insurance service expenses paid, including investment components	-	-	-782	-782
Insurance acquisition cash flows	-4	-	-	-4
Total cash flows	**1,090**	**-**	**-782**	**307**
Other	28	-	-	28
At 31 December 2022	**10,325**	**101**	**104**	**10,529**

For the Life segment the LRC includes the incurred claims from certain second order events (for example from premium waiver at disability or incurred survivor benefits) following the option to account for these events as part of the LRC.

Changes in liabilities arising from direct participating insurance contracts by measurement component current period (excluding pre-recognition cash flows)

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2023	**10,298**	**69**	**162**	**-**	**162**	**10,529**
Changes in the income statement						
Changes that relate to future services						
- Changes in estimates that adjust the CSM	-8	4	4	-	3	-
- Changes in estimates that do not adjust the CSM, ie losses on groups of onerous contracts and reversals of such losses	5	2	-	-	-	7
- Effects of contracts initially recognised in the period	1	-	-	-	-	1
Changes that relate to current services						
- CSM recognised in the income statement for services provided	8	-	-15	-	-15	-7
- Changes in the risk adjustment for non-financial risk	-	-8	-	-	-	-8
- Experience adjustments	4	-	-	-	-	4
Insurance service result	**11**	**-2**	**-11**	**-**	**-12**	**-2**
Net finance expenses (income) from insurance contracts	739	1	40	-	40	780
Total changes in the income statement	**750**	**-1**	**29**	**-**	**28**	**778**
Premiums received	565	-	-	-	-	565
Insurance service expenses paid, including investment components	-338	-	-	-	-	-338
Total cash flows	**227**	**-**	**-**	**-**	**-**	**227**
At 30 June 2023	**11,275**	**67**	**192**	**-**	**191**	**11,534**

Changes in liabilities arising from direct participating insurance contracts by measurement component prior period (excluding pre-recognition cash flows)

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2022	**11,903**	**110**	**173**	**-**	**173**	**12,187**
Changes in the income statement						
Changes that relate to future services						
- Changes in estimates that adjust the CSM	46	-3	-42	-	-42	-
- Changes in estimates that do not adjust the CSM, ie losses on groups of onerous contracts and reversals of such losses	60	-12	-	-	-	48
- Effects of contracts initially recognised in the period	26	2	-	-	-	28
Changes that relate to current services						
- CSM recognised in the income statement for services provided	-	-	-21	-	-21	-21
- Changes in the risk adjustment for non-financial risk	-	-12	-	-	-	-12
- Experience adjustments	27	-	-	-	-	27
Insurance service result	**159**	**-25**	**-64**	**-**	**-64**	**70**
Net finance expenses (income) from insurance contracts	-2,100	-17	54	-	54	-2,063
Total changes in the income statement	**-1,940**	**-42**	**-10**	**-**	**-10**	**-1,992**
Premiums received	1,093	-	-	-	-	1,093
Insurance service expenses paid, including investment components	-782	-	-	-	-	-782
Insurance acquisition cash flows	-4	-	-	-	-	-4
Total cash flows	**307**	**-**	**-**	**-**	**-**	**307**
Other	28	-	-	-	-	28
At 31 December 2022	**10,298**	**69**	**162**	**-**	**162**	**10,529**

At half year-end 2023, the liabilities included a guarantee provision for a carrying amount of € 76 million (FY 2022: € 84 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 41 million (FY 2022: € 42 million). These provisions relate to compensation for the costs of these contracts.

An amount of € 105 million (FY 2022: € 119 million) of the liabilities arising from direct participating insurance contracts is related to the a.s.r. DC pension plans.

6.4.2 Contracts issued and acquired in the period

Direct participating insurance contracts issued and recognised in the first half of 2023 is limited since new insurance contracts issued are primarily related to the defined contribution pension products, which were onerous on inception and therefore recognised in 2022. For the full year 2022 a loss of € 28 million was recognised.

6.5 **Employee benefits**

The costs of the post-employment benefits pensions relate to the Defined Contribution (DC) pension plan of a.s.r., the previous Defined Benefit (DB) plans of a.s.r., plus the DC plans of the other group companies. No regular annual premium contributions are paid to the previous DB plans.

The DC plan has two components with defined benefit elements with a marginal impact: survivors' pension and the option to buy a guaranteed income.

The employee benefits decreased by € 11 million to € 2,731 million (FY 2022: € 2,742 million) primarily due to the increase in the discount rate from 3.67% at FY 2022 to 3.75% at HY 2023. The remeasurements resulted in an increase of € 5 million in equity in the actuarial gains and losses.

The employee benefit charges for HY 2023 were € 33 million (HY 2022: € 31 million).

6.6 **Insurance contract revenue**

See accounting policy F1.

Insurance contract revenue current period

HY 2023	Non-life	Life GMM	Life VFA	Total
Contracts measured under the GMM or VFA				
Amounts relating to changes in liabilities for remaining coverage:				
- Expected insurance claims, benefits and expenses	683	669	41	1,392
- Release of the risk adjustment for non-financial risk for risk expired	11	39	8	58
- CSM recognised in profit or loss for services provided	56	50	15	120
- Other/ experience adjustments arising from premiums not relating to future service	2	-11	-1	-9
Recovery of insurance acquisition cash flows	10	1	2	13
	761	**747**	**66**	**1,574**
Contracts measured under the PAA	**1,702**	-	-	**1,702**
	-	-	-	-
Total insurance contract revenue	**2,463**	**747**	**66**	**3,276**

Insurance contract revenue prior period

HY 2022	Non-life	Life GMM	Life VFA	Total
Contracts measured under the GMM or VFA				
Amounts relating to changes in liabilities for remaining coverage:				
- Expected insurance claims, benefits and expenses	604	649	12	1,264
- Release of the risk adjustment for non-financial risk for risk expired	17	47	6	70
- CSM recognised in profit or loss for services provided	21	51	11	82
- Other/ experience adjustments arising from premiums not relating to future service	78	13	-1	90
Recovery of insurance acquisition cash flows	7	1	-	7
	726	**760**	**27**	**1,514**
Contracts measured under the PAA	**1,391**	-	-	**1,391**
	-	-	-	-
Total insurance contract revenue	**2,117**	**760**	**27**	**2,905**

A total amount of € 73 million (2022: € 77 million) has been eliminated in the consolidation process and is therefore not included in the insurance contract revenue. This relates to the a.s.r. post-employment benefit plans of € 72 million (2022: € 76million) and disability premiums of € 1 million (2022: € 1 million).

The increase in insurance contract revenue measured under the PAA is mainly due to the growth of the portfolio Health.

6.7 Insurance service expenses

See accounting policy F2.

Insurance service expenses current period

HY 2023	Non-Life			Life			Total
	GMM	PAA	Total	GMM	VFA	Total	
Incurred claims and benefits	627	1,284	1,911	581	6	587	2,498
Insurance service operating expenses	150	312	462	76	43	119	581
Insurance service expenses	**777**	**1,596**	**2,373**	**657**	**49**	**706**	**3,079**

Insurance service expenses prior period

HY 2022	Non-Life			Life			Total
	GMM	PAA	Total	GMM	VFA	Total	
Incurred claims and benefits	551	1,037	1,588	649	5	654	2,241
Insurance service operating expenses	114	305	418	70	25	95	513
Insurance service expenses	**664**	**1,341**	**2,006**	**718**	**31**	**749**	**2,754**

The insurance service expenses increased mainly due to the growth of the portfolio Health (Non-Life PAA).

6.8 Direct investment income

See accounting policy F3.

Direct investment income

	HY 2023	HY 2022
Interest income from investments at FVTPL	431	391
Interest income from derivatives	769	288
Interest income from debt instruments at amortised cost	6	1
Total interest income	**1,205**	**679**
Dividends received	125	107
Investment income related to direct participating contracts	9	9
Rental income from investment property	19	32
Other direct investment income	30	8
Total dividend and other investment income	**182**	**157**
Total direct investment income	**1,388**	**836**

Interest income from derivatives increased mainly due to increasing interest rates.

6.9 Net fair value gains and (losses)

See accounting policy D.

Fair value gains and losses per category

	HY 2023	HY 2022
Fair value gains and losses on financial instruments measured at FVTPL		
Investments		
- Real estate equity funds	-126	93
- Mortgage equity funds	-18	-202
- Government bonds	149	-2,353
- Corporate bonds	50	-1,057
- Asset-backed securities	-7	-2
- Rural property contracts	-	6
- Other investment funds	34	-168
- Other equity funds	17	-
- Government and public sector loans	-1	-22
- Mortgage loans	-46	-1,736
- Loans to credit institutions	-2	-435
- Other investments	9	-41
Investments related to direct participating contracts	780	-1,827
Investments related to investment contracts	177	-314
Derivatives	49	-4,581
Cash and cash equivalents	-2	-1
	1,060	**-12,638**
Other fair value gains and losses		
Investment property, property for own use and plant	-37	70
	-37	**70**
Total fair value gains and losses	**1,023**	**-12,568**

Negative fair value gains and losses in HY 2022 are due to strongly increasing interest rates and widening of credit spreads during the first six months of 2022. In the first six months of 2023 interest rates were more stable and the long term interest rates even decreased resulting in fair value gains. In addition, negative revaluations on real estate equity funds are mainly due to decreasing values of residential property.

6.10 Net finance income and expenses from (re)insurance contracts

See accounting policy F4.

The table below analyses the sources of finance income or expenses recognised in profit or loss and other comprehensive income in relation to the total net finance expenses from (re)insurance contracts.

Investment and (re)insurance finance result current period

30 June 2023	Non-Life	Life GMM	Life VFA	Other	Total
Investment income					
Direct investment income	181	1,191	9	6	1,388
Fair value gains and losses	-3	169	780	78	1,023
Amounts recognised in other comprehensive income	39	104	-	-7	136
Total investment income	**216**	**1,465**	**789**	**77**	**2,547**
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-	-800	-	-800
Interest accreted	-106	-311	-8	-	-425
Effect of changes in interest rates and other financial assumptions	68	29	27	-	124
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	6	1	-	-	7
Net foreign exchange loss	-	-	-	-	-
Total net finance expenses from insurance contracts	**-33**	**-282**	**-780**	**-**	**-1,094**
Net finance income from reinsurance contracts					
Interest accreted	3	2	-	-	5
Other	-1	-	-	-	-1
Total net finance income from reinsurance contracts	**2**	**2**	**-**	**-**	**4**
Total	**186**	**1,185**	**8**	**77**	**1,456**

Investment and (re)insurance finance result prior period

30 June 2022	Non-Life	Life GMM	Life VFA	Other	Total
Investment income					
Direct investment income	97	727	9	3	836
Fair value gains and losses	-1,123	-9,195	-1,827	-423	-12,568
Amounts recognised in other comprehensive income	-131	-292	-	1	-422
Total investment income	**-1,157**	**-8,760**	**-1,818**	**-419**	**-12,155**
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-	1,799	-	1,799
Interest accreted	11	54	2	-	68
Effect of changes in interest rates and other financial assumptions	900	6,607	96	-	7,603
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-9	4	-	-	-5
Total net finance expenses from insurance contracts	**902**	**6,665**	**1,897**	**-**	**9,464**
Net finance income from reinsurance contracts					
Other	-23	-32	-	-	-55
Total net finance income from reinsurance contracts	**-23**	**-32**	**-**	**-**	**-55**
Total	**-278**	**-2,127**	**79**	**-419**	**-2,746**

Direct investment income increased due to increasing interest rates.

See chapter 6.9 for more information regarding fair value gains and losses.

Amounts recognised in other comprehensive income relates to revaluation of equity instruments held at FVOCI.

6.11 Contingent liabilities

Dutch insurers are still subject to insurance policies complaints/claims based on grounds other than cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact.

The total costs related to compensation for unit-linked insurance contracts have been fully recognised in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts and legal provisions. Although the financial consequences of the legal developments could be substantial, a.s.r.'s exposures cannot be reliably estimated or quantified at this point. If one or more of these legal proceedings should succeed, there is a risk a ruling, although legally only binding for the parties that are involved in the procedure, could be applied to or be relevant for other unit-linked life insurance policies sold by a.s.r. Consequently, the financial consequences of any of the current and/or future legal proceedings brought upon a.s.r. can be substantial for a.s.r.'s life insurance business and may have a material adverse effect on a.s.r.'s financial position, business, reputation, revenues, results of operations, solvency, financial condition and prospects.

Further information related to contingent liabilities is disclosed in the 2022 consolidated financial statements in chapter 6.7.7.

6.12 Events after the balance sheet date

Aegon Nederland

4 July 2023, a.s.r. completed the business combination between a.s.r. and Aegon N.V. by acquiring the shares of Aegon Nederland. The consideration consists out of two elements; payment of 63,298,394 newly issued ordinary shares to Aegon (29.99% interest in a.s.r. Post transaction) and a cash consideration of € 2.3 billion which was funded through existing surplus capital, by offering 13,805,720 new ordinary shares (accelerated bookbuild offering) in 2022 and the issuance of a Tier 2 subordinated liability of € 1.0 billion in 2022.

The acquisition was completed after the balance sheet date and has therefore not been recognised in the 2023 condensed interim financial statements of a.s.r. a.s.r. will fully include the results and the balance sheet positions in the a.s.r. consolidated financial statements from the closing date. The full integration of the activities of Aegon Nederland into a.s.r. will take place in phases and is expected to be largely completed within 3 years.

Due to the timing, the availability of information and the complexity of the transaction it is impracticable to make a reasonable estimate of the financial effects of the transaction and to provide provisional acquisition date fair values of assets and liabilities acquired at closing date.

Independent auditor’s review report

To: the Shareholders and the Supervisory Board of ASR Nederland N.V

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements of ASR Nederland N.V. (or hereafter: the “Company”) based in Utrecht for the period 1 January 2023 up to and including 30 June 2023. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements for the period 1 January 2023 up to and including 30 June 2023 are not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

1 The consolidated interim balance sheet as at 30 June 2023;

2 the following statements for the period 1 January 2023 up to and including 30 June 2023: the consolidated interim income statement, the consolidated interim statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of ASR Nederland N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the Supervisory Board for the condensed consolidated interim financial statements

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim financial statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements; and
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Utrecht, 29 August 2023

KPMG Accountants N.V.

A.J.H. Reijns RA

Other information

Disclaimer / Forward-looking Statements

Cautionary note regarding forward-looking statements.

The terms of this disclaimer ('Disclaimer') apply to this document of ASR Nederland N.V. and all ASR Nederland N.V.'s legal vehicles and businesses operating in the Netherlands ('ASR Nederland'). Please read this Disclaimer carefully.

ASR Nederland's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 on the Netherlands Civil Code. In preparing the financial information in this document, the change in accounting principles for insurance contracts and financials instruments as described in chapter 4 of the 2023 ASR Nederland consolidated interim financial statements are applied, in addition to the unchanged accounting principles for remaining assets and liabilities as included in the 2022 ASR Nederland consolidated financial statements. All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not (historical) facts but are forward looking statements ('Statements'). These Statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. The Statements can change as a result of possible events or factors. The Statements are based on our beliefs, assumptions and expectations of future performance, taking into account information that was available to ASR Nederland at the moment of drafting of the document. ASR Nederland warns that the Statements could entail certain risks and uncertainties, so that the actual results, business, financial condition, results of operations, liquidity, investments, share price and prospects of ASR Nederland could differ materially from the Statements.

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Contact details

Contact

a.s.r. likes to receive feedback or questions from our stakeholders on the interim report. If you want to give a.s.r. feedback, please feel free to contact us.

ASR Nederland N.V.
Archimedeslaan 10
P.O. Box 2072
3500 HB Utrecht
The Netherlands
www.asrnl.com
Commercial register of Utrecht, no. 30070695

Investor Relations
+31 (0) 30 257 86 00
www.asrnl.com/investor-relations

Corporate Communications
Press Officer
+31 (0)6 2279 0974
rosanne.de.boer@asr.nl

Publication

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ASR Nederland N.V.

www.asrnl.com

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