Annual Report

2016

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

a.s.r.
Archimedeslaan 10
P.O. Box 2072
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2016
Annual Report

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1.1 Notes to the reader

Introduction

In this report ASR Nederland N.V. (hereinafter referred to as 'a.s.r.' or 'the Group') gives an account of its 2016 financial performance, provides a transparent overview of its strategy, businesses, risk management and governance (activities and objectives). a.s.r. also uses this report to describe the interrelationships between its strategy and governance and the social and economic context in which it operates. The Annual Report comprises the following four chapters:

- Strategic Report;
- Business Report;
- Governance Report;
- Financial Statements.

Completed by Other information and the Report of 'Stichting Continuïteit'.

This year, a.s.r. has taken another step towards integrated reporting. In this Annual Report, a.s.r. discloses and explains its material financial and non-financial performance, its strategy and governance, relevant external developments and the risks and opportunities a.s.r. faces.

The online version of the Annual Report contains links between the chapters of this report. You can find more information on a.s.r. on its website asrnl.com.

Scope of disclosures

This report is intended for a.s.r.'s stakeholders. The financial information in this Annual Report is consolidated for a.s.r. and all its subsidiaries. The quantitative and qualitative information that is provided pertains to a.s.r. as a whole, except where it is stated that information applies to one specific entity, business line or division. Van Kampen Groep (VKG), Dutch ID (Felisson and Boval), PoliService, SuperGarant and Corins (total assets approximately € 213 million (0.37% of total assets)) are excluded from reporting on social and environmental aspects.

Presentation of information

a.s.r.'s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted by the European Union (EU), and with the financial reporting requirements included in section 391, Title 9, Book 2 of the Dutch Civil Code and the Dutch Code of Conduct for Insurers issued by the Dutch Association of Insurers.

Pursuant to the options offered by Section 362, Book 2 of the Dutch Civil Code, a.s.r. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements.

The consolidated financial statements are presented in euro (€), this being the functional currency of a.s.r. and all its entities. All amounts quoted in the tables contained in these financial statements are in millions of euros, unless otherwise indicated.

As of 1 January 2016, Solvency II regulations came into force. The Solvency II regime comprises requirements for insurance companies. The new regime is meant to harmonize the European insurance market, increase the protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets sophisticated solvency requirements and forms an integral part of the risk management of insurance companies.
The Solvency II figures presented in this report are based on the standard formula. In addition to the information disclosed in this report a.s.r. also publishes a Solvency and Financial Condition Report (SFCR).

a.s.r. has integrated the material sustainability issues into this report as from 2016. The sustainability information contained in this Annual Report has been prepared in accordance with the Sustainability Reporting Standards, CORE option, of the Global Reporting Initiative (GRI).

The GRI Content Index outlines the indicators on which a.s.r. reports and shows where these indicators can be found in the Annual Report. The table also includes additional information that has not been included in the Annual Report itself. For the GRI Standards Content Index please see page 296.

Reporting process

Relevant topics for this report were selected based on a materiality survey among internal and external stakeholders using the GRI Standards indicators, in which the materiality of items is ranked according to the importance that stakeholders attach to them. For more information, please see Appendix H.

The information contained in the management report is based on extensive reports from our business lines and the outcomes of qualitative and quantitative questionnaires and reviews. All disclosures have been reviewed by the business lines and corporate departments. Publication of the Annual Report is subject to the approval of the Executive Board and the Supervisory Board.

Auditor's scope and level of assurance

The consolidated financial statements have been audited by our external auditor, Ernst & Young Accountants LLP (EY). The audit report of EY can be found on page 260.
In addition to the Financial Statements, EY has reviewed

the sustainability information in this Annual Report with a limited level of assurance. The objective is to provide a statement as to whether the information in this Annual Report is presented in accordance with the GRI Sustainability Reporting Standards, the Guidance Note on Sustainability Reporting of the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) and a.s.r.'s internal reporting criteria.

EY has conducted the assurance review in accordance with Dutch law including the Dutch Auditing Standards. This requires that EY complies with prevailing ethical requirements, which are available for consultation on nba.nl.

EY's assurance report can be found on page 56.

For a download of this report or more information, please visit us at asrnl.com/investor-relations or asrnederland.nl/investor-relations or contact us at ir@asr.nl.

1.2 At a glance

a.s.r. is the Dutch insurance company for all types of insurance. Via the brands a.s.r., De Amersfoortse and Ditzo as well as niche brands such as Europeesche Verzekeringen and Ardanta, a.s.r. offers a wide range of financial products covering P&C (Property & Casualty), occupational disability and health insurance (non-life), individual life, group and individual pensions and funeral expenses insurance (life). It also offers asset management services, banking services and distribution services to intermediaries.

History
since

1720

a.s.r.'s roots go back to 1720 with the foundation of 'N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720', which – on 21 June 1720 – became the first listed insurance company in the Netherlands. The company in its present form was created in 2000 through the acquisition of ASR Verzekeringsgroep by Fortis. In October 2005, the brands AMEV, Stad Rotterdam and Woudsend Verzekeringen were replaced by Fortis ASR. In the same month, the name of the insurance group was changed to Fortis Verzekeringen Nederland. In 2008, a.s.r. was nationalized after the collapse of Fortis. In March 2009 the new name ASR Nederland was introduced. a.s.r. has been listed on Euronext Amsterdam since 10 June 2016. For more information about the history of a.s.r., please see: asrnl.com.

Head office

Utrecht
The Netherlands

Number of employees (FTEs)

3,461

Core values

I am helpful
I think ahead
I act decisively

Credit ratings S&P

	Rating	Outlook
ASR Nederland N.V.	BBB+	Stable
ASR Schadeverzekering N.V.	A	Stable
ASR Levensverzekering N.V.	A	Stable

Corporate Governance Structure

a.s.r. has a two-tier board consisting of an Executive Board and a Supervisory Board.

Supervisory Board

Executive Board

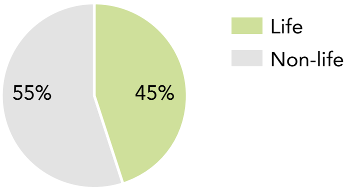
Gross written premiums

(in € millions)

€ 4,328

Breakdown of premium income

(in %)



a.s.r.'s license to operate depends on its ability to help people. a.s.r. is convinced that meeting the terms of that license will ensure a sound future for the company. Society expects an insurer to be useful, to handle the assets it is entrusted with and deal responsibly with the environment in which it operates. a.s.r. interprets the terms of this license to operate as 'Helping by taking action'. a.s.r. based this on the professionalism of its people.
a.s.r. thus meets customer demand for:

- sharing risks;
- accumulating assets for the future.

With its professional expertise, a.s.r. can bundle risks and capital and thus make this accessible and affordable for individuals and companies. a.s.r. takes responsibility for doing this in a sustainable manner.

Strategic principles

Meeting customers' needs

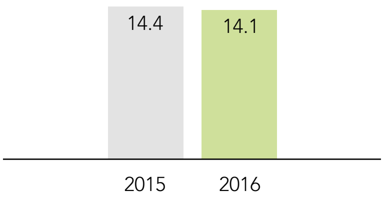
Cost effectiveness

Excellence in pricing, underwriting and claims handling

Cash-generating business model

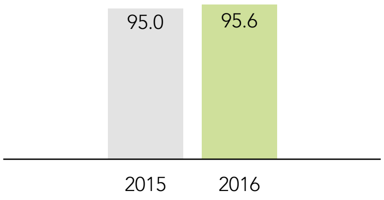
Operating return on equity[1]

(in %)



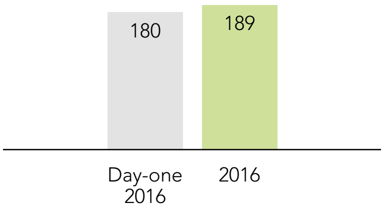
Combined ratio[1]

(in %)



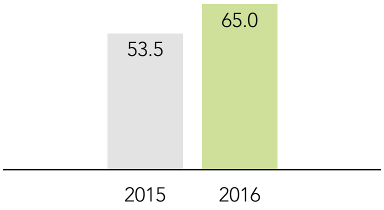
Solvency II

(in %)



Employee engagement

(in %)



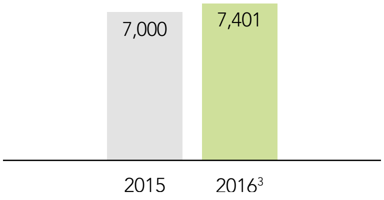
Gender diversity at the top

(in %)

	2016	2015
Executive Board	25%	25%
Supervisory Board	25%	25%
Higher and senior management	23%	24.5%

Carbon emissions[2]

(in tonnes of CO2)



Transparency benchmark

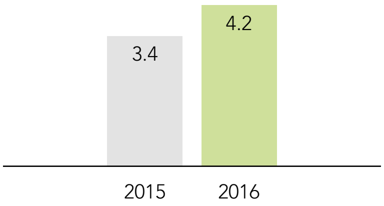
(ranking)

2015 136

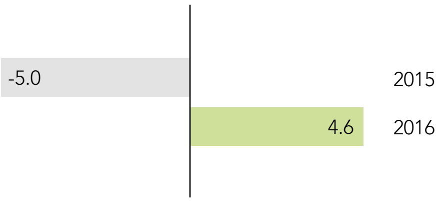
2016 60

Customer Centricity Dashboard

(AFM)



Net Promoter Score[4]



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1 The figures for 2015 have been restated due to retroactive adjustments to the provisions related to acquisitions (one year window) and immaterial adjustments related to the accounting for a.s.r.'s employee benefits.

2 The emission is only at our own operations (excluding Scope 3 GHG protocol).

3 In 2016, the absolute carbon footprint was up as a result of the relocation of Europeesche Verzekeringen, which resulted in an increase in headcount of 528 FTEs in Utrecht.

4 Concerns average over Q4 2015 and 2016.

1.3 Message from the Chairman

a.s.r. is in a sound position and we can look back on a successful 2016. This is reflected in our solid financial performance and in the various positive developments in our business. We closed 2016 with a robust Solvency II ratio of 189% based on the standard formula, which makes us one of the most solid insurers in the Netherlands.

Our operating result was also strong and showed an increase of 11.5% to € 599 million in 2016. And thanks to our strict cost discipline, we managed to reduce our cost levels by € 6 million. In this we have already successfully absorbed the additional costs from the acquired businesses.

During the past year we continued to focus on offering easy-to-understand and transparent products and services that meet the needs and requirements of our customers as well as the intermediary channel. Judging from last year's sharp increase in our Net Promoter Score, a tool used to gauge the loyalty of our customers and intermediaries, we have once again made strides in this area. A keen eye for our customers, combined with our specialist expertise, is meant to raise our services to a level that will also encourage others to choose a.s.r.

Committed people are providing our excellent service. Our employees have shown huge commitment to a.s.r. in the past year. This was also reflected in the increase in our annual engagement score to 65% from 53.5%. Every day, our people make a difference for our customers and intermediaries, and that makes us proud.

We sharpened our focus on our insurance expertise a number of years ago. This includes calculating the right premium for the right risk, underwriting the right risks and handling claims correctly. Last year, this resulted in a combined ratio for the Non-life segment of 95.6%, with all product lines staying below 100%.

The individual life market has been contracting on a structural basis for quite some time. Volumes at a.s.r. are largely in line with developments in the market. The a.s.r. life portfolio is also contracting and, if lapses and early surrenders remain stable, will be about half its current size in a decade's time. Thanks in part to the acquisitions of AXENT, NIVO and De Eendracht, we nevertheless managed to maintain our volumes in 2016.

The pension market clearly shows more promise. Developments are subject to political choices, but the fact is that there is a need for a more differentiated offering in the pension market. That is why, in 2016, a.s.r. launched Het nederlandse pensioenfonds, a general pension fund, which welcomed its first customers right off the bat. We are also seeing increasing demand for defined contribution products at the expense of defined benefit products.

Our other business lines present opportunities and also show positive developments. a.s.r. Bank is showing growth in the mortgage portfolio. Gross written premiums in the occupational disability business has risen in the past year and a.s.r. is still firmly in a market leadership position. The new BEZAVA law will create new growth opportunities in the medium term.

Where asset management is concerned, a.s.r. has shown that sound returns can be achieved with socially responsible investments. Our expertise in this area is now also being offered as fiduciary asset management under the label a.s.r. de nederlandse vermogensbeheerders. In December, we welcomed the first major client with an initial mandate for an investment portfolio of € 1.7 billion.

a.s.r. has also operated a real estate investment management business for many years. In addition to running its existing residential and prime retail funds, a.s.r. REIM also established an office fund worth € 400 million in 2016; this fund is open to institutional investors.

Our 'value over volume' strategy is based on value creation, and in this process we focus on long-term and medium-term objectives. a.s.r. is on track to achieve its objectives. To this end, one of our focal points is optimizing our business portfolio. In this context, 2016 saw a number of acquisitions, the sale of two business units and the streamlining of our existing business.

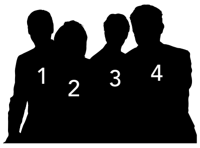
The Dutch insurance market is saturated. In addition to organic growth, consolidation is one of the options we have focused on over the past few years. a.s.r. will keep an eye out for such opportunities in the market. When considering possible acquisitions, a.s.r. has made it its priority to only choose partners that help strengthen our strategy, add value and meet the risk criteria we apply to potential acquisitions. We do not acquire companies just for the sake of acquiring them.

We successfully acquired a number of companies in 2016. These include BNG Vermogensbeheer, Corins and SuperGarant. Every one of these companies adds value to our business.

The IPO in June 2016 was a major milestone for a.s.r. With a corporate history that starts in 1720, this marked the fourth time that a.s.r. or one of its legal predecessors was listed on the stock exchange. While the IPO did not change our strategy, it did bring us support for our existing strategy from a broad international shareholder base, in addition to the NLFI. I would like to take this opportunity to thank our shareholders for the trust they have placed in a.s.r. We have made our shareholders a fair dividend proposal of € 187 million, well above the guidance of € 175 million we have given at the time of the IPO.

In summary: things are looking good for a.s.r. We want to maintain a strong financial framework, supported by a responsible risk policy, a robust Solvency II position and a sound investment policy. But we also need to be open to change and be able to adapt at any time. After all, as far as we are concerned, financial reliability, combined with innovation of our products and focus on the needs of our customers and intermediaries, supplemented by the utilization of opportunities in the market, are prerequisites for a solid future.

Jos Baeten
Chairman of the Executive Board



1 Jos Baeten
2 Karin Bergstein
3 Chris Figee
4 Michel Verwoest

1.4 Investor relations

a.s.r. sets great store in a strong relationship with the investment community in the broadest sense and sets high standards with respect to transparent communication and fair disclosure. a.s.r. strives to provide relevant insight into its activities via selected financial and non-financial disclosures.

The aim of a.s.r.'s investor relations programme is to seek active engagement with existing and potential shareholders and debt investors to build enduring relationships based on constructive dialogue. To that end, a.s.r. regularly updates the markets on its financial performance, the progress it makes in the execution of its strategy and any other relevant developments, via press releases, webcasts, conference calls and other means. a.s.r.'s executive management team also hosts one-on-one and small group investor meetings during (international) roadshows or in-house, and also attends broker-organized investor conferences.

a.s.r. aims to provide all relevant information that could help investors to make well-informed investment decisions. a.s.r. will make every effort to ensure that the information it discloses is accurate, complete and provided in a timely fashion. Please refer to the corporate website for a.s.r.'s policy on fair disclosure and bilateral dialogue. If you have any further questions regarding a.s.r.'s investor relations activities or about the company itself, please contact the investor relations team at ir@asr.nl.

Initial public offering

a.s.r. once again became a listed company following an Initial Public Offering (IPO) on 10 June 2016. Stichting Administratiekantoor Beheer Financiële Instellingen (NLFI), which is acting on behalf of the Dutch State, placed 54.5 million shares (36.3% of the 150 million issued and outstanding shares) in the market at the introduction price of € 19.50 per share. The shares are listed on Euronext Amsterdam (symbol ASRNL) and have been included in the AMX index (Amsterdam Midcap Index) since 19 September 2016.

On 31 December 2016, NLFI held 63.7% of a.s.r. shares. NLFI, acting on behalf of the Dutch State, intends to sell its entire position in a.s.r. in due course.

Sell down

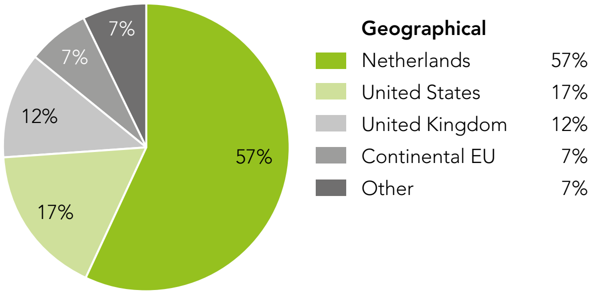
NLFI will make reasonable efforts to conduct sales of a.s.r. shares in an orderly manner, to minimize any possible negative impact on the share price. On 13 January 2017, NLFI disposed of 20.4 million shares (13.6% of the total outstanding shares), reducing its position in a.s.r. to 50.1%. a.s.r. participated in the sale and repurchased 3.0 million shares. The repurchase is in line with a.s.r.'s strategy of using its capital to take advantage of value-creating opportunities and to return capital to its shareholders in an efficient manner.

Major shareholders

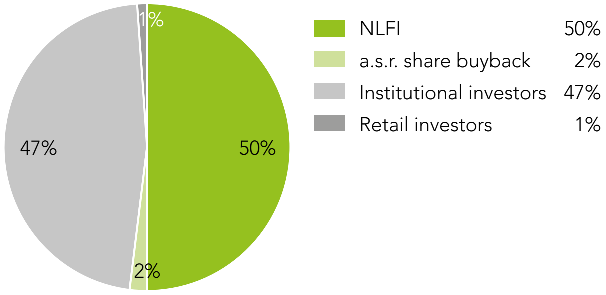
Dutch law requires shareholders to report their holdings in Dutch listed companies to the Dutch Authority for the Financial Markets ('AFM'), when these holdings exceed 3% of the total outstanding share capital (and at certain higher thresholds). According to the AFM register, the following shareholders had a position in a.s.r. of more than 3% as at 31 December 2016: NLFI 63.7% (reported on 14 June 2016) and Silver Point Capital L.P. 3.67% (reported on 10 June 2016). The stated percentages are the interests reported by the relevant shareholders to the AFM on the indicated dates.

Shareholders database

% Shares In Issue



Company estimates
per February 2017

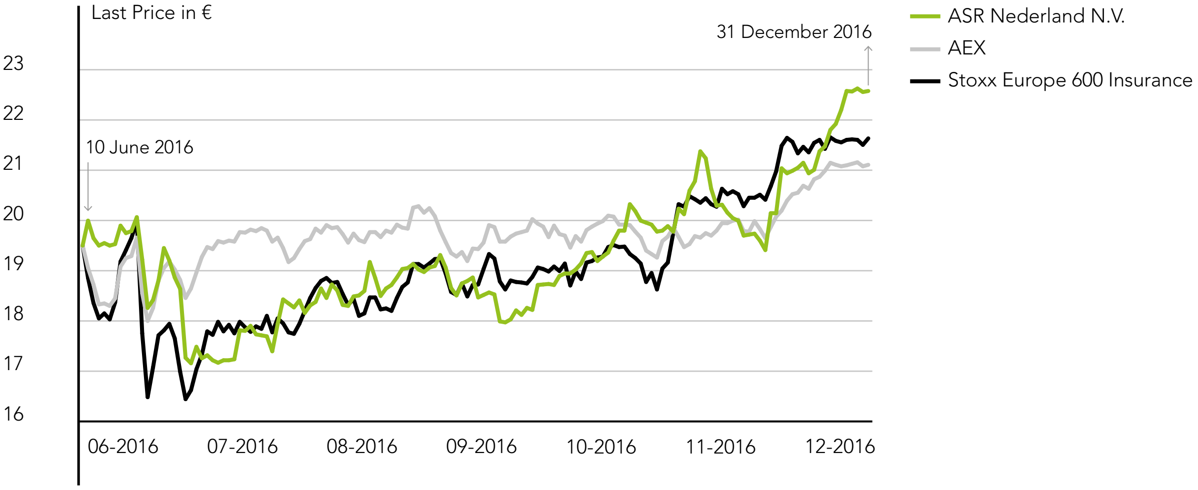


Company estimates
per February 2017

Share price performance

The introduction price of a.s.r. at IPO was € 19.50. At 30 December 2016 the closing price was € 22.60, representing a share price performance of 15.9% (annualized 25.4%).

Share price ASRNL at 31 December



Share price performance[1]

Introduction price as at 10 June 2016	€ 19.50
Highest closing price (in 2016)	€ 22.65
Lowest closing price (in 2016)	€ 17.14
Closing price as at 31 December 2016	€ 22.60
Market cap as at 31 December	€ 3,390 million
Average daily volume	223,479[2]

[1] Source: Euronext Amsterdam.

[2] 2016, as from 13/06/2016 (excluding listing day).

Dividend

a.s.r. strives to pay a dividend that creates sustainable long term value for its shareholders.

Over 2016, a.s.r. proposes to pay a dividend of € 187 million. This dividend is higher than the previously communicated € 175 million and is underpinned by a.s.r.'s strong financial performance over 2016. It is also in line with the dividend policy that became effective on 1 January 2017. From 2017, a.s.r. has a dividend policy with a pay-out ratio of 45% to 55% of the net operating result attributable to shareholders (i.e. net of hybrid costs). To support its ability to pay out cash dividends, a.s.r. maintains a cash target of € 350 million at the holding company.

a.s.r. aims to operate at a Solvency II ratio above a management threshold level. This management threshold level is currently defined as above 160% of the SCR. In general, a.s.r. would not expect to pay a cash dividend if the Group level Solvency II ratio falls below 140%.

Dividend history

	Dividend (in € million)	DPS[1]
2014	139	0.93
2015	170	1.13
2016	187	1.27

[1] Restated 2015 and 2014 to 150 million shares. On 13 January 2017, a.s.r. purchased 3.0 million shares in a share buyback as part of the sell down by NLFI. These shares are held as treasury stock and are not eligible for dividend.

Important dates 2017

22 February 2017	Full year 2016 results
31 May 2017	Q1 trading update
31 May 2017	Annual General Meeting
2 June	Shares quote ex-dividend
5 June	Record date
7 June	Dividend payment over 2016
30 August	Interim 2017 results
29 November	Q3 trading update

1.5 Highlights 2016

22 January

a.s.r. acquires BNG Vermogensbeheer from BNG Bank

26 January

a.s.r. sells SOS International to CED

1 April

Relocation Europeesche Verzekeringen

7 April

a.s.r. sells real estate development business to Meijer Realty Partners

13 May

Intention to proceed with Initial Public Offering

6 June

BeZaVa launched successfully

10 June

a.s.r. IPO on Euronext Amsterdam

29 June

Official opening of the renovated office

4 July

a.s.r. acquires SuperGarant

18 July

a.s.r. acquires Corins

29 July

AstraZeneca transfers pension plan to a.s.r

28 September

The final of the first edition of the a.s.r. scholen challenge

30 September

a.s.r. successfully launches Het nederlandse pensioenfonds and announces the first customer

4 October

2.4 million AXENT funeral policies successfully transferred to Ardanta

24 October

a.s.r. signs Ethical Manifest to help customers with late payments to find a solution

3 November

a.s.r. Asset Management kicks off as third party asset manager

17 November

The Fair Insurance Guide awards a.s.r. the highest score for its sustainable investment policy

6 December

a.s.r. Real Estate Management acquires offices portfolio of Railway NS Basisfonds Stationslocaties C.V. and aims to start an Office fund in 2017

8 December

Province of Noord-Brabant awards a.s.r. Asset Management mandate worth € 1.7 billion

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Strategic Report

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2.1 About a.s.r.

a.s.r.

a.s.r. is the Dutch insurance company for all types of insurance[1]. Via the brands a.s.r., De Amersfoortse and Ditzo and specialist brands such as Europeesche Verzekeringen and Ardanta, a.s.r. continues to provide P&C, occupational disability and health insurance (non-life) and pensions, individual life and funeral expenses insurance (life), as well as on distribution. a.s.r. also offers specific banking, mortgage and investment products and asset management services. a.s.r. operates exclusively in the Dutch market, except for its servicing of a small Belgian funeral insurance portfolio, which is recognized as a business line of ASR Levensverzekering N.V.

Having generated € 4,328 million in gross written premiums (GWP) in 2016. a.s.r. is one of the larger insurance companies in the Netherlands.

a.s.r. is confident that it can live up to its position as 'insurer of choice' for its customers by placing their interests at the centre of its business. This is something that our employees work towards on a daily basis. Our employees are the face of a.s.r. services and determine the quality of the services we provide.

a.s.r. has its registered office in the Netherlands. Its main office is located at Archimedeslaan 10 in Utrecht. a.s.r. also has an office in Enschede and a small number of distribution entities in various locations in the Netherlands.

Structure

a.s.r.'s operations have been divided into six operating segments. These segments are the Non-life segment and Life segment for all insurance activities. The non-insurance activities are presented as four separate segments: Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development.

See pages 150 and 209 of the 2016 consolidated financial statements for a.s.r.'s structure and a list of principal group companies and associates in the relevant segments.

2.1.1 Mission

a.s.r.'s overall mission is to offer transparent insurance solutions as a trusted and reliable partner for its customers while creating sustainable value for its stakeholders.
As part of its mission, a.s.r. has identified the following key roles that it intends to play:

- An insurer for customers
  a.s.r. is deeply rooted in Dutch society and is committed to understanding its customers' needs. It aims to offer its customers peace of mind by offering insurance and wealth accumulation products designed to secure its customers' financial stability and to protect customers from risks they are unwilling or unable to bear themselves.
  a.s.r. considers its customers' trust essential to its business and values the strength of independent advice, which is reflected in the strong position of a.s.r. in the intermediary channel.
- A financial institution
  a.s.r. aims to be a financially reliable and stable institution with a solvency position strong enough to fulfil its long term obligations and commitments to all its stakeholders. a.s.r. believes that a solid financial position will enable it to meet both its short- and longterm obligations to customers and shareholders. a.s.r. believes that its 'value over volume' philosophy will help secure long-term value creation.
- A people-focused employer
  a.s.r. aims to employ highly skilled employees, and to attract and retain talented individuals. a.s.r. strives to offer its employees a stimulating and inspiring work environment and enable them to develop, broaden and expand their skills. As a people-focused employer, a.s.r. aims to offer a highly adaptable and flexible structure.
- A member of society
  a.s.r. feels responsible to society at large, and also to vulnerable groups. a.s.r. applies its views on social responsibility in its HR policy (e.g. by employing (partly) disabled young people), its investment policy, its working environment (The New World of Work) and its environmental policy.

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[1] a.s.r. de nederlandse verzekerings maatschappij voor al uw verzekeringen.

2.1.2 Vision and ambition

In the coming years, a.s.r. aims to continue to develop into a company that is increasingly recognized by customers as one that meet the terms of its licence to operate through 'helping by taking action'. Customers will recognize this in the positive experience they have with a.s.r., in all its aspects. a.s.r. is able to empathize with the needs of its customers and deliver its products and services in a clear and transparent manner. a.s.r. helps people to share risks and accumulate capital for later in life. Our customer experience score will increase over the next three years. This customer experience will convince existing customers that they want to remain a.s.r. customers for the long term and expand their product package. At the same time new customers will come to a.s.r. on the basis of the warm recommendations from customers and financial advisers. a.s.r. considers providing top-quality service as a major factor in its current and future success.

2.1.3 Core values

I am helpful

a.s.r. employees empathize with the needs of their customers, plus they listen and they show interest. They truly represent a.s.r., both internally and externally.

Customers feel the help we provide in the risks they have covered. We help them to avoid risks and resolve issues if these risks arise. They can rely on our ability to accumulate sound capital for the future, which we strive to do in a way that will benefit generations to come.

I think ahead

We are committed to looking for new solutions and making sure that our customers can carry on, that our employees continue to develop, that our shareholders continue to be satisfied and that a.s.r. continues to play its role in society. For instance, we combine our professional skills with new developments in technology and healthcare, on this front. We dare to think differently and to go against the flow if necessary.

I act decisively

We are committed and know how to act. We take a practical approach. We do this in a personal way and always based on our professional expertise.

2.1.4 SWOT

Strengths

- Strong solvency position supported by high-quality capital
- Track record of attractive return on equity, capital and cash generation
- Diversified and resilient Dutch insurer with leadership in attractive market segments
- Differentiated distribution, underpinned by highly reputable brands
- Excellence in pricing, underwriting and claims handling
- Proven cost-reduction capability and continuous focus on operational efficiency
- Profitable LDI Asset Management platform with strong track record
- Skilled, experienced management focused on execution and delivery
- Ability to integrate quickly (AXENT and BNG)

Weaknesses

- Presence only in the Dutch insurance market, which as a whole is contracting and highly competitive
- Impact of declining life book on long-term cost effectiveness
- The contraction of the individual Life book

Opportunities

- Sustainable business enhancement via fiduciary asset management in combination with capital light
- Capital light life products (e.g. Defined Contribution (DC) pension products)
- Further development of Distribution and Services segment
- Increasing demand for sustainable, transparent and simple products
- Increase in multi-channel approach taken by customers
- Developing services to differentiate ourselves (expertise, inspection and damage repair)
- Possibilities in individual and collective asset accumulation markets and in the non-life and occupational disability insurance markets
- Consolidation potential in the 'closed' book for life and funeral insurance

Threats

- Prolonged low interest rate environment and/or financial markets turmoil
- New and/or changing legislation governing insurance products or unit-linked policies
- Fierce competition in Dutch market
- Further reduction of the solidarity principle and increased attention to individual solutions, possibly compensated by mandatory solutions for uninsurable groups
- Changed consumer behaviour, with declining and changing need for insurance products as a result of technological developments
- Move from retail to wholesale purchase of insurance products
- Move from entrepreneurship to de facto implementation of publicly established regulations
- In view of the current technological revolution, the insurance business model is liable to be disrupted and shaken to the core

2.2 Key trends

The coming years are set to bring developments that may have a major impact on the insurance sector. These include technological, economic and social developments, as well as aspects such as consumer behaviour, politics and supervision will also play a key role.

The Dutch insurance market is saturated. Looking at the volumes of gross written premiums (GWP), we can see a steady long-term trend of contraction in the individual life market. The market for group life/pensions, which has also declined in recent years, seems to be being replaced by non-insurance/asset management solutions. The P&C and occupational disability markets have undergone cyclical contraction, the reason being a fall in the insured interest of P&C, due to factors such as consumers driving smaller cars, linked to a higher deductibles and a decrease in insurance penetration in the individual occupational disability/self employed market as a result of reduced financial strength.

Besides these – occasionally cyclical – trends, we see a pension market with growth potential, particularly in solutions that do not necessarily result in an increase in GWP, but do lead to a rise in assets under management. In addition, there is the individual life market, which will inevitably continue to contract by about 7% to 10% per year, and the P&C and occupational disability market, which – after having bottomed out – now has new scope for a limited increase in volumes.

The volumes of a.s.r.'s gross written premiums – exclusive of acquisitions – are roughly in line with market developments. The a.s.r. life portfolio is contracting and, if lapses and early surrenders continue at the current rate, will only be about half its current size in a decade's time. Although the group pension portfolio has contracted as well, it generates adequate alternatives. Volumes in the P&C and occupational disability businesses have fallen over the past few years. That said, a.s.r.'s market share has remained stable or increased. These markets have recently recorded volume increases.

The share of the different distribution channels in total premium income (excluding of Health) has been relatively stable over recent years, particularly where the P&C business was concerned.

Distribution channels Life/P&C/Income protection based on premium income

	2010	2011	2012	2013	2014
Intermediaries and other distribution channels	77%	79%	77%	75%	73%
Online	23%	21%	23%	25%	27%

Source: Verzekerd van cijfers 2016, excluding of Health. The information of 2015 is not available yet.

Distribution channels P&C based on premium income

	2010	2011	2012	2013	2014	2015
Intermediaries and other distribution channels	78%	80%	79%	79%	80%	80%
Online	22%	20%	21%	21%	20%	20%

Source: Verzekerd van cijfers 2016, excluding of Health.

Distribution

The share of distribution via third parties/intermediaries at GWP level continues to be high. What is clear is that, traditionally, the 'stickiness' of customers via intermediaries is much greater than that of online customers. The types of third parties/advisers are changing, as are their business models: the market is moving away from traditional captive advisers towards underwriting agents, specialists, aggregators, all of whom have a (relatively) strong online presence. The share of online origination in total origination is on the rise.

Trends and disruptions in the medium term

Traditionally, a.s.r. has provided insurance services that offer customers certainty in unexpected situations and cover for risks they are unwilling or unable to bear themselves. In view of the current technological revolution, the insurance business model is liable to be disrupted. While recent technological developments have mainly impacted the various distribution models, the underwriting column of the value chain now seems to be vulnerable, for instance due to technological and social changes.

Effects of innovation

There are more developments that might also affect the business model of traditional insurers, such as the application of deep and machine learning. And the focus of reinsurers on bearing risk is shifting to focusing on optimizing/providing capital under the Solvency II regime.

Various technological innovations, mainly driven by the exponential growth in the development and adaptation of these technologies, have a great impact on the scope and structure of insurance services. Especially if and when these technologies such as artificial intelligence, blockchain and robotics converge. This reinforces but also enables the social developments in cooperation and sharing between individuals and customers. Digital players with strong platforms such as Google, Facebook, Amazon, Booking.com, as well as Apple and Microsoft is on the rise. These players are strongly positioned through their access to customers and data to invest and develop in financial technology (fintech) pie and insur-tec.

As a result of these technological developments, customers are being offered new services that give easier access, increases transparency, speed and offer more relevance. Smartphones and tablets are increasingly being used as customer interfaces. As a result it makes their lives easier and more pleasant. Big data is generating a lot of information that can be used for a range of purposes such as (i) better customization for tailor made solutions to meet customer requirements, (ii) pricing risks, (iii) improving retention rates, (iv) generating leads, (v) detecting fraud. The Internet of Things, where multiple devices are constantly online and are sending or receiving relevant information, improves prevention, thereby also changing the insured interest.
The health related technology ensures a longer healthy life. Predictability of people's health is increasing, thanks in part to wearables, which give customers (and insurance companies, where possible) more information that helps them move from cure to prevention.

Through blockchain, a control system that exchanges and verifies data, multiple computers control the ledger of the transaction(s). This system then eradicates the need for human intervention and multiple third parties to check the reliability of a transaction...

All these developments especially when they are combined and work together, can be viewed as opportunities for the insurance sector and customers. Commercially speaking, more efficient processes result in lower costs for handling and logistics, customer service and sales can be geared better to customers and more options can be created for prevention. This results in a shift in insured interest. Overall this leads will lead to more transparency for customers and citizens and more ways for them to assess their own risk appetite and find ways of controlling it. As a society as a result this will increase healthcare, safety (e.g. in traffic) and significantly raise the overall level of comfort and prosperity.

Social developments

Developments in society promote the development of new products and services and/or affect the procedures followed by insurance companies. Different themes play a role in this respect.

Fewer employees spend their entire working life with the same employer. Jobs are continually being created and evolve or disappear over time. This process also involves many job switches, including from flexible to permanent employment, from having an employer to being self-employed and vice versa. Over the past few years, we have seen the development of a trend towards fewer permanent employees, more employees on flexible contracts and more self-employed persons.

Economic developments

We are living in times with persistently low interest rates and inflation rates. Low growth in Europe may also trigger further European consolidation. Increased volatility, for instance due to the enormous uncertainty about the balance sheets of – southern European – financial institutions and Brexit, will lead to a number of uncertain years. Power is shifting towards China, which is poised for global expansion.

Consumer behaviour is shifting from owning items to sharing them. The role of traditional players in the energy and telecommunications markets is changing and companies such as Philips are changing course, in this case from lighting to medical equipment. Thought patterns are shifting from 'trust in institutions' to 'trust in the masses', e.g. TripAdvisor. Conversely, we are seeing a strong trend towards individualization in terms of behaviour in society: 'why should I pay for the risk incurred by someone else?' This development is being intensified by so-called usage-based insurance (UBI), which allows for drastic differentiation that might lead to further individualization. This is putting pressure on the solidarity principle, potentially resulting in 'uninsurable risks' at the peripheries of society.

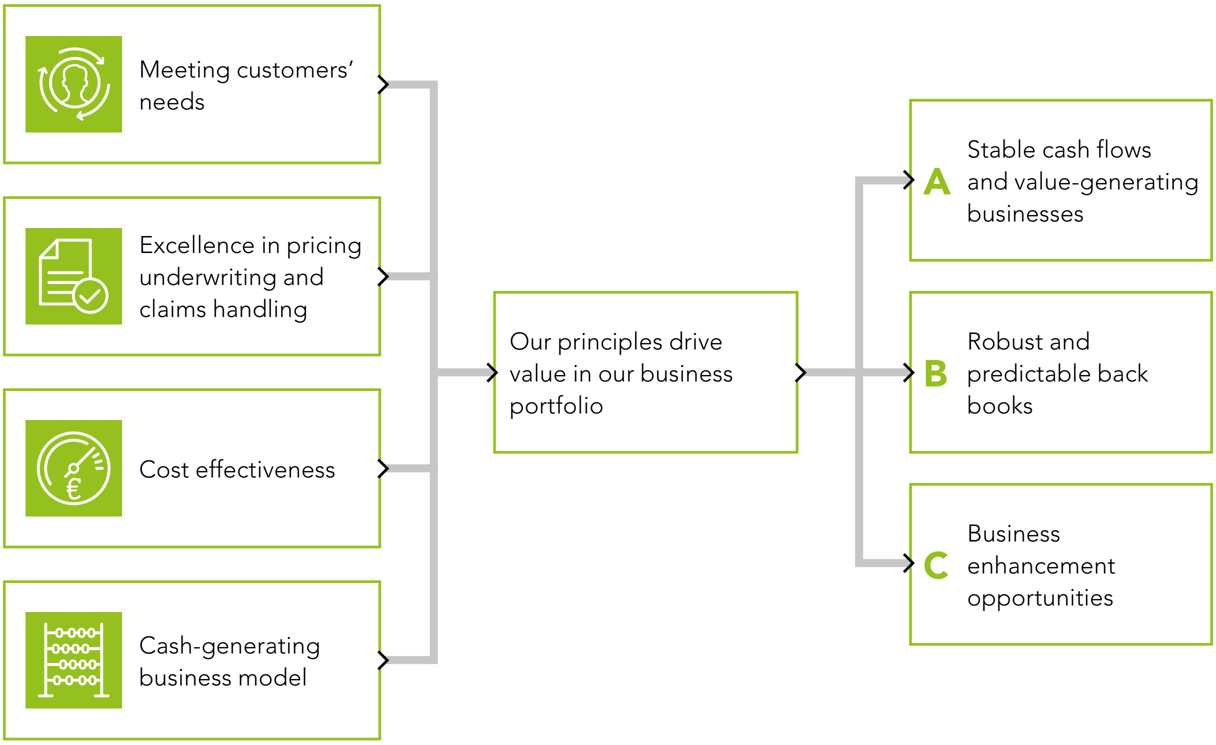
Politics and supervision

There is a trend towards more regulation and government interference, and a need to strengthen the role of regulators. Consumer protection is leading and risk mitigation is broadly supported by politicians and regulatory bodies. There is increasing pressure from a regulatory perspective. We are seeing an additional shift from principle-based to rule-based. This is illustrated by the emergence of Solvency II and other future accounting standards (e.g. IFRS 17). In addition, there are more European rules on the way (comparable to what is happening in the banking sector), which will diminish the role of national legislatures.

2.3 Strategy

2.3.1 a.s.r.'s strategy

Four principles of strategy



a.s.r.'s strategy is to focus on 'value over volume'.

Meeting customers' needs

a.s.r. offers its customers simple, transparent products that aim to fulfil their needs. a.s.r. employees are driven to help customers whenever possible, and communicate with them in clear and easy-to-understand language. a.s.r. focuses on retail customers, self-employed individuals and small and medium-sized enterprises (SMEs).

a.s.r. strives continuously to improve its services to customers and the intermediaries that advise them. Customer and intermediary satisfaction levels are closely monitored through the measurement of closed loop feedback, such as the Net Promoter Score (NPS). The Executive Board is responsible for the performance related to customer and intermediary satisfaction and customer services.

a.s.r. stays in close contact with its customers and monitors any changes in customers' needs.

The Executive Board uses the product approval and review process to discuss cross-functional proposals for new products and improvements to existing products.

a.s.r. applies a multi-brand distribution strategy to deliver products and services via its customers' channel of choice. a.s.r.'s key distribution channels are the intermediary channel (independent advisors) and the direct channel, as well as online. For many years now, the intermediary channel has proven invaluable and a.s.r. believes that this channel provides customers with the opportunity to seek appropriate advice and to select the products that suit them best.

Through the enhanced decentralization of distribution, product marketing and IT, a.s.r. aims to further simplify its organizational structure, so it can remain agile and responsive to changes in market trends and customer behaviour and needs.

Excellence in pricing, underwriting and claims handling

a.s.r. maintains a disciplined pricing strategy, based on deep knowledge of customer behaviour. a.s.r., continues to build on its experience and skills related to pricing, underwriting and claims handling, as the company believes these are key drivers in the creation of sustainable value.

a.s.r. applies these capabilities in all of its insurance products, in both the Non-life segment and the Life segment. Insurance products in the Non-life segment include P&C, occupational disability and health insurance. The Life segment include individual (term) life insurance, pensions and funeral insurance.

a.s.r.'s insurance expertise has resulted in a strong combined ratio in the Non-life segment for many years. To further enhance its competitiveness, a.s.r. continues to invest in hiring senior insurance specialists and expanding its underwriting capabilities and expertise.

Cost effectiveness

Cost competitiveness is a key factor for commercial success, as well as bottom-line performance. Cost awareness has been embedded throughout the organization and its daily operations and has become an integral part of a.s.r.'s culture.

a.s.r. continuously focuses on costs and aims to lower its operating expenses over the coming years. End-to-end responsibility in the various business segments, fewer management layers and decentralization of certain functions, such as distribution, product marketing and IT, are instrumental in maintaining cost effectiveness.

Furthermore, a.s.r. has successfully made parts of its cost base more flexible. In order to achieve this goal, a.s.r. outsources certain activities to third parties with the required expertise, enabling the company to achieve cost benefits or efficiencies of scale. Examples of this are software-as-a-service (SaaS) solutions in Individual Life, Pensions and Health; IT outsourcing (ITO) for Individual Life and business process outsourcing (BPO) for part of the portfolio for Individual Life and Pensions. a.s.r. does not outsource any of its activities that it considers essential to its insurance operations and that give a.s.r. its unique competitive position. These include pricing, underwriting, asset management and claims management (including medical advisors and personal injury claims) services.

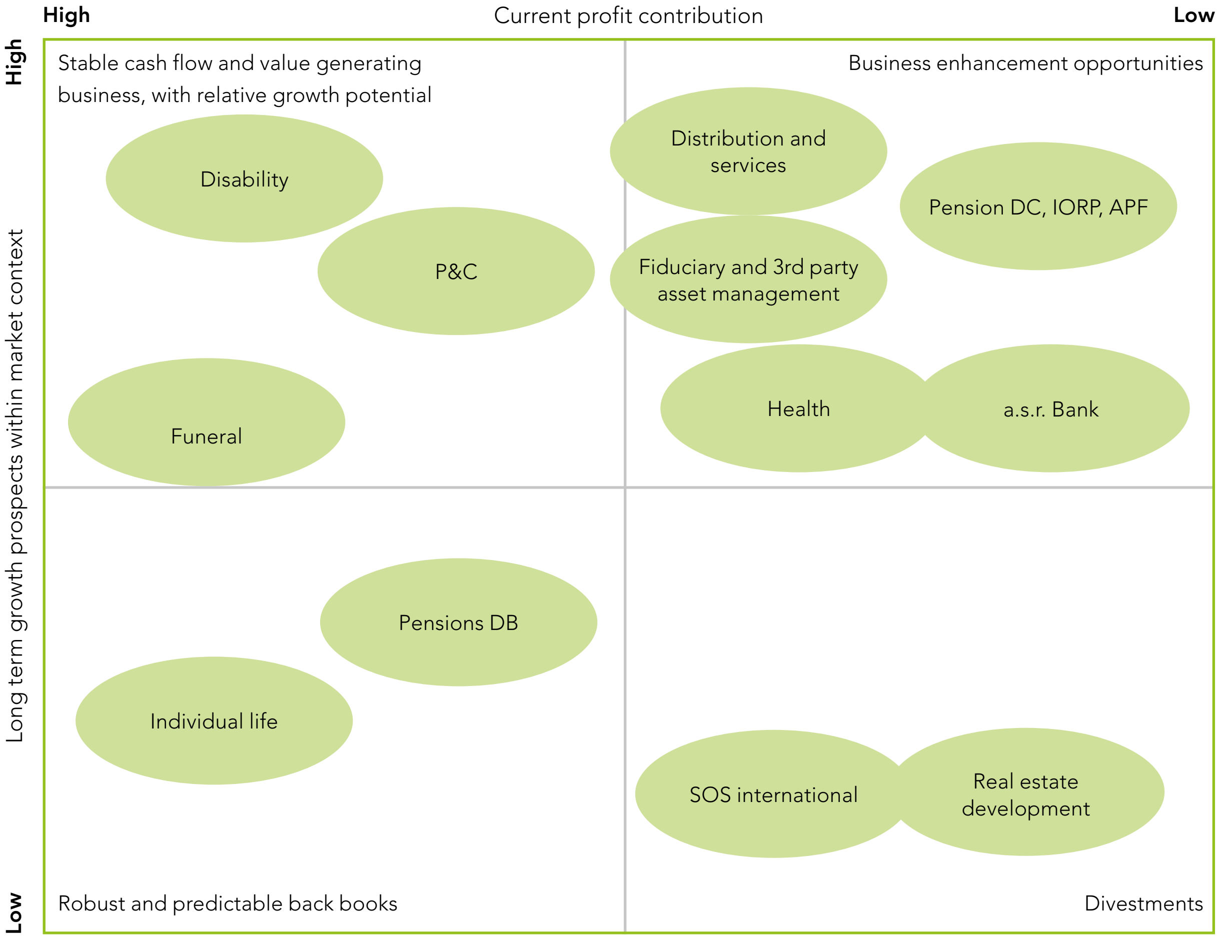
a.s.r. will also continue to work on simplifying and rationalizing its existing product portfolio, particularly in the Life and Pensions businesses. a.s.r. seeks to minimize the number of back-office systems in all its business lines.

Cash-generating business model

a.s.r.'s objective is to post robust, high-quality earnings and achieve strong capital generation backed by a solid financial framework. This will enable a.s.r. to deliver on its promises, to provide customers with the financial protection they expect and to secure the payment of attractive dividends in the interest of our shareholders and debt investors. Due consideration of a.s.r.'s risk appetite is a key factor in executive and senior management decisions. a.s.r. intends to maintain its capacity to distribute dividend in the coming years through strong capital generation, while maintaining a robust solvency position and retaining an adequate level of cash.

a.s.r. has a conservative risk profile and has set minimum solvency levels designed to absorb potential losses and to maintain financial robustness while optimizing its capital position within the parameters set by the regulator. For further details on the strategy of the individual business lines, see chapter 3.3.

Execution of strategy: optimizing our portfolio



a.s.r. carefully reviews its business portfolio on an ongoing basis. For each of its activities, it considers both their contribution to profits and their future growth outlook.

a.s.r.'s business portfolio

The four strategic principles, as described on page 25, are the value drivers in a.s.r.'s business portfolio. a.s.r. is a diversified insurer with leading positions in attractive market segments. On an ongoing basis, a.s.r. carefully reviews its business portfolios for their contribution to profits, as well as their future growth outlook. a.s.r. is disciplined in deploying capital in areas where its skills and expertise provide good value in products and services for its customers, while achieving attractive returns for shareholders.

a.s.r. classifies its activities in four categories: I) activities that provide stable cash flows and generates value, with relatively strong growth potential; II) businesses that represent robust and predictable back books and contribute to current profits; III) activities that offer business enhancement opportunities, typically capital light, and the final category; IV) activities that are non-core and which will ultimately be divested.

Stable cash flow and value-generating business, with relative growth potential

In Non-life, a.s.r.'s focus is on maintaining profitable underwriting and pricing discipline, in combination with excellent claims handling for our customers. a.s.r. strives for selective growth in this segment. Maintaining our leadership position in the intermediary distribution channel is key to this ambition. Non-life insurance offers a.s.r. relative organic growth potential.

The funeral insurance business generates value for a.s.r.'s stakeholders, although organic growth is limited. a.s.r.'s cost-efficient platform in the funeral insurance business puts the company in a strong competitive position. Furthermore, the funeral insurance business carries mortality risks that strongly diversifies with longevity risk in a.s.r.'s pension businesses. These benefits are demonstrated in a.s.r.'s acquisition of AXENT and the acquisition of the NIVO portfolio. Given the long duration of the funeral businesses, a.s.r. will benefit from these advantages for a long time to come/long into the future.

Robust and predictable back books

This category represents large Life books that have been build up over many years and are major contributors to a.s.r.'s profit.

These businesses offer limited or no growth potential and these books will decline over time. a.s.r. focuses on safeguarding the value of the service books. a.s.r. is doing this by either lowering its cost base or making it more variable, providing high customer service to prevent unnatural lapses and protecting the investment yield by hedging the interest rate sensitivity. To make its cost base in Individual life more variable, a.s.r. is migrating the seven Individual life portfolios to a Software as a Solution (SaaS) platform managed by an external provider. This migration is on track we expect to complete this process by the end of 2018. Upon completion, this will give a.s.r. the foundation it needs to become a consolidator in the market.

Business enhancement opportunities

a.s.r. sees growth opportunities in fee business and capital-light business.
These include capital-light pension propositions such as Defined Contribution pensions, Institutions for Occupational Retirement Provision (IORP) and General pension funds (APF). a.s.r. has developed and launched competitive propositions in each of these pension solutions.

Distribution and Services is fee business and also a growth opportunity. a.s.r. acquired four specialist distribution companies over the past two years and our focus is now on unlocking the earnings potential that a.s.r. envisages for each of these companies. In asset management, a.s.r. aims to expand its activities in third-party asset management. To that end, it acquired the asset management activities of BNG, adding skills and approximately five billion euro in Assets under Management, which generates fee income.

Divestitures

Managing the business portfolio is not just about acquiring businesses and integrating those businesses in the a.s.r. organization. It is as much about divesting businesses that are either strategically no longer core or that underperform on a structural basis. In 2016, a.s.r. divested SOS international, terminated its real estate development business and divested a large portion of its real estate development projects.

2.3.2 Innovation

Over the past few years, a.s.r. has transformed into a number of independently operating business lines with more integrated service departments. This has made our operations more agile. Management is focused more on the market and on subject matter expertise in such areas as underwriting and pricing, as well as in asset management.

In addition, a.s.r. has invested specifically in distribution activities to get closer to its customers.
This proximity to customers not only offers a better understanding of customer requirements and competitors' actions, but also creates an opportunity to experiment more seriously with new propositions

a.s.r. will continue on this path in operational terms.
Not only will this allow a.s.r. to respond more quickly to normal changes and developments, it will also enable a.s.r. to scale back more easily in the event of certain developments (further regulation, individualization and technological advances) if it were to ascertain that it no longer qualifies as the best risk bearer/owner for a certain section of the market. No matter what, a.s.r. is committed to professionalism, agility and entrepreneurial spirit.

Looking at developments in society, the environment, technology and healthcare, the company will need to strengthen the organization's innovative drive. To stay successful in the future, a.s.r. will have to become a more adaptive and innovative organization. For both the short and the long term, this will require a combination of new and existing executive drive (efficiency and incremental innovation driven by the online channel) and a newly-developed exploratory drive (transformational innovation). Over the past year, a.s.r. has focused intensely on innovation, which led to the definition of three levels of innovation:

Level 1 optimization: continuous learning and improvement of products and processes, whether or not combined with digitization (more mobile access to every step in the chain). This requires continuous focus and leadership.

Level 2 transformation (horizon: 2-5 years): game changers that will transform the existing underwriting models: general pension fund, IORP, Pay how you drive.

Level 3 disruption (5+ years): truly transformational disruptive models that enable entirely new players to suddenly conquer a share of the market or tap a new market. These models cannot (almost by definition) be defined at this time, but examples can already be seen in other sectors in industry.

a.s.r. initiated an InnovationLab for the development of new ideas.

Strategic targets

Financial targets	Financial performance for 2016
Operating return on equity (ROE) a.s.r. seeks to generate an ROE of up to 12% per year in the medium term. For the long term, a.s.r. aims to achieve an operating ROE of above 10% on average.	**14.1%**
Cost savings a.s.r.'s aim is to reduce operating expenses by an aggregate € 50 million in the medium term.	**On target**
Dividend For 2016, a.s.r. intends to distribute a dividend of € 175 million, which is to be paid in 2017. This dividend is discretionary and not based on the dividend policy a.s.r. will apply from 2017 onwards.	**€ 187 million**
In 2016, a.s.r. announced a dividend policy for 2017. Going forward, the annual dividend will be based on a pay-out ratio of 45% to 55% of net operating result attributable to shareholders (i.e. net of hybrid costs). a.s.r. applies a boundary condition based on its Solvency II position. a.s.r. does not plan to pay a cash dividend if the Solvency II ratio were to fall below 140%.	**45%**
Combined ratio In the Non-life segment, a.s.r. strives to achieve an overall combined ratio ('COR') of below 98%, and below 97% for 2016 and 2017.	**95.6%**
Solvency/capital a.s.r. aims to maintain a Solvency II ratio – based on the Standard formula – of above 160%. Additionally, a.s.r. wants to attain a single A (S&P) 'Financial Strength Rating' for its insurance subsidiaries and a financial leverage of below 30%.	**189%** **Single A** **25.2%**

Please see for the non-financial targets chapter 2.5.

2.3.3 Brand and distribution strategy

In order to position itself effectively in different customer segments of the Dutch insurance market, a.s.r. uses a hybrid, multi-brand distribution strategy and offers its products to approximately 1.48 million households (directly through the a.s.r., De Amersfoortse and Ditzo labels and through over 5,500 intermediaries). The majority of a.s.r.'s insurance products are distributed via the intermediary channel. Ditzo is a.s.r.'s online brand.

a.s.r. uses a multi-brand model that is designed to target different market segments and comprises three core brands: a.s.r., De Amersfoortse and Ditzo, as well as two niche brands: Europeesche Verzekeringen and Ardanta.

Multi-brand model

Brand	Type	Products	Distribution	Coverage	Platform
a.s.r.	Generalist	Individual life, Pensions, P&C, Banking	Advisors and specialists	Nationwide	asr.nl
De Amersfoortse	Generalist	Income protection, Pensions and Health	Advisors	Nationwide	amersfoortse.nl
Ditzo	Specialist	P&C and Health	Online	Nationwide	ditzo.nl
Europeesche Verzekeringen	Specialist	Travel and Leisure	Multi-channel	Nationwide	europeesche.nl
Ardanta	Specialist	Funeral	Multi-channel	Nationwide	ardanta.nl

a.s.r.'s current brands and distribution strategy includes:

a.s.r.

Under the a.s.r. brand, a.s.r. offers products for P&C (all customers segments), pensions (DB products for the commercial market), individual life (term life and annuity) and banking products (mortgages, savings and investments) for retail clients. The a.s.r. branded products are distributed via the intermediary channel (e.g. P&C, mortgages and DB pension products), as well as online (e.g. term life, savings and individual annuity). In addition, mandated brokers, aggregators and service providers can sell a.s.r.'s products under their own brand names. The a.s.r. brand targets retail and commercial (primarily SME) customers.

De Amersfoortse

Under De Amersfoortse brand, a.s.r. offers occupational disability, health and DC pension insurance, mainly aimed at the commercial market. De Amersfoortse products and services are sold exclusively through intermediaries.

Ditzo

Ditzo is a.s.r.'s online brand, focusing on P&C and health products for retail clients. Ditzo has established a customer base of over 77,116 P&C and 132,184 health insurance customers in 2016. Ditzo-branded products are sold online via its own websites and aggregator websites.

Europeesche Verzekeringen

Under the Europeesche Verzekeringen brand, a.s.r. sells travel and leisure insurance. Europeesche Verzekeringen insurance policies are sold through the intermediary channel, including through specialist partners, such as tour operators, sports federations and online channels. The Europeesche Verzekeringen brand primarily targets retail customers.

Ardanta

Ardanta is a.s.r.'s funeral insurance brand. Most of Ardanta's funeral insurance policies have historically been sold via the intermediary channel. Currently, Ardanta utilizes a multi-channel distribution strategy by offering its products through intermediaries, direct sales and online. The Ardanta brand targets retail customers. With the acquisition of NIVO, a.s.r. now has an additional funeral label.

2.3.4 Tax strategy

Tax policy

a.s.r.'s tax policy contributes to the achievement of its corporate strategy, in which a.s.r. presents itself as a sustainable, socially responsible insurer. This ties in with the idea of fair-sharing, by which each member of society contributes to maintaining the society they live in and helps it advance.

a.s.r.'s tax policy

a.s.r. wants to be a socially responsible taxpayer that bases its actions on professional tax compliance practices. a.s.r. does not push its limits when it comes to tax planning.

The tax policy leads to:

- Further professionalization of the business practices by embedding tax issues;
- An increase in tax awareness within the organization;
- Manageability of tax risks and new tax opportunities;
- Communication with stakeholders about a.s.r.'s tax risk appetite.

Tax covenant

The Executive Board of a.s.r. and the Dutch Tax & Customs Administration signed the Horizontal Supervision Covenant in January 2013. This covenant formalizes how a.s.r. and the Dutch Tax & Customs Administration will treat each other: with mutual trust and an open and transparent attitude. By signing the covenant, a.s.r. has undertaken to develop and maintain a system of internal and external controls, the goal being to prepare and file acceptable tax returns (for more information, see chapter 5.6.12).

2.3.5 Sustainability strategy

As part of its corporate social responsibility (CSR), a.s.r. takes ownership of the effects of its operations on people and the planet. a.s.r. sees opportunities for new products, services and processes in issues relating to people and the planet; these opportunities will benefit both society and a.s.r. (profit).

In its business operations, a.s.r. deliberately focuses on long-term value creation according to the triple bottom line principle of People, Planet and Profit. To this end, a.s.r. engages in a continuous dialogue with its stakeholders, increasingly qualifying CSR as one of its core values.

a.s.r. has divided the dimensions of People, Planet and Profit into the following five focus areas:

Five focus areas of People, Planet and Profit

Insurance

Offering continuity and security to customers. a.s.r. wants to provide sustainable insurance products; it engages in continuous process improvements and simplifies its product offering.

People

Employees are encouraged to make the most of their potential. By connecting with customers, the business and HR, each employee becomes an a.s.r. ambassador, both within and outside the company.

Investments

a.s.r. takes ownership by taking into account ethical and sustainability criteria in its investment policy. Aspects reviewed by a.s.r. include human rights, working conditions, corruption and environmental issues.

Environment

a.s.r. is committed to conserving nature and the environment by reducing its environmental footprint to a minimum. a.s.r. is efficient in its consumption of water, energy and other resources. a.s.r. is committed to waste reduction, lowering carbon emissions and mobility.

Society

Helping people by taking action. Sustainability also includes being involved in the community. a.s.r. invests in a wide range of community initiatives, for instance by undertaking aid campaigns and projects.

In all its choices and activities, a.s.r. asks itself whether they meet its defined CSR criteria, which we have formulated as follows:

What does CSR entail in insurance?

- Giving high priority to sustainable financial robustness.
- Offering products and services that meet customer requirements;
- Regularly identifying customer requirements through market research, social media, customer-driven surveys and customer panels;
- Performing internal and external review of products and services.

What does CSR entail in the people dimension?

- Providing a broad range of training and development opportunities;
- Encouraging the vitality of employees;
- Offering a healthy work/life balance.

What does CSR entail in investing?

- Ensuring that all investments meet the SRI policy;
- Ensuring that all businesses in which a.s.r. invests meet national and international conventions in the fields of human rights and labour laws, and environmental regulations;
- Ensuring that investments in sovereign debt are made only in countries that have an adequate score in the Freedom in the World Annual Report and the Corruption Perceptions Index.

What does CSR entail in the environment dimension?

- Being efficient with water, energy and resources by avoiding waste and improving a.s.r.'s environmental performance;
- Placing focus on waste management, making mobility more sustainable, reducing energy consumption and reducing carbon emissions;
- Encouraging employees to adopt sustainable conduct outside of working hours too;
- Increasing sustainable production and conduct by our suppliers.

What does the focus area CSR in the society dimension entail?

- Demonstrating added value based on independent surveys conducted by the government, public interest organizations and academia in the areas of transparency and investing;
- Reporting based on the guidelines of the Global Reporting Initiative (GRI);
- Engaging in a dialogue with internal and external stakeholders;
- Communicating transparently with stakeholders, for instance about policy conditions, via press releases and the Executive Board Report;
- Mobilizing employees to volunteer their time for social projects;
- Launching projects within the scope of financial self-reliance;
- Contributing to the conservation of cultural and social heritage.

2.4 Value creation

To ensure that we create value in the long term, we need to have and maintain a good understanding of relevant material aspects. In 2016, a.s.r. updated its list of material aspects and in the process combined this list with supporting KPIs from the Corporate Social Responsibility (CSR) focus areas.

2.4.1 Material aspects

To continue to generate value as an organization and execute our strategy, these material aspects will also have to be reflected in our business practices and management. In 2016, a.s.r. determined its material aspects and priorities in collaboration with Dutch non-profit CSR organization MVO Nederland.

Materiality

The final list of material aspects was put together based on:

- Stakeholder contacts on the basis of the stakeholder model;
- The Report of the Executive Board for 2015;
- Desk research by MVO Nederland;
- The GRI Guidelines;
- Trends and developments in society.

Priorities

After coordination with the portfolioholder in the Executive Board (the CEO), the final list of material aspects was sent to the stakeholders in the form of a survey.
In the survey, respondents were asked to specify what they felt were the most material aspects for a.s.r. The results were subsequently assessed during the stakeholder dialogue. The material aspects were then submitted to upper management so they could define their impact.

The overall results were visualised in the materiality matrix, which combines the relevance for stakeholders and for a.s.r. was combined. The aspects in the top right-hand corner were defined as material; qualitative notes on these aspects have been included in this report.

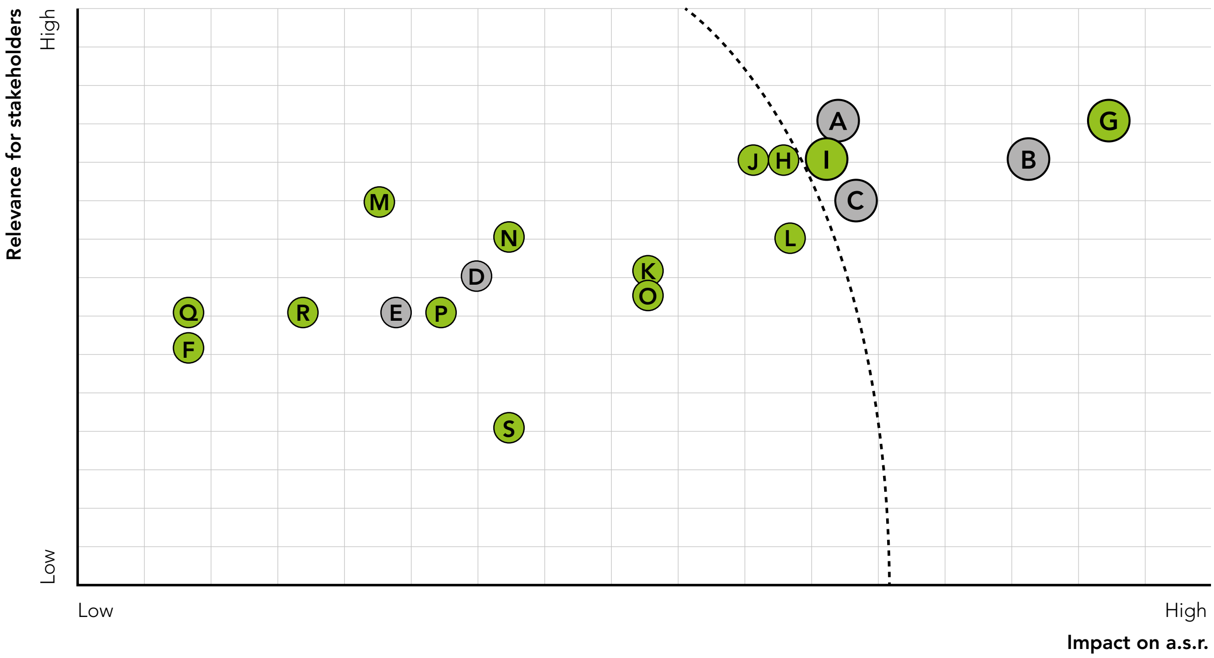
Management approach to material aspects

The sustainability steering group bears final responsibility for the further implementation of the material aspects. After identification of the material aspects, they were linked to the KPIs (see chapter 2.5). This process revealed that a number of these aspects had already been incorporated into the KPIs and some had been incorporated in a.s.r.'s day-to-day business practices.

Determination of material aspects

All information relating to policy, strategy and related indicators are related to a.s.r.'s own organization unless indicated otherwise in the report.

Materiality matrix



Finance[1]
A Compliance with rules and regulations
B Financial performance
C Solvency
D Managing risks
E Preventing ICT losses

Society
F Contributing to financial education and self-reliance

Insurance
G Customer satisfaction and service offering
H Transparent product and service descriptions
I Offering socially responsible products
J Customer privacy
K Encouraging innovation

Investments
L Socially responsible investment policy
M Non-discrimination

People
N Health and safe work environment
O Employee satisfaction
P Sustainable employee mobility
Q Equal pay for men and women

Environment
R Assessing suppliers for CSR performance
S Focus on climate change

2.4.2 Stakeholders

a.s.r. is engaged in a dialogue with all its stakeholders on the priorities, objectives and further policy-making of its sustainability policy to guarantee the success of its strategy. To achieve this, in addition to maintaining internal contacts, a.s.r. maintains close contact with a broad group of external stakeholders, including customers, suppliers, financial market players, government bodies and NGOs (see Appendix H, Additional information, for a detailed list of stakeholders and the contact frequency based on a.s.r.'s stakeholder model).

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[1] See chapter 5 Financial statements 2016.

Angelique Laskewitz – Dutch Association of Investors for Sustainable Development (VBDO)
Stakeholder segment – Public interest groups – NGO

'a.s.r. occupies a leading position in the area of sustainability by giving active and deliberate follow-up to a sustainable investment policy that ties in with the insurer's long-term focus.'

Harry Filon – Sustainable recovery
Stakeholder segment – Suppliers – Primary process

'a.s.r. is an insurance company that is making a concerted effort to advance sustainability and Corporate Social Responsibility, but it is also still finding its footing as far as these themes are concerned. This is only natural given that sustainability is not a fixed goal, but a continuous journey. The great thing is that a.s.r. is not only seeing things from its own perspective, but is also seeking the opinion of its stakeholders, for instance by organising stakeholder dialogues. a.s.r. is aware of its chain responsibility. In the event of a claim, an insurer should be committed to engaging sustainable businesses to make repairs in a sustainable manner. On the fire and water damage front, a.s.r. plays a pioneering role as the initiator and chair of the Sustainable Recovery quality mark. It would be wonderful if this were to become a portfolio-wide exercise in the future, for instance by broadening it to vehicle damage. Stakeholders and a.s.r. have joined hands on the path towards sustainability.'

Don Gerritsen – PRI
Stakeholder segment – Public interest groups – NGO

a.s.r. subscribed to the Principles for Responsible Investment (PRI) in 2011. By doing so, it clearly undertook to integrate sustainability indicators into its investment strategy. To put this in practice, a.s.r. weighs environmental, social and governance indicators in its investment decisions. a.s.r. continues to develop in the area of sustainable investment, for instance by intensifying the dialogue with businesses in which it invests. We wholeheartedly encourage this and are looking forward to our ongoing cooperation.

Petra Overhand – Reinaerde
Stakeholder segment – Public interest groups

'The partnership between a.s.r. and Reinaerde brings unison, enthusiasm and inspiration for both employees and patrons of Reinaerde and a.s.r. employees. I heard an a.s.r. employee say after a day of picking apples and pears at 't Burgje in Odijk with Reinaerde people: 'This was the most fun team-building event ever!'

Internal and external stakeholders

Stakeholder dialogue

In 2016, a.s.r. expanded its stakeholder model to include a central stakeholder dialogue, in which relevant stakeholders met at a.s.r. to engage in a dialogue on material aspects.

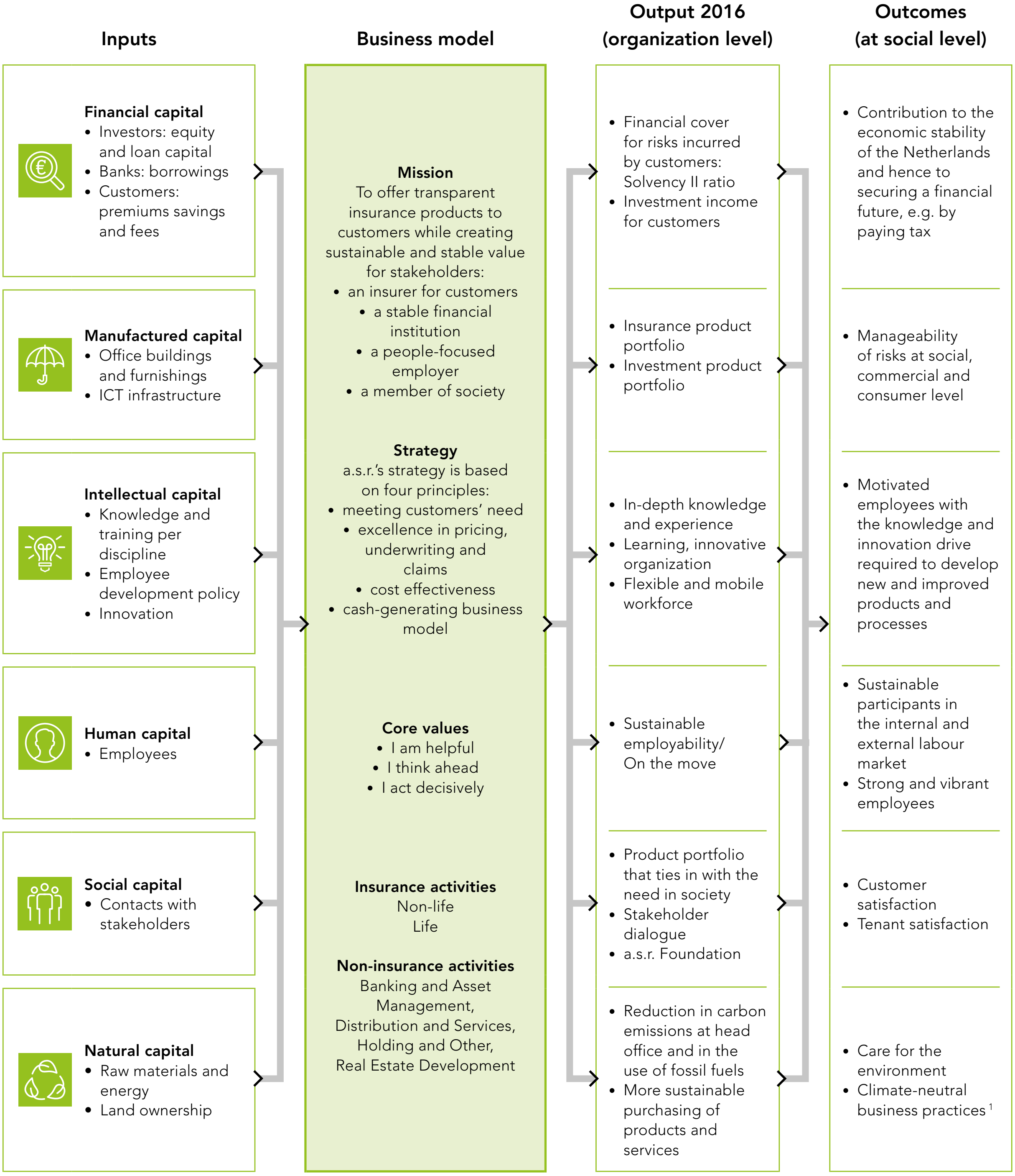
2.4.3 Value creation model

a.s.r.'s value chain starts with capital generated from shareholders that have invested in a.s.r. and from premiums, savings and fees paid by customers. The majority of its capital is used for activities that are expected to yield returns. To create sound financial cover for risks and positive investment income, a.s.r. encourages innovation and continuous development of the knowledge and expertise of its employees. Products are distributed through partnerships with independent advisers and through online platforms. Thanks to the stakeholder dialogue, a.s.r. is now fully aware of the wishes and requirements of its customers, which translates into a product portfolio that ties in with what people need.

a.s.r. uses the returns its generated and premium income to pay customer claims and offer attractive pay and benefits to its employees. We share the profits with investors in accordance with our dividend policy. We contribute to a better society by encouraging financial self-reliance and awareness by developing activities in collaboration with various public interest groups. And we also have a focus on the planet through the aim to care for the environment.

The table on page 37 gives a more detailed description of the value realized for each CSR focus area.

Value creation model



Inputs

Financial capital
- Investors: equity and loan capital
- Banks: borrowings
- Customers: premiums savings and fees

Manufactured capital
- Office buildings and furnishings
- ICT infrastructure

Intellectual capital
- Knowledge and training per discipline
- Employee development policy
- Innovation

Human capital
- Employees

Social capital
- Contacts with stakeholders

Natural capital
- Raw materials and energy
- Land ownership

Business model

Mission
To offer transparent insurance products to customers while creating sustainable and stable value for stakeholders:
- an insurer for customers
- a stable financial institution
- a people-focused employer
- a member of society

Strategy
a.s.r.'s strategy is based on four principles:
- meeting customers' need
- excellence in pricing, underwriting and claims
- cost effectiveness
- cash-generating business model

Core values
- I am helpful
- I think ahead
- I act decisively

Insurance activities
Non-life
Life

Non-insurance activities
Banking and Asset Management,
Distribution and Services,
Holding and Other,
Real Estate Development

Output 2016 (organization level)

- Financial cover for risks incurred by customers: Solvency II ratio
- Investment income for customers

- Insurance product portfolio
- Investment product portfolio

- In-depth knowledge and experience
- Learning, innovative organization
- Flexible and mobile workforce

- Sustainable employability/ On the move

- Product portfolio that ties in with the need in society
- Stakeholder dialogue
- a.s.r. Foundation

- Reduction in carbon emissions at head office and in the use of fossil fuels
- More sustainable purchasing of products and services

Outcomes (at social level)

- Contribution to the economic stability of the Netherlands and hence to securing a financial future, e.g. by paying tax

- Manageability of risks at social, commercial and consumer level

- Motivated employees with the knowledge and innovation drive required to develop new and improved products and processes

- Sustainable participants in the internal and external labour market
- Strong and vibrant employees

- Customer satisfaction
- Tenant satisfaction

- Care for the environment
- Climate-neutral business practices[1]

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

DE AMERSFOORTSE De Ondernemersverzekeraar

Ditzo

europeesche verzekeringen

ARDANTA

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1 The emission is only at our own operations (excluding Scope 3 GHG protocol).

2.5 Sustainability

a.s.r. seeks to be a leader in sustainable business practices in the financial sector and takes into account sustainability wherever possible. For its Corporate Social Responsibility (CSR) policy. a.s.r. defined five focus areas (see page 31). a.s.r. engages in dialogue with its stakeholders on the principles and objectives of the sustainability policy.

Governance

Within the Executive Board, the CEO bears ultimate responsibility for a.s.r.'s CSR policy. The Director of Corporate Communications coordinates the performance of the policy together with a CSR steering group, whose members are a secretary, the directors of the departments Human Resources, Group Asset Management and Real Estate Investment Management. Since 2016, the Directors of P&C and Pensions also have a seat on this steering group. The steering group meets multiple times a year to formulate a comprehensive vision and apply this vision to the respective focus areas of each of its members. The steering group also monitors the status of the CSR-related KPIs it has set; monitoring takes place within the specified parameters. The steering group has a CSR project group with representatives of the directors specified above. This project group draws up quarterly reports on the defined CSR-related KPIs to the steering group, which assesses results achieved based on these reports and provides guidance with respect to targets or action where needed. Each focus area has a CSR working group that debates relevant subject matters and fleshes out (sub)activities. A Communications working group supervises the required communication drive to put CSR on the agenda both within and outside the organization.

Non-financial targets

Targets	KPIs	Results
a.s.r. is regarded as sustainable Dutch investor in 2020. a.s.r. encourages and promotes a sustainable investment policy. • a.s.r. is ranked in the top 3 of relevant sustainability indices.	• a.s.r. is 100% compliant with its own socially responsible investing policy with a specific focus on the integration of commercial asset management services. • Active engagement dialogues: at least seven engagement projects per year. • a.s.r. publishes a list of excluded companies (based on controversial activities, not conduct) and countries (full list with exclusions); these lists are updated twice and once a year respectively.	a.s.r. seeks to play a prominent role in sustainable business practices in the financial sector. • In November, the Fair Insurance Guide (FIG) published its fifth report on the sustainability policies of the Dutch insurance sector (eerlijkeverzekeringswijzer.nl). Of the ten largest life insurance companies in the Netherlands, a.s.r. is ranked first in the FIG in terms of sustainable investment policy. a.s.r. scored a 10 out of 10 for its policies on armaments, health and human rights. • The implementation of the SRI policy is assessed by the FIG via specific case studies. In February, the FIG published a study on fur and exotic leather, in which the entire insurance sector was criticized for a lack of policy and policy implementation. • In July, the FIG conducted a second case study on transparency and accountability, in which a.s.r. was referred to as one of the positive exceptions within the Dutch insurance sector. • In June, a.s.r. was included in the report 'Stop Explosive Investments' published by PAX. This report assesses financial institutions for their involvement in cluster munitions. a.s.r. was inducted in the Hall of Fame for the third consecutive year.

Targets	KPIs	Results
a.s.r. qualifies as sustainable employer in 2020. • a.s.r. will develop a new pay-and-benefits package together with HR and the Works Council; this package will substantiate a.s.r.'s status as sustainable employer.	• Absenteeism due to illness rate: no higher than 3.3% • Sickness frequency: 1 • 50% of vacancies filled by internal candidates.	a.s.r. has started a project to modernize the pay-and-benefits package in collaboration with the Works Council.
a.s.r. is regarded as sustainable Dutch insurer in 2020. • In 2016, a.s.r. will develop a definition of 'sustainable insurance' for each business line that is appropriate to that business line.	• An NPS of +11 at group level in 2016. • Funding of at least ten start-ups in 2016 through De Amersfoortse's Doorgaan.nl crowdfunding platform. • Six branded content publications that are socially relevant. 500,000 hits. • Ten initiatives that lead to a reduction in paper output in 2017, e.g. by developing online initiatives or simplifying the product offering.	The sustainability vision is discussed and will be fleshed out in collaboration with the business lines.
a.s.r. qualifies as sustainable company in terms of the environment and is 100% carbon-neutral by 2020. [2] • Achieving a measurable improvement towards carbon-neutrality in 2016.	• Reducing the carbon footprint of the a.s.r. head office at Archimedeslaan 10 by 2% in 2016, compared with 2015. • Achieving savings of at least 5% on fossil fuel consumption (carbon emissions) related to employee mobility in 2016, compared with 2015. • Adding a sustainability annex to contracts and achieving compliance with this annex for at least 60% of suppliers.	a.s.r. balances its CO2 emissions through Trees for All by planting trees in Bolivia.

Key Performance Indicators (KPIs) 2016

In 2016, a.s.r. translated its sustainability strategy into goals and metrics for each of the five priorities. a.s.r. seeks to achieve its sustainability targets by measuring the KPIs periodically and adjusting them where needed based on the measured parameters. This chapter describes the results achieved in terms of these KPIs in 2016 for each of these priorities and their interrelationships with the material aspects, the a.s.r. mission and a.s.r.'s strategy principles.

2.5.1 Insurance

a.s.r. is confident that it can justify its licence to operate by thinking in terms of customer interests and customer perception. a.s.r.'s products and services are at the basis of this licence to operate. Clarity, simplicity, efficient business processes and a robust financial position are essential in this context.

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1 See materiality matrix on page 34.

2 The emission is only at our own opertions (excluding Scope 3 GHG protocol).

Introduction
Strategic Report
Business Report
Governance Report
Financial Statements 2016
Other

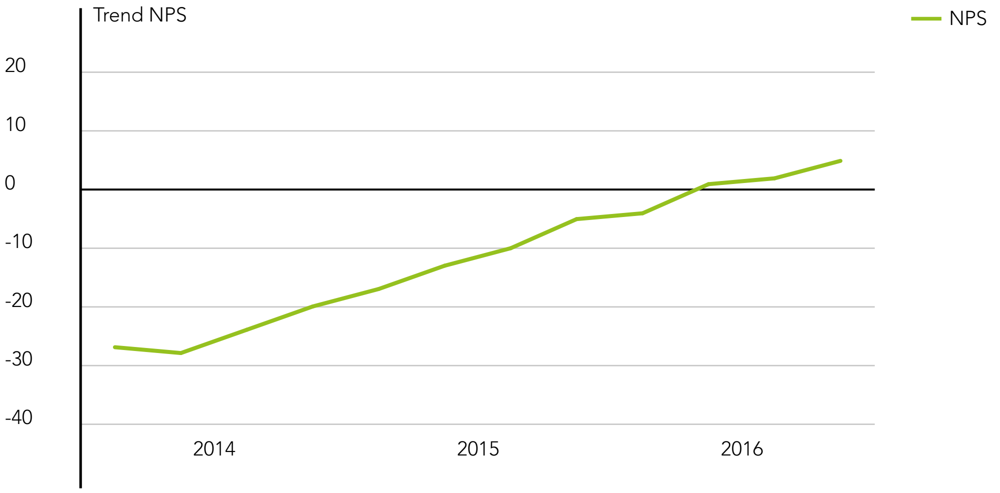
KPIs Insurance

	KPIs	Targets	Results	Material aspects[1]	Mission	Strategic principle	Risks
1.	NPS at group level	Achieve a score of +11	✗	Customer satisfaction and Service (G)	An insurer that customers can count on	Meeting customer needs	Unhappy customers might terminate their relationship with a.s.r. and generate negative media attention, creating the risk of loss of reputation
2.	Socially relevant branded content publications	6 publications 500,000 hits	✓	Customer satisfaction and Service (G)	An insurer that customers can count on	Meeting customer needs	Inadequate matching of content to customer needs
3.	Launching initiatives to reduce paper output in 2017	At least 10	✓	Offering socially responsible products (I)	Make a contribution to society	Meeting customer needs	Products that do not sufficiently meet social standards and values risk falling short of customer needs, leading to unhappy customers
4.	Funding via Doorgaan.nl	At least 10 start-ups	✓	Customer satisfaction and Service (G) Offering socially responsible products (I)	An insurer that customers can count on	Meeting customer needs	Risk of loss of reputation if the platform is used by unethical businesses

1. NPS at group level

a.s.r. measures its NPS because customer appreciation is a key priority in its strategy. In 2016, all product lines used product line-specific targets, which is designed to result in an NPS of +11 at group level. P&C, Pensions and Ditzo all met their specific targets. Health, Life, Banking and Occupational Disability did not manage to meet their product line-specific targets. As a result, a.s.r. did not meet the NPS of +11 at group level (See Appendix E for more information on the NPS).

Concern a.s.r. total



2. Six socially relevant branded content publications

In 2016 a.s.r. achieved the increase in scope and engagement for its labels by simplifying and providing access to relevant content for prospects, customers and advisers via branded content publications such as:

- Infographics and videos with prevention pointers;
- School challenge for primary schools in the Utrecht area.

3. Launching at least ten initiatives to reduce paper output in 2017

a.s.r. met this target. As a part of this drive, the company launched a number of initiatives in 2016 to refer customers to the right contact channel immediately to reduce paper output. These initiatives included:

- An email database that records email addresses and opt-ins from all business lines in a central location;
- Thanks to a newly initiated change to the IT system in 2017 call centre agents will be able to save a calling customer's email address and their opt-ins;
- Banners and contact forms promote digital communications and allow customers to enter their email address and opt-ins;
- P&C has phased out redundant/obsolete products and letters;
- At De Amersfoortse Health, the group of customers who still receive paper correspondence was encouraged to switch to online correspondence.

4. Funding via Doorgaan.nl

The objectives of the Doorgaan.nl crowd-funding platform, i.e. to fund at least 10 start-ups, were also met.

Key figures

	2016	2015
Amount funded	€ 409,128	€ 763,200
Average investment	€ 183	€ 199
% of funded projects	44%	55%
Total number of projects funded since creation	60	47
Number of likes	14,000	13,000
Number of visitors	180,934	355,594

Total funding since creation: € 1,878,418, of which co-funded by De Amersfoortse: € 205,195.

Transparent product and product descriptions

a.s.r. works continuously to improve its processes to help customers, for instance by making information accessible and easy-to-understand. In this context, a.s.r. uses the results of various internal and external reviews of its intermediary channels and consumers. These reviews have been implemented at all a.s.r. labels and business lines.

Internal reviews

- *Product Approval & Review Process (PARP):*
  To offer products and services that meet the right criteria, new and existing products are tested every six weeks in the PARP Committee (see chapter 5.8.3.2). In 2016, seven new propositions, 22 product adjustments and 20 reviews of existing products were submitted to the PARP Committee for approval.
- *Net Promoter Score (NPS)*
  A tool to measure how customers rate services.
- *Customer journeys*
  In order to identify potential improvements and implement these improvements, a.s.r. will engage in a dialogue with customers about their experience with the labels a.s.r., De Amersfoortse and Ardanta.

External reviews

- *Customer Centricity Dashboard*
  This survey of all Dutch insurance companies and banks, conducted by the Dutch financial markets regulator (AFM) benchmarks the extent to which Dutch financial institutions focus on customer interests in their products, services and processes. a.s.r. achieved a score of 4.2 out of 5 on the Customer Centricity Dashboard for 2015/2016.
- *Customer-Oriented Insurance Quality Mark*
  This is a quality mark for providing easy-to-understand information to customers, offering insurance policies that are appropriate and providing the best possible services. a.s.r., De Amersfoortse, Ditzo and Europeesche Verzekeringen managed to retain the quality mark. In the theme study Complaints, a.s.r. finished third in the top six of large insurance companies. Ardanta does not have the quality mark, but used customer journeys to build on various initiatives to provide its customers with appropriate levels of service.

See Appendix E for more information on consumer and intermediary research.

Complaints management

The Complaints Management team monitors the implementation of the complaints policy and manages the Complaints department accordingly. Complaints handling is decentralized. The key objectives of complaints management are as follows:

- a.s.r. is open to complaints, which is why it is easy for customers to file a complaint;
- a.s.r. communicates clearly on its views and regarding the resolution of the complaint;
- a.s.r. wants to learn from its mistakes, which is why customers are welcome to file complaints.

Customer journey

a.s.r. organised a Complaints customer journey in 2016. The recommendations were translated into improvement actions through workshops and a telephone coach.

Customer Centricity Dashboard
– Complaints Management by Insurers module

In the report on the survey conducted by the Dutch Insurance Review Agency for the AFM, a.s.r. scored a 4.5 out of 5. This was a 0.3-point improvement on the previous survey. As a result a.s.r. is now the third-ranked Dutch insurer.

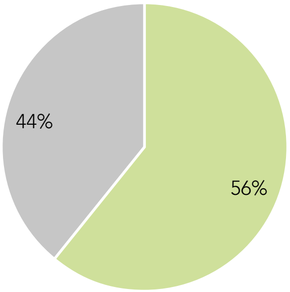
Complaints compass

a.s.r. is affiliated with the Dutch Consumer Association's Complaints Compass. In 2016, consumers awarded a.s.r. an average score of 8.2 for resolving complaints.

Learning and improving

In 2016, a.s.r. actively solicited feedback from customers on complaints handling. This led to a higher response rate. a.s.r. uses this feedback and follow up on it.

Handled complaints



	2016	2015
🟩 Upheld	3,564	4,865
⬜ Rejected	2,755	3,100

2.5.2 People

Having an expert, qualified and healthy workforce is a key factor in a.s.r. success in achieving its objectives. That is why a.s.r. is committed to attracting, retaining and captivating the right people, offering them extensive scope for training and development, and facilitating a healthy work/life balance.

KPIs People

	KPIs	Targets	Results	Material aspects	Mission	Strategic principle	Risks
5.	Absenteeism rate	No more than 3.3%	✗	Healthy and inspiring work environment (N)	Make a contribution to society	-	Without sustainable employability, a.s.r. might not be able to provide the envisaged services, thereby creating unhappy customers
6.	Sickness frequency	1	✓	Healthy and inspiring work environment (N)	Make a contribution to society	-	
7.	Filling vacancies by internal candidates	At least 50%	✗	Sustainable employability (P)	Make a contribution to society	-	

5. and 6. Absenteeism and sickness frequency

Absenteeism and sickness frequency are indicators of the vitality of our employees and hence of our organization. The absenteeism tracking system measuring daily absenteeism and absenteeism rate in accordance with CBS standards, which differ from the a.s.r. standards. Social and Medical Teams are in regular contact with the occupational health & safety service, the management and HR about the absenteeism and sickness frequency levels per team, department and business line.

At employee level, line managers take on the role of case managers in the event of absenteeism; they are in charge. This is how a.s.r. seeks to reduce its absenteeism rate. Employees who are on long-term sick leave or are frequently absent receive support from HR's own absenteeism officers.

Over the past few years, a.s.r. has launched various initiatives to reduce the absenteeism rate and the level of sickness frequency. For details on these initiatives, see later on in this chapter.

All things considered, the KPI for the sickness frequency was met, but the absenteeism rate was still too high to achieve the KPI.

Results for 2016

	2016	2015
Absenteeism rate	3.7%	3.5%
Sickness frequency	0.9	1.0

7. 50% of vacancies filled by internal candidates

Starting from the same number of vacancies (300), the goal was to fill half of these vacancies (150) with internal candidates.
In this context, a.s.r. invests in the personal agility of its employees and encourages them to take charge of their own sustainable employability in the labour market.
It turned out that most of the vacancies were available in specific disciplines requiring specialist college or university education. As a result, a.s.r. did not have enough internal candidates to meet this KPI in the full.

Vacancies filled

	2016[1]	2015
Internal candidates	100	123
External candidates	254	227

[1] 61% of total vacancies were filled by man and 39% by women.

In order to place as many internal candidates as possible, career coaches and recruiters work in close collaboration to match supply and demand. Together with management, the entire a.s.r. population is reviewed in order to map out the capabilities and ambitions of employees and to make the best possible use of any developments. The annual review helps to reveal people's individual capabilities and ambitions.

Finally, a.s.r. has various career coaches of its own to provide guidance to employees who need help with development issues or sustainable employability.

Employee engagement

The engagement scan is an important indicator of how employees perceive a.s.r. as an employer. This is a prerequisite for being an insurer that is trusted by its customers. The results of the scan are used to boost employee engagement.

The engagement score rose by 11.5 percentage point in 2016 for the following reasons:

- Employees take more pride in a.s.r. and its reputation;
- Employees have more faith in the company;
- Employees give a higher rating to their development options within a.s.r.;
- Employees are more motivated to contribute to a.s.r.'s success.

Engagement score

	2016	2015
Response rate	78.9%	82.6%
Engaged	65.0%	53.5%
Nearly engaged	27.1%	33.6%

a.s.r. Code of Conduct

The a.s.r. Code of Conduct (asrnl.com) describes what a.s.r. stands for as a business and what conduct and behaviour it expects from its employees. The purpose is to help protect the company's reputation through impeccable, professional conduct. The conduct should be in line with its principles.

The code is given to all a.s.r. employees and is a part of their employment contract. In 2016, the code was updated and approved by the Executive Board after consulting with the Works Council.

All employees and anyone who regularly performs work for a.s.r. must take an oath or a solemn affirmation. This demonstrates that the employee accepts the a.s.r. Code of Conduct and complies with the same. The aim is to maintain and promote confidence in the financial sector and its role in society.

Unethical conduct and fraud

Fraud, including corruption and unethical conduct, undermines public trust in a.s.r. and in the financial sector as a whole. a.s.r. attaches great value to its integrity and good reputation as a financial services provider, and is committed to preventing fraud and unethical conduct. a.s.r. actively looks to prevent, detect and investigate fraud and/or unethical conduct, and to address it in a uniform and adequate manner. a.s.r.'s fraud prevention policy is based on the sector-wide policy that financial institutions use to fight fraud. This policy promotes compliance with relevant laws, regulations, ethical standards and any related internal procedures. a.s.r. has in place an incident policy and desk for reporting incidents and data leaks. Under the whistleblower procedure, a.s.r. employees can report instances of malpractice (or suspected malpractice) freely and without feeling threatened. Violation of or non-compliance with the code of conduct is considered a serious breach of the trust the employer has in the employee and will lead to disciplinary measures.
To limit the risk of a.s.r. hiring persons who may cause physical, financial or reputational harm to a.s.r., its customers or other business relations, everyone working at or for a.s.r., including suppliers and brokers, is expected to undergo integrity screening in advance.

Diversity

a.s.r. is committed to offering people from vulnerable groups in society a place within its organization.

Dutch Participation Act

a.s.r.'s policy is designed to hire a specified number of people with an occupational impairment, culminating in at least 70 jobs of 25.5 hours per week (approx. 45 FTEs) by 2026. To achieve this, a.s.r. has set up a Participation Desk. The mission of which is to place low-skilled people with an occupational impairment in specific jobs. In 2016, a.s.r. had 12 employees with an occupational impairment (9 young people through the Participation Desk and three other people elsewhere at a.s.r.).

In the event of equal suitability, highly skilled people with an occupational impairment are preferred. In 2017, 24 jobs must be available to employees governed by the Dutch Participation Act.

Breakdown male and female

Breakdown in management positions

	2016		2015	
	Female	Male	Female	Male
Up to and including pay scale 9	52.4%	47.6%	54.2%	45.8%
Pay scale 10	29.1%	70.9%	28.4%	71.6%
Pay scale 11	30.7%	69.3%	28.0%	72.0%
Pay scale 12	20.7%	79.3%	22.7%	77.3%
Pay scale 13+	23.0%	77.0%	24.5%	75.5%
Executive Board	25.0%	75.0%	25.0%	75.0%
Supervisory Board	25.0%	75.0%	33.0%	67.0%

Breakdown of workforce by gender and age

	2016		2015	
	Male	Female	Male	Female
16-20	1	1	1	1
21-25	40	36	31	34
26-30	117	148	109	125
31-35	200	169	200	178
36-40	234	219	252	221
41-45	290	208	324	220
46-50	365	219	373	219
51-55	337	179	356	187
56-60	325	102	311	91
61-65	141	33	113	29
>65	1	-	-	-
Subtotal	**2,051**	**1,314**	**2,070**	**1,305**
Total	**3,365**		**3,375**	

Sustainable employability

In order to also enable employees to participate in the labour market for as long and as actively as possible, they need to be motivated and have the right skills and training background. a.s.r. creates opportunities that enable each employee to increase their chances on the labour market. In this process, employees can seek the guidance of career coaches and an extensive range of workshops and courses.

In 2016, 295 employees received sustainable employability counselling and 112 availed themselves of mobility services (redundancies). The Other Plan will be kicked off in 2017 and, as part of Mobility Concrete, a.s.r. wants at least 10% of all employees to make use of counselling and/or take one or more sustainable employability workshops every year.

Health and vitality

a.s.r. is committed to the health and vitality of its employees, for instance via its occupational health & safety policy and its focus on the importance of mental and physical health, the provision of sports facilities and online and other courses on time management and the prevention of work-related stress.

Through The New World of Work and the provision of convenience services, a.s.r. tries to contribute to a healthy work/life balance for its employees.
a.s.r. put extra focus on health and vitality in 2016 through initiatives such as the national stair-climbing week, the week of work-related stress and (anti)bullying week.

In May 2016, ArboNed, a.s.r.'s occupational health & safety service, performed a Risk Inventory & Evaluation (RI&E) in the areas of safety, health and welfare. a.s.r. amended the Occupational Health & Safety Policy 2016-2020 on the basis of the outcome of the RI&E. The recent amendments to the Dutch Occupational Health & Safety Act were also added in this process. The Occupational Health & Safety Policy 2016-2020 was discussed with the Works Council and will be submitted for approval. After this approval has been granted, a.s.r. will implement the policy.

Training and development

In addition to an extensive range of job-related development courses, a.s.r. has developed various initiatives that support employees in their further development.

Courses taken in 2016

Duration of course	
- Male	31,88 hours
- Female	31,12 hours
Number of employees	2,006
- Male	1,221
- Female	785

On the Move

This project offers support to colleagues who want to take charge of their own future in terms of talent development or sustainable employability, or because they are made redundant. By helping our employees to develop, we increase their agility and their chances on the labour market, which also helps to prevent them from becoming redundant (in the longer term). In 2016, the following number of the employees applied to qualify for On the Move:

- 948 employees took a sustainable employability workshop;
- 286 employees took part in an individual counselling project;
- 112 employees received guidance after having been declared redundant.

On the Move Café
Last year saw the opening of the On the Move Café, a live meeting place where everything revolves around career development and sustainable employability. Last year a.s.r. organized 11 On the Move Cafés. Themes addressed included personal branding, the labour market for people over 50, developments in the IT&C market and self-employment.

Review
During the annual employee review, a.s.r. draws up an inventory of its employee base by discussing the performance and potential of all managers and employees, and entering them in a matrix. The results serve as input for strategic staffing, development programmes, succession planning, mobility and recruitment.

Development programmes

Four development programmes in 2016

Programme		Pay scales	Invited in 2016
Right person, right place		All	338
Professional Development Programme	PDP	2 to 8	229
Talent Development Programme	TDP	9 to 12	295
Management Development Programme	MDP	13 to 15	42

All development programmes consist of modules, span a year and focus on themes such as captivating, developing, inspiring and strengthening. The modus operandi ranges from workshops, peer reviews, mentoring, individual courses, management lunches and group assignments to participation in social projects. Delegates decide for themselves what they sign up. Participation is voluntary, but not without obligation.

Trainee programme
a.s.r. offers a trainee programme in which trainees spend 18 months at a business unit, during which they are involved in four different projects. This allows the trainees, who are university-educated, to build up targeted knowledge and experience. Trainees are hired specifically for a business line or discipline. After the traineeship, the trainee is offered a job. Five trainees started in 2015 and in 2016, six trainees were taken on in April and ten in November.

Leadership development
In 2016 a.s.r. set up a leadership development programme which will be kicked off in 2017.

Dutch Financial Supervision Act (Wft)
On 1 January 2017, a set group of front-office staff are required to meet the requirements of the new professional competence framework of the Dutch Financial Supervision Act. This means that they need to have earned professional qualifications and must be able to demonstrate that they are taking continuing education courses. In November 2016, 187 employees were Wft-certified and two employees holding a role governed by the Wft were not Wft-certified. One of these two people will leave the organization; while the second has signed up for On the Move.

Recruitment and selection
To attract the right people in the market, a.s.r. is making use of aptitude and ability tests in its recruitment process. This narrows down the group of potential candidates, so that a.s.r. engages only with candidates who are actually suitable for a role. a.s.r. is also making more and more use of social media to showcase vacancies and what is like to work at a.s.r. a.s.r. employees are given priority to retain knowledge and experience for the organization and to increase people's internal agility.

Pay and benefits
Based on the outcome of the survey of pay and benefits (the preference scan) in October 2015, a.s.r. initiated the project to modernize its pay-and-benefits package in 2016. a.s.r. asked the Works Council what criteria should be the pay-and-benefits package meet to qualify as sustainable and future-proof. These are: freedom of choice, fewer rules, transparency and clarity, sustainability, focus on development/growth, simplicity, mature employment relationship and competitiveness.

New redundancy plan: The Other Plan
Prior to a restructuring operation, a.s.r. consults the relevant employee representation body (Works Council). Once this process is completed, the company implements the restructuring. The employment implications are covered in the redundancy plan that has been agreed with the trade unions. Under the redundancy plan 2016 (The Other Plan), the counselling process starts from the date that an employee becomes redundant. An employee receives guidance over a period of six months (26 weeks); during this period, which is meant to help them find a new job, the employee is exempted.

The redundancy plan 2015 was in force for 2016. In 2017 and 2018, The Other Plan will be different in terms of both design and scope; it will focus on development and sustainable employability. A (potential) restructuring will be divided into three stages:
- My Plan, stage 1: expectation of (potential) redundancy;
- My Plan, stage 2: after notice of redundancy;
- My Plan, stage 3: from the time of redundancy.

2.5.3 Investments

Sustainable investments

The a.s.r. SRI policy describes the ethical and sustainability criteria that apply to a.s.r. investments for internal and external client portfolios, covering internally managed as well as externally managed assets. The full a.s.r. SRI policy is available on asrnl.com.

KPIs Investments

	KPIs	Targets	Results	Material aspects	Mission	Strategic principle	Risks
8.	Compliance with own CSR policy with specific focus on integration of commercial asset management	100%	✓	Socially responsible investment policy (L)	Make a contribution to society	Meeting customer needs	If a.s.r. does not invest in a socially responsible manner, investments may not match the values and standards of our policyholders, creating the risk of loss or reputation
9.	Active engagement dialogues	At least 7	✓	Socially responsible investment policy (L)	Make a contribution to society	Meeting customer needs	
10.	Publication of list of excluded companies and countries	2 publications for companies and 1 publication for countries	✓	Socially responsible investment policy (L)	Make a contribution to society	Meeting customer needs	
11.	Tenant satisfaction rating[1]	At least 7.0	✗	Customer satisfaction and Service (G)	An insurer that customers can count on	Meeting customer needs	Unhappy customers might terminate their relationship with a.s.r. and generate negative media attention, creating the risk of loss of reputation
12.	National property portfolio asbestos-safe by 2020	Start review	✓	Offering socially responsible products (I)	An insurer that customers can count on	Meeting customer needs	Products that do not sufficiently meet social standards and values create a risk of falling short of customer needs, leading to unhappy customers

8. 100% compliance with own CSR policy, including (after integration) commercial asset management

We safeguarded full compliance of our SRI policy a three-step process in 2016: internal teams (Investment departments), compliance process (Risk) and an independent audit by an external party (Forum Ethibel). On the asset management portfolios front, 2016 was a year of transition towards harmonization. We introduced the a.s.r. sustainability policy, while the old sustainability policy for asset management (based on Sustainalytics scores) was also applied. The exclusion criteria for countries and companies have been set up through pre-trade and post-trade compliance. Sustainalytics performs ex-post audits of asset management funds; the outcomes are published on asset management's corporate website.

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[1] The definition of the calculation of the tenants satisfaction of offices in 2016 is equal to the tenants satisfaction definition of stores. Therefore, the tenant satisfaction has a different value compared to 2015.

9. Active engagement dialogues: at least seven engagement projects per calendar year

a.s.r. uses three forms of engagement:

- Monitoring;
- Influencing;
- Public engagement.

In 2016, a.s.r. entered into a partnership with engagement specialist RobecoSAM on the engagement by influencing front. In consultation with RobecoSAM, a.s.r. has selected a number of companies and is seeking to engage with at least seven of these companies each calendar year. In 2016, a.s.r. participated in 12 engagement dialogues.

10. Publication of list of excluded companies and countries

a.s.r. wants to increase the transparency of its CSR policy and its implementation. In 2016, a.s.r. started to publish lists of excluded companies (based on controversial activities) and countries on its corporate website (asrnl.com). In 2016, we started publishing a list of the companies we are engaging with, including the criteria and status.

Sustainable investing at a.s.r.

The a.s.r. SRI policy has been integrated into the investment practice by way of:

Exclusion criteria for countries and companies

a.s.r. pursues a strict exclusion policy based on controversial activities that we apply to internally managed portfolios, both for countries and companies. This policy covers producers of controversial or offensive armaments, nuclear energy (if more than 50% of a company's revenues), gambling and tobacco. In 2016, a.s.r. analyzed and identified climate-related risks for its investment portfolio, such as stranded assets and changing business models in the mining and energy sectors. As a first step, a.s.r. expanded its exclusion policy for companies to include severe environmental breaches or the generation of 30% or more from their direct revenues from coal. a.s.r. also requires businesses to comply with international conventions on human rights and labour rights, and applies criteria related to gender equality, freedom of union, exclusion of child labour, indigenous people's rights, etc. By the end of 2016, 186 of the screened companies had been excluded due to their involvement in human rights violations (3), labour rights violations (3), environmental violations (6), armaments (68), tobacco (15), gambling (31), coal (55) and nuclear energy-related activities (5). With regard to investments in sovereign debt, a.s.r. has excluded 81 countries that are poor performers in the annual report of Freedom in the World or have a low ranking on the Corruption Perceptions Index.

Sreening process

VigeoEiris (vigeo-eiris.com), an independent agency accredited by Arista, screens companies using the a.s.r. SRI policy as a basis. The Arista Standard sets the rules for assessing evidence of transparency and verifiability of the processes involved in Responsible Investing research. In addition, Forum Ethibel (forumethibel.org) carries out an independent audit and certification of SRI principles in a.s.r.'s investment portfolio and the engagement process on a semi-annual basis.

ESG Integration for best-in-class investments

Best-in-class investing is part of the a.s.r. selection process for companies based on ESG best practices and products. a.s.r. favours companies that deliver an above-average performance in the area of ESG policy and implementation. Based on VigeoEiris research, they are classified as pioneering, best-in-class and sustainable companies using a relative, sector-based ranking for six domains of analysis: Human Resources, Environment, Market Ethics, Good Governance, Social Impact and Human Rights. A detailed description of these criteria has been posted on asrnl.com.

Engagement

For a.s.r., there are three types of engagement:

- *Engagement for the purposes of influencing:* This type of engagement is used with companies who have been identified as acting in conflict with the UN Global Compact Principles governing human rights, labour rights or the environment. Since 2016 a.s.r. has published the list of companies, the reasons for engaging with them and the current status on its corporate website. This information is updated twice a year parallel to the a.s.r. SRI screening cycle;
- *Engagement for the purposes of monitoring:* During 2016, a.s.r. frequently raised the issue of sustainability with various companies in its investment portfolio, for instance to discuss executive remuneration, but also with suppliers to review and enhance their ESG criteria, and with clients or consultants to improve a.s.r.'s SRI policy and implementation. a.s.r. was also invited as a stakeholder to elaborate on its views and requirements in the area of sustainability reporting for an external party;
- *Public engagement:* In 2016, a.s.r. actively participated in a broad dialogue to create an International Corporate Social Responsibility (ISCR) sector covenant, together with peers, the public sector and various social institutions. a.s.r. became a signatory and took part in a work stream of the Dutch Sustainable Developments Goals (SDG) Call for Action, which aims to accelerate the implementation of SDGs in the Dutch financial sector. a.s.r. hosted the 20th anniversary of the Dutch Association of Investors for Sustainable Development (VBDO) which focused on the theme of Impact Investing. a.s.r. gave its commitment as a sponsor for the SAA Masterclass series on climate risks. In addition, a.s.r. provided input for academic research, questionnaires and publications regarding various sustainability issues, such as natural capital or impact investing.

Impact investing

In the investment process, a.s.r. pays special attention to impact investing. Through these investments, a.s.r. makes a sustainable contribution to society, for instance through waste recycling, renewable energy (solar and wind), social enterprises or contributing to health improvements. In 2016, a.s.r. committed € 5 million to Social Impact Ventures (socialimpactventures.nl) and provided € 30 million in funding for the Dutch SME market via private loans/bonds. By the end of 2016, our exposure to non-listed impact investments stood at slightly more than € 57 million. a.s.r. also invested in listed vehicles, such as green bonds, that address specific environmental or societal needs.

Voting policy
A shareholders' right to vote is essential for the proper functioning of a corporate governance system. We exercised this right whenever relevant. a.s.r.'s voting policy (asrnl.com) has been developed in accordance with the Dutch Corporate Governance Code and a.s.r.'s SRI policy. This policy is applicable to all internally managed listed equities. In 2016, a.s.r. voted at nearly 93% of the shareholder meetings held by equity investments.

The voting accountability report provides a semi-annual review of how a.s.r. exercised its voting rights at shareholder meetings. The full report for 2016 is available on a.s.r.'s website.

Human rights
Human rights are basic rights and freedoms that all people are entitled to. a.s.r. respects and subscribes to fundamental human rights as internationally agreed in the Universal Declaration of Human Rights, and a.s.r. expects the same from its employees, customers and other business associates.

Investment portfolio
Moreover, a.s.r. fully endorses human rights in its business dealings, for instance by implementing various policies, such as the voting policy or the Socially Responsible Investment Policy. a.s.r. signed the United Nations Principles for Responsible Investments (UNPRI) in 2011. a.s.r. always verifies, with the assistance of an independent international screening agency, whether companies included in its investment portfolio are not involved in human rights abuses.

a.s.r. excludes investments in companies if they are complicit in systematic and/or gross violations of human rights. These human rights standards can be found in the International Bill of Human Rights (IBHR). IBHR consists of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights and its two Optional Protocols. There are nine core international human rights treaties. Each of these treaties has established a committee of experts to monitor the implementation of the treaty provisions by its contracting parties. Some of the treaties have been supplemented with optional protocols covering specific concerns. These includes:

- International Convention on the Eliminations of All Forms of Racial Discrimination (1965);
- International Covenant on Civil and Political Rights (1966);
- International Covenant on Economic, Social and Cultural Rights (1966);
- Convention on the Elimination of All Forms of Discrimination against Women (1979);
- Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984);
- Convention on the Rights of the Child (1989). International Convention on the Protection of the Rights of;
- All Migrant Workers and Members of Their Families (1990).

Procurement
a.s.r. wants to ensure that international human rights are respected throughout the production process of the goods and services that are purchased. These sustainability aspects are assessed in all new contracts and contract renewals.

Sustainable real estate

11. Tenant satisfaction rating of at least 7.0

a.s.r. Real Estate Investment Management (a.s.r. REIM) seeks to rent properties to committed, mindful and satisfied tenants. In this context, it periodically performs customer satisfaction surveys of tenants of residential properties (ASR DCRF), retail and office properties (ASR DPRF and ASR PF) and lessees and leaseholders (rural real estate).

The most recent surveys have shown that the scores achieved were as follows (on a ten-point scale): ASR DCRF: 7.1; ASR DPRF: 7.2; rural real estate: 7.5. In other words, these business lines met the target. With a score of 6.5, the Office business line fell short of the mark; its key objective is to improve upon this score. This target will apply in the coming year.

12. National property portfolio asbestos-safe by 2020

a.s.r. REIM seeks to minimize the presence of asbestos in its existing Dutch property stock. To achieve this, the entire portfolio of retail, office and residential properties has been made asbestos-safe. Some buildings in the rural real estate portfolio may still contain asbestos. In order to make its rural real estate portfolio fully asbestos-safe by 2020, the goal for 2016 was to conduct an asbestos screening and to perform asbestos abatement procedures at no less than 5% of at-risk addresses. a.s.r. exceeded this goal in 2016 was amply achieved: 27% of the addresses in the portfolio were declared asbestos-safe.

a.s.r. REIM invests for its clients in retail properties, residential units, offices, agricultural land and country estates.

Making real estate more sustainable
a.s.r. REIM seeks to make the properties in its portfolio more sustainable at natural moments using as many green solutions as possible using sustainable materials and methods and with a keen eye for the risks associated with asbestos and soil pollution.

Sustainable forestry
Part of a.s.r. REIM's assets under management qualify as rural real estate, some of which (15%) are country estates with wooded areas and natural habitats. a.s.r. REIM's forest management meets the sustainability principles of the codes of conduct for nature management and forest management. Through these investments, a.s.r. REIM makes a structural contribution to the management and upkeep of the Dutch (agricultural) landscape.

Sustainable investing
By participating annually in the GRESB, a.s.r. REIM improves the transparency and awareness of sustainability.

In 2016, all three funds improved their score compared the scores for 2015:

- ASR Dutch Core Residential Fund (ASR DCRF) – Green Star with two stars;
- ASR Dutch Prime Retail Fund – Green Star with three stars;
- ASR Property Fund (ASR PF) – Green Talker.

The ambition is to achieve and retain Green Star status (highest rating) for all three funds.

Society
a.s.r. REIM participates in two institutions for general public advancements (foundations), whose mission is to monitor natural and scenic values and cultural and social heritage, as well the management of same for future generations to enjoy:

- Stichting Ambachtsheerlijkheid Cromstrijen;
- Stichting Kasteel Bleijenbeek.

2.5.4 Environment

a.s.r. wants to be a good steward of nature and the environment by preventing waste and limiting negative impacts. To achieve this, a.s.r. works with an environmental management system.

On the environmental front, a.s.r. puts special focus on its carbon footprint, which comes in two varieties:

- Direct footprint, due to its own activities;
- Indirect footprint, as a result of investment activities (see chapter 2.5.3).

KPIs Environment

	KPIs	Targets	Results	Material aspects	Mission	Risks
13.	Reduce carbon footprint of a.s.r. head office	2% improvement on 2015	✗	Focus on climate change in our activities (S)	Make a contribution to society	If our services place insufficient focus on climate issues, a.s.r. may not be perceived as committed to society, creating the risk of loss of reputation
14.	Saving on fossil fuel consumption (carbon emissions) with respect to mobility	5% improvement on 2015	✗	Focus on climate change in our activities (S)	Make a contribution to society	
15.	Sustainability annex to procurement contracts and compliance with this annex	At least 60% of contracts	✗	Supplier rating of effects on society (R)	Employer with a human dimension	a.s.r. working with suppliers that do not meet social sustainability standards may cause negative media attention, creating the risk of loss of reputation

13. Reducing the carbon footprint of the a.s.r. head office by 2% against 2015

a.s.r.'s direct footprint consists of waste, fuel, heat, electricity, cooling, commuter travel and business travel. In 2016, a.s.r. sought to reduce its direct footprint by 2%. The relocation of Europeesche Verzekeringen (see Housing) resulted in an increase in headcount of 528 FTEs in Utrecht, and as a result the absolute carbon footprint of the a.s.r. head office increased by 6% in 2016. The remaining emissions reduction will be achieved via 'Trees for all' credits in 2017.

Commitments

a.s.r. has undertaken the following commitments to reduce its carbon emissions:

- Signing of the Paris Pledge and the Dutch Business Sustainable Mobility Pledge;
- Membership of Dutch Climate Coalition: working together to create a climate-neutral society;
- MYA 3: achieved more than 50% in savings in 2016.

14. Achieving a saving of at least 5% on fossil fuel consumption related to employee mobility in 2016 compared with 2015

Mobility (business travel and commuter travel) accounts a major proportion of a.s.r.'s carbon footprint: this is calculated based on the fuel consumption of the various vehicles.

In 2016, fossil fuel consumption made up 96.1% of a.s.r.'s total carbon footprint, representing an 8% increase compared to 2015.

Mobility

a.s.r. has taken the following measures to make its commuter travel and business travel more sustainable:

- Less travel due to The New World of Work;
- Lease policy restrictions;
- Facilitation of alternative vehicles;
- A 'drivers' battle' and e-learning courses for lease car operators;
- An appropriate parking policy.

In 2016, mobility at a.s.r. can be broken down as follows:

- 21% bicycle use;
- 48% car use;
- 30% public transport use;
- 1% carpool use.

a.s.r. can achieve the greatest impact on the further reduction of direct carbon emissions by cutting mobility-related emissions.

Mileage clocked up by head office workers (in kilometres)

	2016	2015
Commuting mileage	26,948,833	25,487,491
Airplane mileage	1,008,660	676,388

The increase in commuter mileage was due to the relocation of Europeesche Verzekeringen to Utrecht (see Housing).
The increase in airplane mileage was due to the IPO, as a.s.r. gave multiple analyst presentations in Europe and beyond.

Commitments
a.s.r. signed the Dutch Business Sustainable Mobility Pledge in 2016. As part of this pledge, a.s.r. is now affiliated with the Anders Reizen (Travel Differently) working group, in which large Dutch employers are working to reduce mobility-related emissions and share best practices.

Environmental performance

Category of carbon emissions (%)	2016	2015
Fuel and heat	1.6	4.59
Electricity[1]	0.0	0.0
Cooling	0.7	0.78
Business travel	36.6	32.98
Commuting	59.5	59.97
Waste	1.5	1.69
Total	**100.00**	**100.00**

[1] In 2016, electricity use was offset by the use of Swedish wind energy, using emission factor zero.

Carbon footprint of head office

	2016	2015
Tons of carbon equivalents	7,401.12	7,000.36
Business travel	36.6	32.98
Commuting	59.5	59.97

a.s.r.'s carbon footprint is determined annually by an external agency using Carbon Manager based on Green deal carbon emission factors.

Housing
a.s.r. completed the sustainable renovation of its head office in 2016. As a result, the building's energy efficiency label improved from G to A++ and the building was awarded a BREEAM Excellent rating.

The office of Europeesche Verzekeringen at Hoogoorddreef 56A (Amsterdam) was closed in April 2016. Its employees have been relocated to the a.s.r. head office.

Energy
The 30% energy efficiency improvement under the MYA3 covenant (see Appendix C) was achieved back in 2014. a.s.r. achieved further savings in 2016 by closing the Amsterdam branch and through the sustainable renovation of the head office. In 2017, the Long-Term Energy Storage (LTEO) (see page 273) and the power plant will be better matched to further streamline the operation of all installations in the office.

Geothermal energy
In 2016, a consortium of organizations submitted a quality document to the Dutch Ministry of Economic Affairs within the scope of the research being conducted into whether geothermal heat/electricity can be used to heat or cool the office building, thereby making it virtually carbon-neutral.

The consortium consists of a.s.r., Utrecht University, Stichting Kantorenpark Rijnsweerd (Rijnsweerd business park foundation), energy firm Engie, the University of Applied Sciences Utrecht, University Medical Center Utrecht and TNO.

Waste
One of a.s.r.'s priorities is to maximize the reduction and recycling of waste volumes. a.s.r.'s waste is processed by Sita, a waste-processing company. Sita has calculated that a.s.r. recycles 33% of its waste. Total volume of waste in 2016: 352,000 kg. For a breakdown of waste flows, see Appendix G.

Procurement

15. Sustainability annex to procurement contracts and compliance with this annex in 60% of contracts

This target was not achieved. The annex was completed and approved in December. After that, there was no time to implement it in 60% of the contracts managed by Procurement.

In addition to drafting the annex, a.s.r. verified suppliers using FIRA and by asking relevant sustainability questions were in procurement processes in 2016 in accordance with the a.s.r. procurement policy and within the scope of CSR.

Socially Responsible Procurement (SRP)
The SRP policy is implemented as follows:
- a.s.r. uses a fixed set of (category-specific) environmental and social criteria;
- a.s.r. informs suppliers in advance that these criteria form part of the selection process;
- a.s.r. challenges suppliers to come up with alternatives that are a good match for contemporary criteria.

Supply chain

Number of suppliers	2,488
Registered with FIRA	74 (29% of total number of suppliers)
Suppliers domiciled in the Netherlands	95%
Suppliers domiciled in the EU	2%
Suppliers domiciled outside the EU	3% (1% US)
Estimated value of payments	€ 311 million[1]

[1] This does not include the primary costs of loss adjusters, crash repair companies and benefits paid by a.s.r. product lines such as occupational disability, P&C and pensions.

Outsourcing policy

Procurement reviews whether suppliers meet the criteria set in the relevant policy (as formalized in the Financial Supervision Act - Wft), defined by Compliance. a.s.r. uses a standard contract, including the a.s.r. governance annex, if a procurement process qualifies as outsourcing. This streamlines the supervision within and outside a.s.r. Reports of relevant meetings are included in the contract file of the supplier in question, which guarantees stakeholder alignment with Legal, Compliance and Audit.

Climate change

a.s.r.'s opinion is that climate change will affect its customers profoundly. When risks due to climate change affect its customers, a.s.r. will help those directly affected. When climate change causes changes in the risks faced by its customers, a.s.r. will change its propositions to meet the needs of its customers as affectively as possible.

a.s.r. believes that climate change risks will mainly affect the P&C business. In its operations, a.s.r. currently manages the impact of climate change and weather-related events at different levels. a.s.r. analyzes climate change as a whole and calamities in particular on a regular basis (e.g. the hailstorm that took place in June 2016). If deemed necessary, a.s.r. adjusts premiums so they still reflect the underlying risks. a.s.r. is in a position to change its premiums relatively quickly thanks to the fact that the vast majority of contracts are up for annual renewal.

At portfolio level, a.s.r. maintains a conservative reinsurance cover for catastrophes. The duration of reinsurance contracts is an adequate match for the duration of P&C contracts. As a result, even relatively sudden changes in climate risk can be priced adequately and transferred if necessary.

Liability risk associated with climate change

a.s.r.'s P&C portfolio is largely made up of retail customers and SMEs. National and provincial government, authorities and energy companies, do not mesh with the a.s.r. P&C risk appetite. The underwriting of municipal liability within the Large Corporates team poses a potential risk. At present, the P&C business provides cover to 15 municipalities.

The claims-made principle also remains in effect:
- A claim must be filed during the policy period;
- The circumstance or event must have taken place during the (retroactive) policy period.

In the case of higher-risk organizations (municipalities, construction companies, industry, etc.) are concerned, the P&C business exercises extreme restraint in granting retroactive cover. It is usually capped at no more than five years prior to the effective date of the policy. This sharply reduces the risk of prior-year claims, when compared to the loss occurrence system.
The product may still pose a risk if a causal connection can be demonstrated between operations and climate change. The first lawsuits related to this topic in the United States (where liability is usually more likely to be awarded than in the Netherlands) have not yet led to a demonstration of this causal connection. If this connection, liability cover also requires damage to property or personal injury. Pure financial losses are excluded under a.s.r.'s liability policy.

Assets

As a signatory of the Paris Pledge for Action, a.s.r. pursues efforts to limit global warming to 1.5°C. a.s.r. has analyzed and identified risks for the investment portfolio, such as stranded assets and changing business models in the mining and energy sectors. As a result, a.s.r. expanded its exclusion policy in July 2016 to include environmental controversies. It now excludes companies that commit severe environmental breaches or derive 30% or more of their revenues from coal.

2.5.5 Society

KPIs Society

	KPIs	Targets	Results	Material aspects	Mission	Strategic principle	Risks
16.	Transparency Benchmark Annual Report 2015	• At least 100 points in total for 'Policy & Results' • At least half of maximum number of points for 'Reliability'	✓	Compliance with rules and regulations (A)	Make a contribution to society		Court rulings, opinions issued by regulators and dispute committees can generate a lot of media attention sector-wide and perhaps cause disgruntlement among policyholders, creating an enhanced risk of loss of reputation or financial losses for a.s.r.
17.	Volunteering within the 'Financial Self-Reliance domain'	• At least 170 volunteers • At least 1,700 hours	✓	Contribution to financial education and self-reliance of financially vulnerable groups in the Netherlands (F)	Make a contribution to society		Failure to contribute to the support of financially vulnerable groups in society may lead to a.s.r. being perceived as not committed to society, creating the risk of consequential losses to its reputation
18	Financial Strength Ratio S&P for operational insurance business units	• Single A status	✓	Financial performance (B)	Stable financial institution	Cash flow-generating business model	If the financial performance falls short of the mark, the buffers may be inadequate to meet all financial obligations
19	Solvency II ratio	• Above 160%	✓	Solvency (meeting payment and repayment obligations) (C)	Stable financial institution	Cash flow-generating business model	If the capital position falls short of the mark, there is a chance that the buffers may be inadequate to absorb all risks, leaving a.s.r. with insufficient resources to meet all its financial obligations

16. Transparency Benchmark 2016

- At least 100 points in total;
- At least half of maximum number of points for 'Policy & Results' and 'Reliability'.

a.s.r. participated in the Transparency Benchmark for the fifth time last year and moved up from a ranking of 136 to a ranking of 60. This improvement was partly due to the limited assurance EY provided on the CSR-related KPIs and the GRI G4-based reports.

17. Volunteering in the 'Financial Self-Reliance' domain

- At least 170 instances of volunteering;
- At least 1,700 hours.

Achieved

- Number of participants: 181 employees;
- Number of hours: 2,034.

a.s.r. tries to encourage employees to volunteer by calling them to action, posting interviews with volunteers on the intranet, using social media and organizing information sessions. In 2016, these efforts led to 2,034 hours spent volunteering in the Financial Self-Reliance domain by 181 employees. The KPI was amply achieved as a result.

In this domain, a.s.r. worked with such partners as FC Utrecht, Feyenoord, Humanitas, the National Institute for Family Finance Information (Nibud) and Stichting De Tussenvoorziening, which connect a.s.r. employees with patrons and provide them with (long-term) support.

a.s.r. has a two-track focus in its volunteer projects within the Financial Self-Reliance domain are concerned:

1. Promoting financial education of children and youths;
2. Supporting households in financial difficulties or at risk of same.

For details on KPIs 18 and 19, see the financial targets on page 29 of this Annual Report.

a.s.r. Foundation

One way in which a.s.r. applies its motto 'helping by taking action' in concrete terms is through the a.s.r. Foundation. The a.s.r. Foundation executes the company's CSR policy by:

- Inspiring, motivating and mobilizing employees to volunteer their time for social projects. a.s.r. provides financial support and let employees volunteer during working hours;
- Organizing projects to increase financial self-reliance.

Projects to increase financial self-reliance

a.s.r. is committed to helping people become financially self-reliant, which is why it initiates projects that help them make financial choices. Projects in the areas of literacy and numeracy, financial literacy and accounting help people stay out of financial trouble.

Incentive plans, STA & sports

The a.s.r. Foundation's activities can be broken down into three main groups.

- Incentive plans
  Employees can submit an incentive plan for a financial contribution to a volunteer project in their own neighbourhood;
- Social Team Activity (STA)
  On the basis of this initiative, a.s.r. employees go to work at all manner of non-profit organizations, including Reinaerde, Zonnehuizen, Careyn, Abrona, Pameijer and Resto VanHarte;
- Sports
  Employees can take part in sports projects for charity, such as the Utrecht Science Marathon, Singelloop, City Swim, Classico Giro and the Finance Run.

Foundations and funds

a.s.r. is committed to conserving cultural and social heritage, which is why the company is involved in a number of nation-wide and local foundations. The local ties mostly stem from the past presence of an a.s.r. division in a city or town. For more information on a.s.r. foundations and funds, see: asrnl.com.

2.6 Assurance report of the independent auditor

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

Our conclusion

We have reviewed the Sustainability Information in the 2016 Annual Report of ASR Nederland N.V. (hereafter referred to as a.s.r.), based in Utrecht, The Netherlands. The scope of our review engagement is described in the section 'Our Scope'. A review engagement is aimed at obtaining limited assurance.

Based on the procedures we performed, nothing has come to our attention that causes us to believe that the Sustainability Information does not present, in all material respects, a reliable and fair view of:

- The policy and business operations with regard to sustainability; and
- The thereto related events and achievements for the year ended 31-12-2016,

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the supplemental internally applied reporting criteria as disclosed in chapter 2.5 and the appendices on page 269 of the Annual Report.

Basis for our conclusion

We have performed our review on the Sustainability Information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance engagements relating to sustainability reports'. The Dutch 3810N is a subject specific standard under the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'.
Our responsibilities under this standard are described in more detail in the section 'Our responsibilities for the review of the Sustainability Information'.

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

Our independence

We are independent of a.s.r. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) (Dutch Code of Ethics for Professional Auditors, a Dutch regulation with regard to independence) and other relevant independence regulations in the Netherlands. This includes the stipulation that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Auditors)'.

Our scope

The Sustainability Information comprises the chapters 1 'Introduction' and 2 'Strategic Report' and the appendices C, D, E, F, G, H and I of the Annual Report 2016.

The Sustainability Information includes forward-looking information such as ambitions, strategy, plans, expectations and projections. Inherent to this information is that the actual results may differ in the future and are therefore uncertain. We do not provide any assurance on the achievability and feasibility of forward-looking information in the Sustainability Information.

Responsibilities of management for the Sustainability Information

The Executive Board is responsible for the preparation of the Sustainability Information in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative and any additonal internally applied reporting criteria as disclosed in chapter 2.5, page 38 of the Report, including the identification of stakeholders and the definition of material aspects. The choices made by management regarding the scope of the Sustainability Information and the reporting policy are summarized in chapter 2.5.

The Executive Board is also responsible for such internal control as it deems necessary to enable the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the Sustainability Information

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

We apply the 'Dutch Supplemental rules for audit firms with respect to assurance assignments (RA)' (Nadere voorschriften accountantskantoren ter zake van assurance opdrachten) and accordingly maintain a comprehensive of quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate form, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Sustainability Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the impact of any identified misstatements on our conclusion.

The aim of a review is to obtain a limited level of assurance. Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than a reasonable assurance engagement. The procedures performed consisted primarily of making inquiries of staff within the entity and applying analytical procedures on the Sustainability Information.

The level of assurance obtained in review engagements is therefore substantially lower than the assurance obtained in an audit engagement.

We have exercised professional judgment and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 3810N, ethical requirements and independence requirements.

Our main procedures consisted of:
- Performing an external environment analysis and obtaining insight into relevant social themes and issues and the characteristics of the organization;
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates;
- Evaluating the design and implementation of the reporting systems and processes related to the Sustainability Information;
- Inquiry of management and relevant staff at corporate and business division level responsible for the sustainability strategy, policies and performance;
- Inquiry of relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and consolidating the data in the Sustainability Information;
- An analytical review of the data and trends submitted for consolidation at corporate level.

The Hague, 28 March, 2017

Ernst & Young Accountants LLP
signed by drs. R.J. Bleijs RA

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3

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3.1 Themes in 2016

The financial statements for 2016, which the Executive Board has submitted to the Supervisory Board, cover the period from 1 January 2016 to 31 December 2016. The Executive Board met at least twice weekly in 2016 for consultations. The following routine topics were addressed in the meetings of the Executive Board in 2016:

- Customers and complaint reports;
- Employees and development, contacts with Works Council;
- CSR and sustainability;
- Market, strategy and business;
- Financial performance, solvency and developments in premium income/cost ratio;
- Reports external accountant;
- Compliance, Risk, Actuarial function and Internal Audit reports;
- Multi-year budget, investment plan and capital plan;
- Governance, contact with shareholders and regulators;
- ICT projects.

Additionally, specific themes addressed in 2016 include acquisitions and divestments, market developments, solvency and low interest rates, IPO, unit-linked policies and the renovation and re-opening of the head office.

More details on some of the themes are provided below.

Customers

We exist by the grace of our customers. This is top of mind for us in everything we do. That is why we place enormous focus on customer-related issues, also in our internal meetings and sessions and in our internal communications. We use various reports, including the TCF Dashboard, complaint reports and the NPS, to gain an understanding of developments in TCF and our performance on that front on a very regular basis. We also devote a great deal of attention to knowledge dissemination by sharing and discussing best practices. At the same time, we continuously review our products and processes to align them to the changing interests and needs of our customers. In the AFM's Customer Central Dashboard conducted among all insurers and banks, a.s.r. scored 4.2 for 2015/2016 (on a 5-point scale).

The Executive Board also regularly addresses issues related to the network of advisors that a.s.r. prefers to work with on a regular basis. It is crucial that we provide appropriate and timely services to them and actively request their feedback if we want to improve the processes underlying our services to them on a continual basis.

Market, strategy and business

The Executive Board reviews business with the different business lines every quarter. These reviews consist of in-depth discussions of market developments and developments in results (both financial and non-financial), such as budgets, premium income, costs and interest-rate developments. Based on its strategy, a.s.r. decided in 2015 to create a general pension fund (Dutch: APF), and to establish as well as establishing a fiduciary asset management business. This was further discussed and developed in 2016. The general pension fund 'Het nederlandse pensioenfonds' was granted authorization to operate by the Dutch Central Bank (DNB) on 30 September 2016. The Efteling amusement park was the first customer of 'Het nederlandse pensioenfonds'.
Various players, including the DNB, feel that consolidation in the Dutch insurance market is a must and an inevitable fact of life. Given its robust capital position and efficient operations, a.s.r. is perfectly positioned to consider potential consolidation opportunities provided that they are in line with its risk appetite and meet other requirements with respect to capital, risk and returns.

The Executive Board discussed and approved the strategic acquisitions that were made in 2016. a.s.r. announced the acquisition of Corins and SuperGarant last year.
The acquisition of Corins helps a.s.r. to strengthen its position in the commercial P&C insurance market. Corins has been successful as an underwriting agency in the Dutch co-insurance market since 2003. The acquisition of SuperGarant strengthens a.s.r.'s position as market leader in the income protection insurance market. In its 30 years of operating as an intermediary and underwriting agent, SuperGarant has developed into an insurance specialist with a focus on P&C and income protection insurance for the retail market and a provider of related absenteeism and occupational health and safety services.

Low interest rates affect investment returns. In addition, the contraction in the life portfolio is a general phenomenon in the market. The Executive Board devoted a great deal of time to discussing the future developments of a.s.r.'s operating result and the following issues/dilemmas:

- Growth of market share and improvement of margins;
- Cost savings;
- Targeted acquisitions;
- Innovation and potential new markets (or sub-markets).

The Executive Board also regularly discussed various developments in the Dutch insurance market, also with the Supervisory Board, especially the consolidation of the Dutch insurance market in the light of the (first) bid by Nationale Nederlanden Group for Delta Lloyd in October 2016. Some potential acquisitions were executed, and some were not. Every year the Executive Board and the Supervisory Board also have an off-site strategy meeting.

Developments in premium income/cost ratio

In the Executive Board's opinion, costs should be viewed in relation to premium income and earnings. Acquisitions, for instance, may come with acceptable cost increases – and increases in premium income – and costs incurred to raise our level of professionalism that can be 'recouped' can also tie in with the envisaged cost development. Costs can also be made more flexible, for instance by using SaaS solutions. The insurance market is fiercely competitive. To stay relevant, a.s.r. not only needs to be able to offer its customers attractive prices, but also needs to provide attractive service levels. After all, insurance is all about creating a safety net for unforeseen circumstances. For this reason, the Executive Board considers it of great importance that a.s.r. continues to offer high-quality products and services in the future.

Solvency

a.s.r.'s risk appetite, which is based on Solvency II and a prudent approach to risk management, has been transposed into requirements for solvency, liquidity and returns; solvency takes priority over profit and profit takes priority over premium income. For this reason, a.s.r. performs an in-depth Own Risk and Solvency Assessment (ORSA) every year, in which context various scenarios are defined and extrapolated, including scenarios with lower interest rates. Separately, a.s.r. frequently analyzes the impact of potential changes in the level of UFR on the Solvency II ratio and uses this analysis in decisions regarding exposure to market risks. a.s.r.'s risk appetite was also an important criterion in the Executive Board's tactical and strategic decision-making in 2016. Solvency levels remained acceptable and more than adequate in 2016 thanks to the organization's prompt and adequate response to external developments based on the chosen risk appetite and the associated risk-mitigating measures.

The Executive Board sets great store by robustness, because it clearly tells our customers that a.s.r. will be able to fulfil its obligations at any time, even in the more distant future. For a.s.r., this is reflected in a robust Solvency II ratio. Solvency II is governed by a standard formula which should enhance transparency and consistent interpretation.

Until 31 December 2015, an external 'certifying' actuary issued an actuarial report on the adequacy of technical provisions under the Dutch Financial Supervision Act (Wft). With effect from 1 January 2016, similar tasks on Solvency II technical provisions have been performed by an internal actuarial function. Further tasks include giving an opinion on underwriting and reinsurance arrangements. In 2016 two function holders were formally appointed for the Group and its insurance entities. The report of the actuarial function on the 2015 financial year was discussed by the Executive Board as well as the Audit & Risk Committee.

HR

a.s.r.'s employees are the driving force of the organization. They help customers through unexpected events and difficult times, and work to improve products and processes every day. By responding to customers quickly and giving them the right answers, putting themselves in the customer's shoes and offering them products and solutions that they actually need, our people make an important contribution to turning a.s.r. into the socially relevant insurer that we want to be.

A key objective of a.s.r.'s HR policy is to strike the right balance between trust in the intrinsic motivation of all a.s.r. employees on the one hand and agreements on clear targets and the assessment of employee performance on the other. The Executive Board firmly believes that we can only be a sustainable and socially relevant insurance company if we attract the right people with the right motivation, and do not place financial incentives above all else. As part of this, the Executive Board is pleased with the social plan 'The Other Plan'. The Other Plan has a new structure and content, and focuses on development and employability.

One of the topics the Executive Board discussed in 2016 was employee engagement based on the engagement score. The engagement tool has been reviewed and this year the Executive Board decided to introduce a wider culture survey. This survey measures an organization's success by looking at various dimensions. The scan identifies a number of cultural aspects that have been shown to affect the success of an organization. We will use this scan to measure the mission, commitment and ability to adapt The scan was carried out for the first time in January 2017.

The Executive Board also places special focus on the development and succession of senior management. One of the ways of doing this is the annual senior management survey, in which the individual members of the senior management team are first discussed within the Executive Board and then jointly with the Supervisory Board. The discussions focus on personal growth, combined with mobility within a.s.r. In 2016, one managing director took on a new role, two left a.s.r. and two were recruited externally.

Finally, the Executive Board extensively discussed the positioning of a.s.r., its core values and the leadership associated with these values. a.s.r. sees four leadership themes, namely dialogue, dilemmas, clear frameworks and action. This was extensively discussed with the senior management of a.s.r. in early February 2017 and it will be further rolled out in the organization during the rest of this year.

Works Council

The Executive Board attaches great value to providing information to the Works Council and hearing its opinion. The working relationship that has developed with the

Works Council is very open and constructive. The Works Council is informed of many issues at an early stage, allowing it to use its influence on the decision-making process in an effective manner. The Executive Board very much appreciates these constructive and open discussions, and the time and energy that the Works Council spends on issues that are impactful for a.s.r. Key themes that were discussed with the Works Council in 2016 were a.s.r.'s privatization and potential IPO, various acquisitions and legal mergers. In 2015, the board and the council discussed a survey of employee preferences for different fringe benefits. The outcome of this survey was the basis for a further dialogue with the Works Council on the simplification and modernization of the pay and benefits package, as well as the collective employment agreement. The strategy of a.s.r. and innovation and digitalization were among other issues discussed with the Works Council in 2016.

CSR and sustainability

The Executive Board is keenly aware of a.s.r.'s role in society and the sustainable and ethical choices that come with this. The organization is committed to forging sustainable relationships with our customers and advisors (the intermediary channel) every day. To achieve this, we are continuously working to improve our services and offer sustainable insurance products. The Executive Board's non-financial targets are described in chapter 2.5. Our key driver is to be a socially relevant insurance company. This also encompasses our investment policy and our insurance and banking products, as well as the procedures for selecting social projects in which we can participate. Environmental issues came to the fore in various discussions about sustainability. The environment was a factor in decisions we took in relation to the renovation of the head office at Archimedeslaan. This was reflected in the building being awarded the BREEAM Excellent label. The re-opening of the head office took place in June 2016. It has also been decided to take measures to further reduce the carbon emissions caused by our lease car fleet and our investments.

Supervision

a.s.r. also attaches great value to its excellent relationships with Dutch regulators. The company is in frequent contact with both the Dutch Authority for the Financial Markets (AFM) and the Dutch Central Bank (DNB). Outside of our routine contacts, in 2016 a.s.r. spoke with the DNB about the preparations for the potential privatization and the consequences of the IPO. Finally, the Executive Board believes that there should be a keen sense of awareness throughout the organization of compliance with rules and regulations, as well as any codes governing a.s.r. That is why it decided in 2015 that all a.s.r. employees should take the professional oath, so that everyone has a thorough understanding of the importance of the related principles. By the deadline on 1 April 2016, all employees had taken the oath.

Unit-linked policies

a.s.r. was also in frequent contact with the AFM regarding unit-linked policies. At the end of April 2016, the AFM carried out a review of the quality of the mobilization of unit-linked insurances. a.s.r. scored 3.7 on a 5-point scale. This was higher than the average score of 2.6 for all the insurers reviewed. The AFM stated that it had been able to establish that a.s.r. applied a structured procedure with respect to how these policies are mobilized. a.s.r. is carrying out in-depth reviews to improve its understanding of customer groups and thereby improve its mobilization. a.s.r. is demonstrating that it prioritizes quality over speed with respect to customer mobilization.

The insurers have agreed that they will also publish the figures for mobilization of customers with unit-linked insurances that they report to the AFM. a.s.r. does this on its website asrnederland.nl. a.s.r. prioritizes quality. This means that we strive to talk to all our customers and be truly convinced that they understand the situation and that they make well-founded decisions. We are adjusting our communication approach by means of intensive customer research and listening to our customers during multiple contact instances. This increases the effectiveness and quality of our service and advice. a.s.r. also works closely with intermediaries in this regard, as they can give expert advice based on the customer's personal financial position.

On 15 April 2016, the Dutch Consumers Association organized a demonstration on the ground in front of the entrance to the head office on Archimedeslaan for policyholders with a Waerdye policy. a.s.r. has taken measures to steer this action in a positive direction for both customers and employees. a.s.r. continues to state that it wishes to enter into a dialogue with its customers and will continue with its customer mobilization.

Innovation and digitalization

a.s.r. will continue to invest in innovation and digitalization to further enhance our customer processes and move with the times, and to reflect changing customer behaviour and identify and respond to latent customer needs. Innovation and digital disruption can present both opportunities and potential threats. a.s.r. aims to make use of its scale in the coming years, as it is large enough to be able to invest and have an impact, but also small enough to be agile and adaptable. The Executive Board has explicitly chosen to continue to develop and innovate the existing business as we move forward and to do so in a sound manner, while at same time experimenting in a transformational or disruptive manner for the long term. This will put us in a much better position to adapt to developments and enable us to respond quickly to game-changers or even initiate these ourselves.

The Executive Board accordingly decided to implement a number of organizational changes in early 2017, including the formation of a separate Innovation and Digitalization business division to be led by a senior manager.

IPO

Since a.s.r. was nationalized in 2008, all our people have worked hard to build a financially solid and socially relevant insurance company that would be ready to return to the private sector at some point in time. The commercial drive, capital position and profitability of the different a.s.r. business lines and of a.s.r. as a whole are developing well and a.s.r. was one of the best-positioned insurers in the Dutch market in 2016. a.s.r. is well on its way to becoming the 'other insurer' that treats customers fairly and helps them by taking action. The accomplishments over the past few years show that a.s.r. was ready for privatization. In November 2015, Dutch Finance Minister Jeroen Dijsselbloem submitted his plan to the Dutch Parliament. In this plan he announced his intention to sell a.s.r. and to ask a.s.r. and its shareholder NLFI to start preparing for an IPO in the first half of 2016. The IPO took place on 10 June 2016 (see chapter 4.1). The IPO had no impact on the service provision to our customers. We will continue on the path we have chosen by demonstrating every day that we are committed to building an insurance company that helps people and that works continuously to develop sustainable relationships with its customers.

Closing remark from the Executive Board

The Executive Board is grateful to all employees for their unrelenting commitment to helping customers every single day and to making a.s.r. the valued and socially relevant insurance company that it aspires to be, and in particular for the results that we achieved in 2016. The Executive Board also wants to express its appreciation to the Supervisory Board and its shareholder for their constructive input. The sessions and discussions about such issues as a.s.r.'s privatization were intensive and of great added value to our business. But most of all we owe a debt of gratitude to our customers who have chosen our products and services. It is only by their grace that we exist.

3.2 Business environment

3.2.1 Macro developments in the Netherlands

Demography

At the end of 2016, the Netherlands had almost 17.1 million inhabitants. While the population has been growing at a 1.1% compounded annual growth rate (CAGR) over the past twenty-five years, the population is also aging (18% 65+ in 2016, compared with 13% in 1990). Consistent with other Western European countries, the population is expected to stabilize by around 2035, while the aging phenomenon will continue. Demographic developments vary by region, with a number of regions expecting population shrinkage within the next twenty years.

Economy

The Dutch economy continues to improve steadily. Gross domestic product (GDP) rose by 2.1% in 2016. Despite the impact of economic imbalances across the Eurozone, many of the main economic drivers, including consumption, corporate investments, government spending and exports, contributed to the stable economic performance of the Netherlands in recent periods. The Dutch economy grew by 2.3% in Q4 2016 compared to the same quarter in 2015.

House prices reached a record high in August 2008. Subsequently, they fell to a low in June 2013. Since then, residential property prices have shown an upward trend. House prices are 12.0% below the record level of August 2008 and 12.0% higher than the low point in June 2013. The average price level of owner-occupied houses in August 2016 was the same as in June 2005.

The Dutch economy recovered so such an extent that it was larger than before the financial crisis of 2008. GDP came in at € 677 billion (the thirteenth largest GDP per capita globally) with a growth of 2% for the year ended 31 December 2016. S&P expects the Dutch economy to expand by 1.4% in 2017 (2016: 1.8% growth). Today, the Netherlands has an AAA rating with all three rating agencies: Moody, Fitch and S&P.

Labour market improves further

The number of jobs held by employees and self-employed rose by 53,000 in Q4 2016. The number of new job vacancies for employees increased by nearly 46,000 and by 7,000 for the self-employed, while unemployment fell by approximately 8,000 per month.
In Q4 2016, the average number of jobs stood at 10.1 million jobs. The number of jobs has now grown for 12 quarters in a row. Since Q1 2014, a total of approximately 306,000 new jobs have been created.
For the first time since early 2012, unemployment has fallen below 500,000. Year-on-year, unemployment is now nearly 100,000 lower, but still 100,000 higher than shortly before the onset of the recession in August 2008, when unemployment reached the lowest level in the recent years (310,000).

Financial sector

The Dutch financial sector is large (measured by GWP) compared to other EU countries. During the 2008 financial crisis, key banks and insurers were nationalised or received state aid, but the process of re-privatisation has started. As a result of the financial crisis, regulators, politicans and the general public are focusing increasingly on transparency, customer care, simpler products and moderate remuneration in the financial sector. As of 1 January 2016, Solvency II regulations came into force after many years of preparation. The Solvency II regime comprises requirements for insurance companies. The introduction of the new regime is meant to harmonize the European insurance market, increase the protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

3.2.2 Insurance industry in the Netherlands

In 2015, the Dutch insurance market was the fifth largest in Europe, following the United Kingdom, France, Germany and Italy. The Netherlands ranked as the second highest in the EU in 2015 in terms of insurance density and had the highest GWP per capita in the EU (€ 4,500). The Dutch insurance market is a mature market, with a GWP as a percentage of GDP of 11.0%. In 2015, Dutch insurance companies paid out € 71 billion in claims to their customers, and received € 72,4 billion in premiums.

The Dutch insurance industry can be divided into two categories of insurance products: (a) life insurance, which comprises group life, individual life and funeral insurance, and (b) non-life insurance which comprises P&C, disability insurance and health insurance. a.s.r. was the third largest composite life and non-life (excluding monoline health insurers) insurance provider in the Netherlands measured by GWP in 2015.

Distribution

The distribution channels for life and non-life insurance include (a) intermediaries (advisors, mandated brokers and actuarial consulting firms), (b) the distribution networks of banks ('Bancassurance'), (c) direct sales, (d) collective insurance partners, such as sports federations and travel agents) and (e) other channels such as post offices and retailers.

In all markets except health insurance, intermediaries account for most of the commercial business line volumes and a significant portion of the retail line volumes. The typical ('traditional') intermediary is a small business with a physical office and limited or no online presence. Some of the larger intermediaries also operate as mandated brokers and have branded insurance products.

Distribution channels in the Dutch market are in a state of transition. The number of small intermediaries (fewer than 20 employees) has been decreasing (around -3.6% annually since 2011) while the number of intermediaries with over 20 employees has remained stable. Drivers and trends currently shaping the market are:

- The decrease in the number of intermediaries, primarily driven by the ban on commissions for complex products introduced in 2013 and the increasing requirements related to expertise for advising on financial products;
- In addition, these developments have led to an increase in specialization of the remaining (larger) intermediaries; and
- Both insurance companies and intermediaries have been building up their online distribution capabilities. But even today, few intermediaries have an online presence.

For key trends in the insurance industry, please see chapter 2.2.

3.2.3 Non-life insurance market

The Dutch non-life insurance market (including health insurance) was the fourth largest non-life insurance market in Europe in 2015 measured by GWP, behind Germany, the United Kingdom and France.

The Dutch non-life insurance market (excluding health insurance) measured by GWP amounted to € 14.7 billion in 2015, representing 20% of the total Dutch insurance industry. With a 12% market share in 2015, a.s.r. was the second largest insurer in the non-life insurance market (excluding health insurance). The Dutch health insurance market amounted to € 43 billion. The Dutch non-life insurance market is a mature and highly competitive market.

P&C

This segment consists of (a) motor (including bodywork and motor vehicle liability), (b) fire (including property damage, natural forces and engineering, (c) transport (goods in transit) and (d) other (liability, miscellaneous financial loss and legal expenses).

Market

The overall P&C market measured by GWP is € 10.6 billion. Between 2011 and 2015, the Dutch P&C market declined with 2% CAGR, primarily as a result of the economic downturn (lower insured sums), increased transparency and increased pressure on premiums.
The outlook for 2017 is fairly stable with limited growth expected in the mid-term, in line with GDP development. Growth potential is somewhat hampered by the (already) high penetration for most product groups and limited room for premium increases due to fierce competition in the market.

The P&C insurance market is competitive, with the top six insurers having a combined market share of approximately 66% and few foreign market participants. In recent years new, specialized market participants and brands have entered the retail P&C segment, often as subsidiaries of larger insurers.

Distribution

In the Dutch P&C insurance market, most products are distributed via advisors, authorized agents and through direct distribution. The distribution channel mix varies for retail and commercial market segments. In terms of new production, the direct channel has become increasingly important in the retail market segment (47% direct, 30% via advisors, 16% via Bancassurance and 6% via other), in particular for the sale of less complex products. In terms of the portfolio size, the direct channel is not growing (but remains stable at around 20% of the portfolio), mainly as a result of the high churn rate in the direct channel. In the commercial market segment (especially SMEs, which represent the majority of the P&C volume), intermediaries remain dominant, as the commercial market generally requires more complex and customised products.

Disability

Disability insurance consists of three products: (i) disability self-employed, which is mostly for self-employed professionals, (ii) sickness leave, which covers the cost of the first two years of disability for employees, and (iii) Group disability, which covers the privatised part of formerly public insurance coverage.

Market

The overall disability market measured by GWP is € 3.5 billion of total insurance market.
The combined ratio of the disability insurance market was 105.6% in 2014 and 94.3% in 2015. The market has been declining in recent years due to the economic downturn and the 2013 commission ban.

The disability market is mature and concentrated, with the top three market participants controlling 63% of the market in 2015.

a.s.r. has a leading position in the disability market with the brand De Amersfoortse. The six largest market participants all provide the full product range (disability self-employed, sickness leave and Group disability WIA/WGA).

Distribution

Most products in the disability insurance market are distributed through intermediaries. For the product categories sickness leave and Group disability, there is a requirement for customers to obtain advice, given the relatively complex products offered. With respect to self-employed disability, there is an option for sophisticated clients to buy disability products via an execution-only structure directly from an insurer, without any advisory service.

Health

Health is a highly regulated market. The Dutch healthcare system distinguishes two types of insurance: basic and supplementary coverage. All Dutch residents are required to have basic health insurance coverage, although coverage is free for minors. Basic coverage is the same across insurers as coverage is government driven. Consumers are free to decide whether they purchase supplementary coverage. Supplementary coverage, which has higher margins than basic insurance, is often offered in packages and varies by insurer. Insurers are required to accept all Dutch residents for basic coverage.

A government-run system of risk equalisation enables the acceptance obligation and provides insurers with compensation for excessive costs resulting from their customer base.

Market

In 2015, 13.4 million adults in the Netherlands paid for basic coverage. In the same year, 84% of adult Dutch residents paid for supplementary coverage. The CAGR in terms of GWP of the health insurance market in the Netherlands was 2% between 2011 and 2015. The average combined ratio of Dutch health insurers calculated in accordance with DNB methodology amounted to 98.1% in 2014 and 99.1% in 2015.

The Dutch health insurance market is a concentrated market, with nine insurance groups active in the market in 2015. The top four health insurance companies held a combined market share of approximately 90% measured by GWP in 2015.

The Dutch health insurance market is dominated by mono-line insurers with origins in the Dutch public healthcare segment.
The number of customers who switch per calendar year has been stable over the past three years at approximately 6.5%.

Distribution

Consumers have two options to take out health insurance: individually or through a collectively agreed scheme. Products are sold, for the most part, via healthcare collectives with employers, customer groups and unions, which together represent approximately 6.5 million insured (65% of the collective health insurance market). Health insurance products for employers making arrangements for their employees are distributed through intermediaries and the direct channel.
Health insurance products in the retail segment are primarily distributed through the direct channel (including aggregators).

3.2.4 Life insurance market

The Dutch life insurance market can be split into three product categories: (i) Group life, (ii) Individual life and (iii) Funeral.

The Dutch life insurance market was the 12th largest life insurance market in Europe in 2015 measured by GWP, accounting for 2% of the European life insurance market. The Netherlands has the 12th highest life GWP per capita in Europe, excluding premiums paid into non-commercial pension funds/schemes. The GWP of the life insurance market in the Netherlands amounted to € 14,7 billion in 2015, and the life insurance market represented 20% of the total Dutch insurance market. Total assets of life insurers amounted to € 385 billion at 31 December 2015. The CAGR of the Dutch life insurance market in terms of GWP was -9% between 2011 and 2015. With a 12% market share in 2015, a.s.r. was the sixth largest insurer in the life insurance market.

Group life

Group life is mainly pensions. The Dutch pension system consists of four pillars: (a) a mandatory state pension scheme ('Pillar 1'), (b) employer-based pension schemes ('Pillar 2'), (c) voluntary pension facilities with fiscal benefits ('Pillar 3') and (d) voluntary pension facilities without fiscal benefits ('Pillar 4'). Insurance companies only offer products from Pillars II, III and IV.

Group life insurance products are policies pursuant to which employers offer pension products and certain other insurance benefits to their employees. The Dutch group life market can be split in (a) traditional and (b) unit-linked.

Market

Pillar 2 consists of employer-based pension schemes. In 2015, Dutch insurance companies generated € 6.8 billion measured by GWP. IORP's accounted for the remaining market share. GWP in the group life market has grown between 2011 and 2015, mainly due to the transfer of assets from smaller and liquidated pension funds to commercial insurance companies. These assets are incorporated in GWP as single premiums, which have shown a strong increase between 2013 and 2015. Recurring unit-linked premiums have decreased due to changes in regulation and the success of IORPs.

The combined market share measured by GWP of the top six providers of group life insurance was approximately 98% in 2015. With respect to pensions, the large insurers differ from each other in their product focus, specialising in DB, DC, IORP and/or APF.

Distribution

Group life products are mainly distributed through the intermediary channel, in particular by a limited number of intermediaries. The pension intermediary market is consolidating. Actuarial intermediary firms, auditors and branded specialists (e.g. Willis Towers Watson, Aon, Mercer) are the main channels for corporate clients, while the SME market provides most of the clients for small insurance advisory firms.

Individual life

The individual life market consists of term life and annuities with no other products actively offered. The market is dominated by large market participants with small market participants active but in declining numbers. Many insurers have decided to close new business for most or all individual life products, focusing on customer services and retaining AuM.

Life insurance policies can be split into traditional life insurance policies, where the insurance company bears the investment risk, and unit-linked insurance policies (beleggingsverzekeringen), where the policyholder bears the investment risk. Life insurance policies can also be distinguished by type of premium payment (recurring or single premiums), and on the basis of insurance payments by the insurance company (capital sum or annuity, depending on product). Commissions have been banned for life insurance products since 2013.

Market

Individual life accounts for € 7.9 billion GWP. The CAGR of the individual life market was -11% for the period 2011-2015. New production has decreased from € 822 million APE in 2010 to € 300 million APE in 2015. While natural and unnatural lapses are larger than new production, GWP has decreased over time.

The combined market of the top six providers of individual life insurance measured by GWP was approximately 77% in 2015.

Distribution

In the Netherlands, individual life insurance products are sold through intermediaries (including advisors), Bancassurance, direct and other channels. The intermediary channel is the main distribution channel for individual life products and accounted for approximately 55% of life insurance GWP in 2015. The number of intermediaries has declined following the introduction of a ban on commissions for intermediaries.

Funeral

Funeral insurance is a type of individual life insurance which is paid out upon death, either in cash or in kind, to cover related funeral expenses, such as a cemetery plot and headstone, casket, funeral procession and other miscellaneous costs.

Market

Approximately 70% of the adult Dutch population (35 years and older) has funeral insurance and average premium levels vary from € 5 to € 15 per month. Of this 70%, approximately 50% are considered to be underinsured as a result of non-indexing. New business levels are low, mainly as a result of lower appetite for this product among younger generations (only 46% of the people younger than 35 has a funeral insurance), the intermediary commission ban (incentive for sale removed) and cost for advice is high in comparison to monthly premium level. Funeral insurance is characterised by low premium levels, predictable cash flows and relatively stable portfolios.

The Dutch funeral market is a mature market, with over 90% of the open book market controlled by five market participants. Only two large generalist Dutch insurance companies are currently offering funeral insurance, though more used to do so. The funeral insurance market comprises insurers who offer funeral insurance with in-kind benefits, supporting their funeral services business. New entrants are not expected in the short-term and further consolidation is expected, as market participants seek economies of scale. Intermediaries are selling portfolio rights (advice will be the responsibility of insurers going forward), and the number of smaller specialist market participants is expected to decrease.

Distribution

Historically, nearly all funeral policies were sold through intermediaries. In recent years, there has been a strong increase in direct sales. In addition to obtaining new customers, insurers also generate new business through fulfilling their 'duty of care' to their in-force underinsured customer base (e.g. increase insured sum).

3.2.5 Dutch investment management industry

The Dutch investment management market stood at more than € 1,700 billion AuM as of September 2015. These assets are mainly managed by three types of parties: (a) in-house asset managers of sector pension funds, (b) foreign and domestic asset managers, and (c) insurers. In general, the business model in the Dutch investment management market is shifting from distribution of investment products towards the actual management of assets.

Products

Discretionary mandates represented approximately 85% (approximately € 400 billion of AuM) of the Dutch investment management industry at 31 December 2013, while investment funds represented 15% (approximately € 70 billion of AuM).
In addition to discretionary mandates and investment funds, intermediary and fiduciary services for institutional customers are a third product category within the Dutch investment management market. Fiduciary management is an approach to investment management that involves an asset owner, such as a pension fund, appointing a third party to manage its assets on an integral basis.

Distribution

The customer categories of the Dutch market serviced by the investment management industry consist of institutional investors and retail customers. For investment funds, customers also include institutional investors and retail customers.
Institutional investors include insurance companies, pension funds, banks and others. Dutch pension funds are among the largest pension funds in the world, investing worldwide and applying a wide range of modern investment techniques. Retail banking is the dominant distribution channel for investment funds, representing around 80% of Dutch fund assets.The other 20% is distributed amongst insurance companies, private banks and brokers.

3.2.6 Dutch Banking Industry

Measured by the share of total assets of the five largest banks, the Netherlands has the fifth highest banking sector concentration in the Eurozone. The sector is dominated by ABN AMRO, ING and Rabobank which hold a joint market share of over 75%.

Dutch Retail Savings Market

The Dutch retail savings market was € 340 billion as at 30 November 2015. About 78% of Dutch people have savings. This is the highest percentage in Europe.
Dutch residents increased the amount of their savings by € 4.5 billion in 2015. There are two types of savings accounts: (i) with agreed maturity and (ii) redeemable at notice. The savings redeemable at notice is the largest group of savings (around 85% of the market in November 2015).

Bank saving products with tax advantages, also referred to as bank annuities (banksparen), were introduced in the Netherlands in 2008. Bank annuities are primarily used for mortgage- and pension-related savings. Until 2008, tax benefit saving was only possible through an insurance policy. Since the adoption of new legislation in 2008, bank annuities have the same fiscal benefits as insured savings products but do not have a life insurance component. Each year there are approximately € 20 billion of 'free' assets available and € 2-4 billion of this will be used to purchase annuity/bank savings products. The net growth of bank savings is estimated at around € 1 billion annually.

Dutch Residential Mortgage Market

Outstanding mortgage loans as a percentage of GDP in the Netherlands stood at 94.4% in 2015, making the Netherlands a country with one of the highest mortgage debt to income ratios. Traditionally, the Dutch residential mortgage market consists of different types of mortgage loans, including annuity mortgage loans, linear mortgage loans, (bank) savings mortgage loans, investment mortgage loans and interest-only mortgage loans.

To improve stability in the Dutch residential mortgage market and to decrease private household debts, the Dutch government decided that as of 1 January 2013, interest on new mortgage loans is only tax deductible provided the loan's principal is fully repaid within 30 years, by way of annuities or linear repayment.

The Home ownership Guarantee Fund (Stichting Waarborgfonds Eigen Woning, 'WEW') acts as a guarantor for mortgages under certain conditions through the provision of an NHG guarantee.
Around half of new mortgage loans were government guaranteed in 2015.

3.3 Business segments

Segment information

At an organizational level, a.s.r.'s operations are divided into six operating segments. The main segments are the Non-life segment and Life segment, which represent all insurance activities. The non-insurance activities are presented as four separate segments, namely: Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development (partly discontinued operations).

3.3.1 Non-life

Profile
The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts, including policies insuring risks related to motor vehicles, fire, travel and leisure, liability, legal assistance, occupational disability and medical expenses. The most significant entities of the Non-life segment are ASR Basis Ziektekostenverzekeringen N.V. and ASR Schadeverzekering N.V. In October 2016 Europeesche Verzekering Maatschappij N.V. and N.V. Amersfoortse Algemene Verzekering Maatschappij were merged to form ASR Schadeverzekering N.V.

Strategy
In the Non-life segment, a.s.r. aims to leverage its claims management skills and maintain operational efficiency and total expense discipline to continue to deliver a combined ratio in line with its targets. a.s.r. seeks to develop products based on customer data, underwriting experience and claims management excellence. The entire process is managed on a business line basis, in which end-to-end empowered business directors are in charge of executing strategy for each product group.

a.s.r. strives to leverage its deep understanding of the Dutch non-life markets to apply risk-based pricing to achieve profitable growth in line with GDP growth. a.s.r. aims to strengthen its presence in non-life markets by improving connectivity with the intermediary channel, forward integration with service providers and by actively promoting its products through its own direct business, Ditzo.

Business segments

General
The Non-life segment comprises the following three product lines:
- P&C insurance, including motor vehicle, fire, transport, liability and other insurance policies, as well as travel and leisure insurance products;
- Disability insurance, including disability self-employed, sickness leave and group disability, as well as occupational disability insurance products related to the Dutch Work and Care Act; and
- Health insurance, including basic health insurance and supplementary health insurance.

P&C insurance

General
a.s.r. was the third largest general provider of P&C insurance products in the Netherlands in 2015 as measured by GWP, with a market share of 8.8% (8.5% in 2014). a.s.r. offers a broad range of P&C insurance products under the brands a.s.r., Ditzo and Europeesche Verzekeringen.

Products
a.s.r.'s broad P&C insurance product range offering can be divided into the following policy categories:
- **Motor**
  a.s.r.'s motor policies for retail and commercial customers provide third-party liability coverage for motor vehicles and commercial fleets, including property damage and bodily injury, as well as coverage for theft, fire and collision damage;
- **Fire**
  a.s.r.'s fire policies for retail and commercial customers provide coverage for a variety of property risks including fire, storm and burglary. Private coverage is provided on both a single-risk and multi-risk basis, with multi-risk policies providing coverage either for loss or damage to dwellings and damage to personal goods;
- **Travel and Leisure**
  a.s.r. offers travel insurance policies for retail customers and is a market leader in the travel and leisure market in the Netherlands;
- **Other**
  a.s.r. also offers other non-life insurance products such as transport (only goods in transit), liability, agricultural and construction motorized vehicles, construction all risk and assistance.

a.s.r. was the second largest insurance provider with a market share of 11.0% in motor, the fourth largest provider with a market share of 9.0% in fire, the eighth largest provider with a market share of 4.4% in transport and the third largest provider with a market share of 6.5% in other P&C insurance (including liability, travel and leisure) in the Netherlands in 2015 as measured by GWP.

Distribution
a.s.r. utilizes multiple labels and distribution channels for its P&C insurance products and the choice of a particular channel depends primarily on customer preference.

SME customers and families often seek advisory support and are served by advisors and/or mandated brokers. In the Dutch market, aggregators are frequently used for orientation and act as mandated brokers.

a.s.r. has a strong position in the intermediary channel (in 2015, a.s.r. was the market leader with a 24% market share in retail P&C and had the largest market share of 14% in commercial P&C as measured by GWP. The a.s.r. brand is a.s.r.'s P&C brand for intermediaries, and a.s.r.-branded products are also sold under brand names of mandated brokers (including aggregators) with a high average duration of customer relationships and high average customer retention.

Travel and leisure insurance is sold under the brands Europeesche Verzekeringen and a.s.r. via the same channels as a.s.r.-branded P&C products; Europeesche Verzekeringen products are also sold by travel agents. Individual customers looking for direct online purchase and online services are best served via Ditzo. Ditzo had 77,116 P&C customers in 2016.

Strategy

On the P&C insurance front, a.s.r. endeavours to leverage its existing strengths and to achieve a combined ratio below 98%. The P&C business is expected to grow in line with GDP development.

Leverage on existing strength and distinctive profitability a.s.r. aims to continue developing its expertise in pricing, underwriting and claim handling, which a.s.r. believes are the key drivers for sustainable value creation.

Focus on intermediary channel

a.s.r. considers the intermediary channel to be resilient. Customers who choose the intermediary channel tend to be more loyal, which results in high retention rates for these portfolios. a.s.r. believes that these long-term relationships give its an advantage over competitors with less commitment to this distribution channel. The relative share of the intermediary channel versus direct channel within the P&C market has remained stable over the last five years (excluding disability and health, based on GWP). The intermediary channel is therefore a.s.r.'s primairy focus in the distribution of P&C products.

Improve service to customers and business partners

a.s.r. tests and implements new service concepts for customers and business partners. Examples are the improvement of the services for intermediaries, improvement of processes, knowledge sharing and skills in our contact centres to improve the first-time-fixed service level, knowledge sharing with business partners and customers on prevention and risk management and Ditzo's Whatsapp contact strategy. The improvements resulted in an average customer satisfaction rate of 84% in December 2016. Ditzo started with 80% customer satisfaction in early 2016.

Investing in SaaS solutions

a.s.r. is implementing an SaaS solution for the P&C business. We believe that this SaaS solution will improve the robustness of our P&C systems and reduce the fixed cost base of the P&C business, while decreasing costs overall. An SaaS solution is also expected to lead to an improvement in connectivity with intermediaries and customers through the creation of service concepts such as customer portals.

Profitable and selective growth in market share

a.s.r. intends to grow selectively in the intermediary channel through more active intermediaries, acquiring a greater percentage of the business of the market's largest 650 advisors and by pursuing a retention strategy based on good customer service. Furthermore, a.s.r. aims to increase its market share in the SME liability and transport markets. We intend to bring proven innovative products and services to the market.

Commercial insurance

In 2016, a.s.r. acquired Corins to improve its position in the commercial mid-sized P&C insurance market. Historically, commercial insurance products have not been a priority for a.s.r. With the acquisition of Corins, an underwriting agency operating in the co-insurance market, a.s.r. aims to achieve selective and controlled growth in this sub-segment of the P&C market, in particular through sales of commercial insurance products to mid-sized corporates, while continuing to apply underwriting discipline and the a.s.r.'s 'value over volume' strategy even in this sub-segment.

Disability insurance

General

a.s.r. has been a market leader in the disability insurance market since 2007, and in 2015 its market share in the Netherlands stood at 21.4% measured by GWP. The total Dutch disability insurance market measured by GWP amounted to € 3.5 billion in 2015.

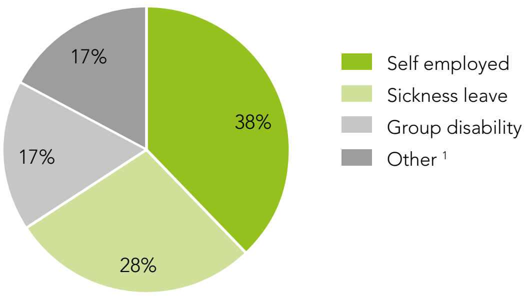
a.s.r. was one of the first insurers to respond to the demand for disability insurance solutions under the De Amersfoortse brand, and today offers a broad range of disability products for SMEs, self-employed persons and individual customers.
The latest change in social legislation was the Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act (wet beperking ziekteverzuim en arbeidsongeschiktheid bij vangnetters, or 'BeZaVa') for the part of WGA liability for temporary employees which came into force on 1 January 2017. This is a new additional market segment for group disability, which creates a market potential of ± € 530 million premium in competition with public insurance (UWV, a government body) (source: nota gedifferentieerde premies WGA en ZW 2016, UWV).

Products

a.s.r.'s disability business line comprises two primary categories: Self-employed (including self-employed and retail customers) and group disability. For both product categories, in addition to insurance products, a.s.r. offers the services of in-house medical advisors, re-integration managers, vocational experts and external parties offering reintegration, health and safety services, combined with skilled claim handlers, for all policyholders to assist with their reintegration. In Group disability, a.s.r. also has a joint venture with another insurer called 'Keerpunt' (a workplace reintegration services provider), in addition to its own in-house specialists.

- **Self-employed**
  a.s.r. provides disability coverage to self-employed individuals for loss of income due to disability. In the event of disability, customers are provided with a payment until recovery, death or in the event of permanent disability up to advanced age or the retirement age. a.s.r. offers self-employed disability products for all professions. Individual employees can insure themselves for disability protection, for instance for mortgage payment protection and supplementary wage protection (WIA excess) in addition to that provided under social legislation, i.e. income protection against disability for employees whose disability risk is not insured by their employers;
- **Group disability (sickness leave and long-term disability)**
  a.s.r. provides employers with two categories of products:
  (i) sickness leave disability products, which cover the first two years of employers' mandatory salary payments in the event of disability of employees (SME market), and (ii) long-term group disability products that offer coverage until retirement age depending on the coverage (SME market and corporate market). With the BeZaVa Act coming in force, a.s.r. has launched a new 12-year proposition.

Disability product mix by GWP



1 a.s.r. also offers products related to sickness leave and group disability via mandated brokers. Due to the importance of this distribution channel, a.s.r. presents these sales as a part of a separate product category ('Other').

New product

a.s.r. has launched the 12-year proposition for SMEs under the De Amersfoortse brand. This is an insurance which takes care of the employer's liability for sickness leave, followed by WIA liability for both permanent employees and temporary employees for a period of 12 years. After those 12 years, the responsibility for benefit payments to a sick employee transfers to public insurance (UWV).

Distribution

a.s.r. has customers in the disability business line ranging from multinational corporations to individual customers. a.s.r.'s main distribution channel for disability insurance products is the intermediary channel, including via authorized agents for group disability products. Due to tightening regulatory requirements in the Dutch insurance market, there is a general trend toward consolidation in the intermediary market, which is particularly visible in group disability. Smaller agents remain an important distribution channel for self-employed disability products, where smaller local intermediaries traditionally have strong positions.

Strategy

a.s.r. is the number one insurer in terms of GWP in the Dutch disability insurance market and, with its strong De Amersfoortse brand, a.s.r. believes that it is well positioned to capture profitable growth opportunities in this market. In addition, a.s.r. has a leading position in the advisory distribution channel. Disability insurance is expected to grow in line with general macroeconomic trends. In addition to maintaining its focus on market leadership and achieving attractive combined ratios, a.s.r. intends to pursue growth opportunities, especially within the SME and self-employed customer segments, leveraging its strength in the intermediary channel.

Maintain strong position with focus on the combined ratio

a.s.r. aims to achieve the targeted combined ratio in the range of 93-95 disputing on economic circumstances through its disability product line. On the disability insurance front, a.s.r. plans to capitalize on its unique integrated approach of utilizing a dedicated multi-disciplinary team of professionals and by maintaining focus on the enhancement and further development of pricing and underwriting, which a.s.r. believes are key drivers for sustainable value creation. a.s.r. believes that it can achieve this through:
(i) optimization of pricing and focusing on cost efficiency;
(ii) expanding skills and expertise related to claims management and reintegration (both supported by in-house medical advisors and specialists in the field); and
(iii) data analysis. a.s.r. also intends to pursue and enhance its strict performance management framework of authorized agents.

To improve competitiveness, the disability business line plans to finish the implementation of a system for Group disability, an IT platform resulting in better service (e-based underwriting), better underwriting and lower costs (self-fill data systems).

Product development for new business opportunities

a.s.r. intends to continue providing its customers with optimal services and high-quality products. The company expects to achieve this by reducing the complexity of products and by keeping product offerings up to date through the introduction and development of new propositions to seize market opportunities. Recently planned or introduced product developments include:

- The development and introduction of a new product to cover the 12-year risk of disability including reintegration services complementary to social legislation (BeZaVa);
- Improving access for and insurability of the self-employed;
- The introduction of 'Doorgaanverzekering' under the De Amersfoortse brand. This is an integrated disability and health insurance proposition whose benefits for the customer include lower premiums and additional services.

Hybrid distribution to improve and secure distribution channels

a.s.r. intends to assist the intermediary channel with e-based underwriting systems and online channels to provide online product offerings. In addition, a.s.r. aims to help authorized agents to explore the local SME market, including the introduction of new propositions. Furthermore, with the acquisition of Boval and SuperGarant, a.s.r. believes it has further strengthened its position in the authorized agents segment. a.s.r. believes that this approach should help it to maintain its strong market position in disability insurance.

Health Insurance

General

a.s.r. was the eighth largest provider of health insurance products in the Dutch market in 2015 as measured by GWP, with a market share of 1.5%. a.s.r. offers health insurance products under the brands Ditzo and De Amersfoortse.

Products

a.s.r.'s health business line comprises two primary categories:

- **Basic health insurance**
  a.s.r. offers basic health insurance coverage, the terms are mandated by law;
- **Supplementary health insurance**
  a.s.r. offers a range of health insurance products covering risks and expenses not covered by the Dutch basic health insurance scheme, including physiotherapy, restorative dental care, spectacles, maternity care, medical assistance abroad and orthodontics.

New products

In 2016 a.s.r. continued to develop the 'Doorgaanverzekering' proposition, which combines the products offered by the Disability segment with the health insurance products described above. The company launced additional modules aimed at preventing disability and improving reintegration. The goal of the 'Doorgaanverzekering' is to help customers to continue or resume their daily (working) life as far as possible. Combining the two products into one customer offering supports the De Amersfoortse brand as the insurer for both SMEs and self-employed people in the Netherlands. Doorgaan insurance is offered to both self-employed and SME customers.

a.s.r. has launched the 'Pechvogelhulp' product for Ditzo customers. The 'Pechvogelhulp' is an additional service for all customers who have the Ditzo basic health insurance in 2017. The service covers additional costs resulting from an accident in the Netherlands not covered by basic or supplementary health insurance to a maximum of € 10,000.

Research & Development

In 2016 Health started the 'Health Academy' with the aim of improving knowledge and understanding of all aspects of the health insurance industry. It also serves as one of the building blocks for maintaining and/or improving the overall consistency and performance of our products and services. The 'Health Academy' offers several courses that all employees follow. The courses are aimed at facilitating improved understanding of the sector, better products and services, risk management and follow-up of regulatory requirements.

Distribution

The distribution mix of Health consists of the direct distribution channel under the Ditzo brand, focused on individual customers, while distribution under the De Amersfoortse brand is effected through the use of intermediaries and is mainly focused on self-employed and SME customers.

As a health insurer, ASR Basis Ziektekostenverzekeringen N.V. is aware of its role in society. The company is developing various initiatives on this front; it was once again decided, for instance, not to spend any resources on a large-scale marketing campaign in the 2017 healthcare season, but instead to give back to customers by reducing their premiums.

Strategy

a.s.r.'s strategy for Health is to continue to be an agile niche player with profitable underwriting, benefiting from alliances (e.g. collaboration with other insurance companies for the purchase of medical care and Delphi R&D for back-office IT processes), with a focus on continuously improving customer experience, products and services, as well as cross-selling and customer retention. Health strives to contain healthcare cost development through the focus on competitive purchasing of medical care. Health has a strong record with a combined ratio of around 99% since 2013.

Self-funding

a.s.r. intends to fund the growth of its health business exclusively through organically generated Solvency II capital in the Health division without any capital injection from the Group.

Maintain brand appreciation

a.s.r. aims to take advantage of the high degree of customer contact to offer the highest levels of customer service enabling it to maintain and, where possible, improve the brand appreciation of both Ditzo and De Amersfoortse. Health insurance is a product with a high degree of customer interaction. a.s.r. is convinced that the customer's perception of Ditzo Health and De Amersfoortse as measured by NPS leads to increased appreciation of a.s.r.'s overall brands and customer service.

Support Ditzo and De Amersfoortse brands to facilitate cross-selling

a.s.r. is focused on the opportunity for Health to create cross-selling opportunities to its P&C and disability businesses, particularly as the cost of acquisition for new health business is lower than the independent cost of acquiring new P&C customers. The sale of health insurance products via De Amersfoortse and Ditzo will result in increased brand recognition and improved retention rates for Ditzo P&C and Disability.

3.3.2 Life

Profile

The Life segment comprises all life insurance entities and their subsidiaries. These entities offer insurance policies that involve asset-building, asset reduction, asset protection, term life insurance and funeral expenses for consumers and business owners. These operations are being conducted by life entity ASR Levensverzekering N.V. ('a.s.r. Leven') and, since 2015, by De Eendragt and AXENT. In the Life segment, De Eendragt Pensioen N.V. (1 July) and AXENT Nabestaandenzorg N.V. (1 October) were merged into ASR Levensverzekering N.V.

Strategy

a.s.r. aims to continue its track record of adapting to evolving market circumstances in the life market. a.s.r. believes that it has developed a well-balanced portfolio, combining a profitable service book (individual life book and funeral insurance) with a modest Group life book. a.s.r. strives to benefit from a simplified, partially outsourced, scalable IT infrastructure that is designed to provide an efficient, low cost operating platform. a.s.r. aims to continue to benefit from its outsourcing efforts, which enable the company to reduce operating expenses per policy and to build a sound and variable cost structure. By servicing customers effectively, a.s.r. believes that it can limit unnatural lapses and maintain and optimize the predictability of its service book. a.s.r. aims to continue leveraging its cost advantage through selectively acquiring blocks of business, creating economies of scale that should result in lower administrative costs per policy and benefiting from excellent liability-driven asset management skills.

Business segments

General

The Life segment comprises three product lines: (i) DB and DC products for employers, (ii) traditional and unit-linked life insurance for individuals, as well as (iii) funeral insurance which a.s.r. refers to as its pension, individual life and funeral product lines.

In 2015, a.s.r.'s Life GWP was € 1.8 billion, which made it the sixth largest participant in the Dutch market.

The life insurance products a.s.r. offers range from relatively simple insurance products such as term life to more complex and personalized insurance products such as pension products. Life insurance products can be characterized as either traditional policies or unit-linked policies. Traditional policies are those products that offer benefits primarily based on a guaranteed interest rates, sometimes combined with profit sharing to the extent that certain thresholds are met, plus term life policies. Under traditional policies, therefore, a.s.r. bears the investment risk. Under unit-linked policies, the policy holder bears the investment risk. In addition, a.s.r. provides hybrid forms of unit-linked policies with a guarantee of a minimum investment return or minimum accumulation at maturity. The Life segment is active in the retail mortgage market. Mortgages are originated on behalf of a.s.r. Leven and are serviced by mortgage provider ASR Hypotheken B.V. (ASRH), which is part of the Banking and Asset Management segment. The Life segment offers mortgages to customers to diversify and optimize the asset mix of the segment and a.s.r. as a whole.

Pensions

General

a.s.r. is one of the four largest providers of pension insurance products in the Netherlands measured by GWP with a market share of 14% in 2015. a.s.r. offers pension insurance products under the brands a.s.r. and De Amersfoortse and has an IORP in a joint venture with Brand New Day Premiepensioeninstelling N.V. The current customer base of the business line Pensions comprises 20,000 companies and 460,000 participants.

The Dutch pension system consists of four pillars: a mandatory state pension scheme (Pillar 1), employer-based pension schemes (Pillar 2), voluntary pension facilities with fiscal benefits (Pillar 3) and voluntary pension facilities without fiscal benefits (Pillar 4).

Within the Pensions product line, a.s.r. offers product solutions for pillars 2, 3 and 4, consisting of defined contribution products (werknemerspensioen) and defined benefits (insured solutions and the general pension fund (het nederlandse pensioenfonds).

Products

a.s.r.'s Pensions range includes the following products:

- **Defined benefits:** a.s.r.'s own DB Pension products are traditional 'capital-heavy' insurance products based on lifelong guaranteed pension payments with recurring premiums with or without profit-sharing. These products also provide an option for additional single premiums for indexation and past service. DB products can be divided into general account and separate account products:
  - For general account products, the underlying assets are invested in a.s.r.'s general account and thus not attributable to a specific policyholder or liability. Within the general account, a.s.r. bears the investment risks related to assets backing the liability obligations; and
  - For separate account products, a.s.r. establishes and maintains a separate investment account to which funds are allocated in line with the relevant contract. a.s.r. bears the investment risk relating to the assets backing the liability obligations. This investment account is thus separated from a.s.r.'s general account. The policyholder is entitled to the positive revenues of the separate account.

In addition, a.s.r. selectively offers pension funds the option of selling their DB pension liabilities to a.s.r., within pre-determined capital and return thresholds through customized contracts. This allows companies to remove pension liabilities from their balance sheets and decrease future balance sheet volatility. a.s.r. effectuated € 195 million in 2016 through the transfer of the AstraZeneca pensions.

In 2015 regulations changed in the Netherlands with respect to the forming of a general pension fund. This rule change opened up the possibility of a DB solution without a heavy capital charge (no guarantees) but with full upside potential of the investment returns for the participants.

- **Defined contributions:** a.s.r. provides pension products based on defined contribution with recurring premiums, in which benefits are based on investment returns on specified funds or are guaranteed pensions. DC schemes are characterized by a pre-defined contribution by employers, providing them with a high degree of certainty. With respect to products where benefits are based on investment returns, both market and insurance risks are borne by the customers. DC products are 'capital-light', with a small percentage of a.s.r.'s total capital attributable to DC products.

a.s.r. has a 50/50 joint venture IORP with Brand New Day Premiepensioeninstelling N.V., which acts as a challenger in the established market. An IORP is a pension vehicle in the form of a separate legal entity that can operate a defined contribution pension scheme on a separate account basis during the pension accrual phase. As part of the IORP joint venture with Brand New Day, a.s.r. is the sole insurer connected to Brand New Day involved in delivering the additional risk cover included in Brand New Day's proposition to the customers.
a.s.r. also provides various supplementary insurance options as part of its insurance products, including bereavement benefits and disability protection.

Distribution

Distribution of pension products to SMEs and other corporate customers under the De Amersfoortse and a.s.r. brands takes place only via advisors. a.s.r. utilizes smaller local advisors, actuarial offices and larger national pension advisors.

Strategy

a.s.r.'s strategy for its existing DB book is focused on preserving value, reducing capital requirements, enhancing cost coverage and lowering risks, including through reinsurance. a.s.r. aims to invest, within its financial targets, in larger blocks or buy-outs of DB business that meet one of two strategic objectives: cost coverage or potential DC transfer. a.s.r. is also adapting to the changing pension market by developing the capacity to distribute new 'capital-light' pension products.

Preserve value and enhance cost coverage in existing defined benefits book

a.s.r. has an explicit focus on the preservation of value in its existing DB pension book. The company believes that cost control is crucial to managing its existing DB portfolio. a.s.r. is the first Dutch pension insurer to outsource the back-office functions of its existing portfolio, enabling cost reduction and increasing the amount of variable costs relative to fixed costs. a.s.r. aims to increase the customer service level in the existing book to protect brand value. This increase in service level is included in the BPO contract with Infosys, explicitly covering timelines, quality and completeness of customer services and communication with participants. This will also be facilitated via digital communication. The migration of six legacy back-office administrative functions was completed at the end of 2015. The migration of two additional systems might enable further reduction of the cost base, i.e. the migration and decommissioning of the existing book and legacy ICT systems of De Amersfoortse and the existing book and legacy ICT systems of De Eendragt acquired in 2015.

a.s.r. looks to cover its costs through retention, entering into selective new businesses and acquisitions (e.g. De Eendragt) and the pursuit of pension fund buyouts (e.g. Chevron, AstraZeneca) to reduce the cost per policy. Retention, acquisitions and buyouts are planned only if projections shows that ROE targets will be met. The achievement of these targets is managed and monitored by a multidisciplinary team (Pensions, Risk Management and Financial Markets).

Gain market share in capital light pension solutions

In the pension market there is a shift towards capital light products. a.s.r. believes that it is well positioned to gain market share in this segment with APF, DC and IORP propositions, through high service delivery, cost effectiveness and execution power, while meeting its pricing policy. The IT back-office system for capital-light pension products consists of SaaS solutions and is low cost. It primarily consists of variable costs. Because of the low costs, a.s.r. believes that it can offer attractive prices to the market, benefiting from a strong solvency position and socially responsible investment policy. Furthermore, a.s.r. believes that for each of its capital-light pension products, a.s.r. offers a high level of services, including, in certain cases, self-service and dedicated mid-office teams.

Strategy execution in 2016

In line with the formulated strategy a.s.r. has been successful within a changing environment with regulatory changes, low interest rates and a continuously changing pension market. a.s.r. has been able to deliver the milestones needed.

Preserve value and enhance cost coverage in existing defined benefits book

The outsourcing to Infosys was launched in 2015 and proved its success in 2016 by delivering controlled processes, significant improvements in operation times and variable costs within budget. To continue to build on this success, the related IT systems will be made part of the outsourcing programme to ensure more sustainable continuity. This will reduce maintenance expenses and will further enhance management focus.

The migration of the acquired company De Eendragt is well underway we expect to complete the integration in 2017, a year earlier than planned. Part of the integration strategy is the retention of De Eendragt customers by offering them existing a.s.r. products. Customers chose a.s.r.'s new capital-light products in 80% of the cases. The migration of the active participants of De Amersfoortse's legacy systems were migrated to WnP in 2016. The existing inactive portfolio will be migrated in the coming years, which will further reduce maintenance expenses and future costs due to regulatory changes. a.s.r. pensions has a proven track record in migrating legacy systems, with six legacy systems already migrated and closed down. a.s.r. is continuing to reduce complexity in the existing portfolio by offering more basic products to our customers and closing the more complex products. DB contracts are accepted or renewed using a strictly controlled process.

Gain market share in capital-light pension solutions

The launch of the APF, het nederlandse pensioenfonds, in 2016 was another step in the strengthening of our strategy, by giving new and existing customers the option of an alternative defined benefit product. Het nederlandse pensioenfonds welcomed its first customers, De Efteling and DAS, both well-established names in the Netherlands, in early 2017.

a.s.r. has continued to develop its modern DC proposition and it will continue to be competitive in the DC market. a.s.r. has welcomed 425 new customers with € 20 million new premiums, stepping up growth in this market. a.s.r. is further strengthening and focusing its sales force on new capital-light products. The 99.5% retention rate of the a.s.r. DC proposition was well above expectations in 2016. The NPS is likewise increasing, and the STP percentage is well above 80%. All contributing to a continuously improving competitive position in both the SME and corporate markets.

Individual life

General

In 2015 a.s.r. was the fourth largest provider of individual life insurance products measured by GWP in the Netherlands. a.s.r. offers individual life products under the a.s.r. brand.

Products

a.s.r.'s individual life product line primarily consists of an in-force book of individual life portfolios. The active product range of the individual life product line is limited and consists mainly of sales of its term life product or sales of immediate annuities to customers whose traditional life savings products are maturing. Customers with expiring policies and customers who would like to switch prior to expiry are either offered an insurance product, including more transparent unit-linked products or a bank saving product, suited to new customers. a.s.r. has ended the active sale of unit-linked and universal life capital policies.

a.s.r.'s active individual life insurance offering consists of the following products:

- **Term life insurance**
  a.s.r.'s most important category of individual life products is term life. The term life insurance range consists of traditional life insurance policies that pay death benefits without a savings or investment features. a.s.r.'s term life insurance products are mainly sold in combination with mortgage loans or investment accounts, and generally require recurring premium payments; and
- **Immediate annuities**
  a.s.r.'s immediate annuities are traditional life insurance products with guaranteed returns for the customer. Under an immediate annuity, the annuitant pays a single premium, in return for which a.s.r. agrees to make lifelong annual payments to the annuitant immediately. a.s.r.'s immediate annuities are sold primarily to customers whose traditional life savings products are maturing.

a.s.r.'s remaining in-force service book in the individual life insurance portfolio, in addition to the categories listed above, consists of the following products:

- **Pension-related endowments**
  a.s.r.'s savings pension-related life insurance products are traditional individual savings plans with a single premium payment and benefits based on a guaranteed interest rate and include non-guaranteed profit-sharing;

- **Mortgage-related endowments**
  a.s.r.'s savings mortgage-related life insurance products are traditional individual savings plans with recurring or single premium payments and benefits based on a guaranteed interest rate and non-guaranteed profit-sharing. These policies are sold in combination with mortgage loans;
- **Traditional savings life insurance**
  a.s.r.'s life insurance products are traditional individual savings plans with recurring or single premium payments and benefits based on a guaranteed interest rate and non-guaranteed profit-sharing; and
- **Unit-linked/universal life**
  These policies provide savings from recurring or single premium payments. The value of capital is based on the value of the investments at the chosen end date, with the possibility of guaranteeing a minimum return under certain conditions. a.s.r. currently offers unit-linked policies solely to existing customers wishing to switch to a topical product.

Unit-linked/Universal life portfolio
In July 2015, the Dutch Ministry of Finance published an Order in Council *(Algemene Maatregel van Bestuur)*, effectively making the guidelines regarding the mobilization of customers legislation. In line with the Order in Council, a.s.r. and its intermediaries are continuing to actively approach individual unit-linked policyholders to inform them of the prospects of the relevant policy for its remaining term. Partially as a result of a.s.r.'s active efforts to reach out to policyholders since 2010, a.s.r. had reduced the number of its outstanding active unit-linked policies from approximately 1.1 million at year-end 2008 to around 230,000 policies with recurring premiums at year-end 2016. The AFM has reported that the 'recovery advice' provided by a.s.r. to mobilize customers is of good quality.

a.s.r. mobilizes customers by prioritizing the most vulnerable groups. The interim results on customer mobilization of all insurers, including a.s.r., were made public by the AFM on 28 October 2015 in a report (Rapportage nazorg beleggingsverzekeringen) (available at afm.nl/nl-nl/consumenten/nieuws/2015/okt/rapport-nazorgbeleggingsverzekeringen). This report includes the mobilization targets, for which a.s.r. is on track. By the end of 2016 a.s.r. had mobilized 100% of the most vulnerable group of policy holders (non-accruing policies) and 100% of the policy holders with an individual unit-linked life insurance policy combined with a mortgage and a pension. All policy holders with an individual unit-linked life insurance policy must be mobilized by the end of 2017.

In 2016, the remaining unit-linked portfolio accounted for 40% of individual life's GWP. As at 31 December 2016, the Individual life unit-linked policies accounted for 37% of the technical reserves of the Individual life service book.

Strategy
The strategy of individual life is based on maximum retention of the current value of the individual life book and a cost effective operation model. In order to achieve this, a.s.r. has two primary strategic initiatives:

Optimize customer satisfaction
To maximize the value of the individual life book, a.s.r.'s strategy is to maximize customer satisfaction. a.s.r. believes that maintaining customer satisfaction is crucial for the efficient management of how customers behave when their existing policy expires, which can extend profitable cash flows. To maximize the provision of personalized service, a.s.r. intends to increase the services it offers to its customers. When an individual life policy expires, in collaboration with a.s.r. Bank, a.s.r. continues to offer solutions suited to individual customer needs, whether through a life insurance product or a bank saving product (either tax incentivized or basic internet savings). Of the expiring individual life policies, the retention ratio of customers with respect to a bank or individual life product was 25% in 2016. Focusing on customer satisfaction, a.s.r. also continues to strive to make its services more accessible and easier to use for its customers.

Lower the cost base and shift towards a higher percentage of variable costs
To preserve the value of the individual life in force portfolio, a.s.r. aims to simplify its organization and shift its cost base from fixed costs towards variable costs. To lower costs and shift the overall cost mix in the individual life book, a.s.r. has developed two strategies. In 2013, we outsourced a portion of the back office and IT operations associated with the individual life portfolio. In 2015 and 2016, we simplified and migrated two of seven individual books of business within the individual life portfolio to an SaaS platform. We plan to migrate the remaining individual books in 2017 and 2018. a.s.r. intends to maintain this strategy, analyzing books on an individual basis to find the most appropriate and value-enhancing solution while minimizing operational costs and complexity.

Funeral Insurance

General
a.s.r. acquired three blocks of funeral business (de Facultatieve and AXENT were acquired in 2012 and 2015 respectively, and the insurance portfolio of NIVO was acquired in 2016) and realized significant cost synergies from these acquisitions in recent years. In addition, a.s.r. intends to shift remaining policies previously issued under the a.s.r. brand to the Ardanta book (the majority of 3.5 million policies were transferred in 2011). The final portfolio of 13,000 funeral policies from the Individual Life department is scheduled for conversion in the first quarter of 2017. a.s.r. is the only active major mainstream insurance company in the funeral insurance business in the Netherlands and its primary competitors are also funeral service providers.
a.s.r. offers funeral insurance products under the Ardanta brand. a.s.r. administered 6.5 million policies (including 2.2 million of policies of AXENT and 300,000 of policies of NIVO) in 2016.

Products

a.s.r.'s funeral policies are traditional life insurance products with guaranteed insured amounts to cover the cost of the insured funeral. The amounts insured are usually relatively low and there is lifelong coverage. Within these policies, a.s.r. distinguishes between capital (monetary payment) and in-kind (provision of funeral services) products. For in-kind insurances, a.s.r. does not provide funeral services itself but has contracts with funeral service providers who provide these services.

In 2016, 98% of funeral GWP was attributable to recurring premium policies and 2% to single premium policies. As at 31 December 2016, a.s.r.'s funeral product line consisted of approximately 6.5 million policies.

Distribution

Ardanta sells most of its policies via the intermediary distribution channel. Due to changing customer preferences and a ban on commissions introduced in 2013, Ardanta accelerated the implementation of new distribution channels including the direct channel. The customer contact sales team advises new and existing customers by telephone, personal visits and via Internet channels. This change in distribution strategy has resulted in an increase in direct sales by the front office and via the internet channel (2016: 30%, 2015: 26%), measured by APE, and a decrease of new business from indirect sales via intermediaries (2016: 52%, 2015: 55%).

Strategy

a.s.r. has a leading position in this niche market. a.s.r. is the largest composite funeral insurer with a hybrid servicing model, the number two in terms of GWP in the funeral market and number one in terms of the number of policies. The strategy of a.s.r.'s funeral insurance is to focus on optimizing the value of the existing book and the acquisition of blocks of business. The funeral portfolio is a book with 100% mortality risk which naturally hedges the longevity risk of pensions to a significant extent. That hedge is also expected to increase over time due to interest accrual within the funeral book. To maximize the value of the funeral book, a.s.r. has three primary focus areas.

Maintain its strong distribution network and focus on customer satisfaction

a.s.r. offers funeral insurance through the direct and intermediary channels. These channels are supported by a dedicated sales force that services all distribution channels through visits, telephone calls and via the internet. a.s.r. has launched an innovative online platform to help customers under the Ardanta brand. Due to the large scale of the existing book, retention of existing customers is very important. a.s.r. believes that improving service levels increases customer satisfaction and the duration of cash flows.

Cost effectiveness

Minimizing the cost base is crucial in order to maximize the value of the portfolio. a.s.r.'s strategy is to maintain a lean funeral organization, located in Enschede, and a low-cost IT system that already services over six million policies. a.s.r. believes that the cost per policy of its funeral business is one of the lowest in the market. a.s.r. aims to continue to focus on maintaining the low cost base of its funeral portfolio while maintaining its good customer service. In the coming year, a.s.r. intends to migrate NIVO and De Amersfoortse to this low-cost platform to achieve anticipated cost synergies.

Unlocking the value of acquired books

a.s.r. has a strong track record of successfully acquiring and integrating blocks of business. In the past, a.s.r. has integrated various funeral portfolios into its own operations and IT systems. a.s.r. has acquired three large blocks of funeral business (de Facultatieve, AXENT and NIVO) since 2012. Two of these are already fully integrated into a.s.r.'s low-cost IT systems that include a low percentage of variable costs. a.s.r. believes that capital synergies have already been unlocked and the asset portfolio has been re-risked based on a.s.r.'s strong capital base and risk management framework. By adding blocks of business, a.s.r. believes that it will be able to realize substantial cost synergies by leveraging its existing low-cost base and gaining capital synergies through the natural hedge of mortality risks versus longevity risks, as well as by leveraging its skill in managing liability-driven investments.

Non-insurance business

3.3.3 Banking and Asset Management

Profile

The Banking and Asset Management segment consists of all the banking activities and the activities related to asset management including investment property management. These activities are carried out by ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V. ('ASRH').

General

ASR Bank N.V. (hereinafter a.s.r. Bank) offers savings products and services investment products for retail customers. It does not have branches and primarily focuses its sales activities on the sale of tax-driven savings products (bank savings).

Products

The main categories of products offered by a.s.r. Bank include the following:

- **Immediate annuities**
  a.s.r. Bank's immediate annuities are fiscal savings products involving the investment of a lump sum to provide the customer with fixed payments per month, quarter, half-year or year. The lump sum is the result of a pension savings scheme that is tax deductable, provided that the savings are paid into a fund that can

only be withdrawn as an annuity. The payments that the customer receives are taxed at progressive Dutch personal income tax rates of up to 52%;

- **Deferred annuities**
  a.s.r. Bank's deferred annuities are fiscal savings products for pension savings schemes. The Dutch government grants tax deduction for the savings, provided that savings are ultimately paid into a fund that can only be withdrawn as an annuity. Tax deduction in the Netherlands is only allowed if, without additional savings, the pension income is set to be less than 70% of the customer's current income;
- **Savings products**
  a.s.r. Bank offers savings accounts with a variable interest rates, and term deposits with a term of one to ten years and a fixed interest rate; and
- **Retail investments**
  a.s.r. Bank conducts, on an execution-only basis, orders for the purchase and sale of the investments offered by various asset managers. These are primarily linked to mortgages.

In 2016, a.s.r. Bank added Extra Pensioen Beleggen, a tax-driven retirement to its product line with. This product is distributed exclusively through intermediaries.

Distribution

For sales of bank products, a.s.r. distributes new business via the intermediary and direct channels. a.s.r. Bank strives to address the increasing demand for online service via its own online channel and direct customer services.

Mortgage Loan Services

Products

a.s.r. is active in the retail mortgage market. Mortgage loans are issued by a.s.r. Leven, which is a part of the Life segment. The mortgage portfolio is therefore owned by the Life segment and Bank. Mortgages are distributed only via the intermediary channel. ASR Hypotheken (ASRH) provides mortgage loan services such as acceptance, credit analysis and arrears management in respect of a.s.r.'s residential mortgage portfolio, which includes annuity mortgages, linear mortgages, interest-only mortgages and bank annuity mortgages. All other operations related to the mortgage portfolio are conducted by Dutch mortgage service provider Stater N.V. (part of ABN AMRO Group N.V.) on the basis of a contract entered into between Stater N.V. and a.s.r. Leven.

Strategy

The Bank supports a.s.r.'s overall strategy. a.s.r.'s goal is to record modest and controlled growth in the Bank business. a.s.r. strives to align its banking operations with the individual life and asset management business lines, enabling a.s.r. to offer a full range of financial products to customers (in a market that is shifting away from individual wealth accumulation and annuities), focusing on customers with expiring life policies and offering them savings and investment products.

The products offered are bank annuities (long-term fiscal saving and investment products), deferred annuities (fiscal savings products), savings accounts (e.g. variable interest, term deposits) and retail investments.

a.s.r. offers mortgages to customers to diversify and optimize a.s.r.'s asset mix. a.s.r. plans to continue its strategy of originating a substantial amount of mortgages every year to align its assets with the long-term liabilities of some of its insurance operations. Furthermore, since arranging a mortgage is a life event for a customer, a.s.r. aims to stay active within this market to further improve its brand recognition and potentially capitalize on cross-selling opportunities.

Asset Management

a.s.r.'s asset management business comprises two organizational units: a.s.r. Group Asset Management ('a.s.r. GAM') and a.s.r. Real Estate Investment Management ('a.s.r. REIM').

a.s.r. GAM

a.s.r. GAM provides a full range of asset management services for a.s.r. In addition, a.s.r. GAM is responsible for managing investment funds for the account of a.s.r.'s policyholders, as well as for a number of separate accounts for a.s.r.'s pension customers.
a.s.r. GAM offers a number of investment management services in the the following categories:

- **Fiduciary asset management services**
  These include strategic and tactical advice, portfolio construction, manager selection and monitoring, risk management and reporting to a.s.r. entities. In 2015, a.s.r. GAM started to offer these products to Dutch institutional investors including APFs;
- **Balanced mandates**
  These products are managed for the likes of reinsured pension contracts, offering a diversified portfolio and taking into account the relevant investment restrictions;
- **Institutional mandates in specific asset classes**
  This includes tailor-made solutions for specific investors (e.g. local governments, agencies and wealth funds) through the acquisition of BNG Vermogensbeheer (completed in May 2016, now a.s.r. Vermogensbeheer) as well as institutional mandates for a select number of asset classes, such as Dutch and European equities, euro fixed income (government and credit) and overlay strategies; and
- **Mutual funds for retail customers**
  a.s.r. GAM manages a number of mutual funds that offer customers either a tailored solution (via balanced funds) or exposure to a specific asset class.

a.s.r. GAM expanded its customer portfolio and increased its AuM with the acquisition of BNG Vermogensbeheer in January 2016. BNG Vermogensbeheer was already a leading asset manager focused on the public sector, with a customer portfolio valued at nearly € 5 billion. BNG Vermogensbeheer had a diverse customer portfolio, largerly made up of lower-tier local authorities, health care and educational institutions, universities, network companies, housing associations, charitable trusts and capital funds, industrial pension funds and medical insurers. a.s.r. believes that the acquisition of BNG Vermogensbeheer has taken it a step closer to its goal of becoming a key provider of asset management services in the Dutch market. BNG Vermogensbeheer has been renamed as a.s.r. Vermogensbeheer.

a.s.r. REIM

a.s.r. has been investing in Dutch real estate for over 125 years and is the largest private land owner in the country. a.s.r. has a diversified real estate portfolio consisting of rural, retail, residential and office investments in the Netherlands. a.s.r. REIM's customers include a.s.r., insurance companies, institutional and retail customers, for which it invests in commercial properties (both offices and retail), residential properties, land positions and real estate equities. Customers invest via the following funds: ASR Property Fund N.V., ASR Dutch Prime Retail Fund and ASR Dutch Core Residential Fund. ASR Property Fund N.V. mainly invests on behalf of a.s.r.'s unit-linked policy holders, whereas the other two funds are open to third parties. Since 2011, more than ten international institutional investors have invested in the two newly created real estate investment funds managed by a.s.r., with third party investments accounting for 23% and 60% of the AuM in ASR Dutch Core Residential Fund and ASR Dutch Prime Retail Fund respectively. The ASR Dutch Mobility Office Fund was established on 15 December 2016. In addition, a.s.r. REIM also manages a real estate portfolio for the account of a.s.r.'s insurance operations.

As at 31 December 2016, a.s.r. REIM held € 4.6 billion in AuM in commercial (both offices and retail), residential properties, land positions and real estate equities under management. As at 31 December 2016, a.s.r. REIM managed € 3.3 billion of AuM held for a.s.r.'s own account.

The total AuM managed by a.s.r. REIM amounted to € 4.2 billion as at 31 December 2015 and € 4.0 billion as at 31 December 2014, with € 2.9 billion and € 3.0 billion respectively managed for a.s.r.'s own account, and € 1.3 billion and € 1.0 billion respectively for third parties.

a.s.r. owns the largest private land portfolio in the Netherlands, comprising a total of 35,566 hectares. As at 31 December 2016 ASR Property Fund had a total of € 0.5 billion in AuM (69% of which was managed for unit-linked policy holders of a.s.r.), ASR Dutch Prime Retail Fund had € 1.3 billion in AuM (60% of which was managed for third parties), ASR Dutch Core Residential Fund € 1.0 billion (23% of which was managed for third parties) and ASR Dutch Mobility Office Fund had € 0.2 billion in AuM (0% of which was managed for third parties).

Strategy

While the focus of a.s.r.'s asset management activities has historically been limited to servicing the assets of the insurance segments, a.s.r. aims to enhance its asset management capabilities and expand third-party assets under management, leveraging the track record of a.s.r.'s real estate asset management activities in the management of assets for third parties.

The recently agreed acquisition of the niche asset manager BNG Vermogensbeheer will help a.s.r. to achieve that goal. a.s.r. also aims to expand its fiduciary asset management by leveraging its existing investment skills and platforms. From 1 January 2017 a.s.r. GAM is responsible for the operational asset management of 'Het nederlandse pensioenfonds', the general pension fund initiated by a.s.r.

a.s.r.'s asset management platform has recorded a strong performance in a number of asset classes that it currently manages in-house, including euro fixed income, Dutch and euro equities and Dutch real estate, although it does selectively use third-party asset managers for other asset classes (for example emerging market debt, emerging market equities and US equities). a.s.r. strives to ensure that all investments products and services, whether managed internally or externally, continue to comply with a.s.r.'s strict sustainable and socially responsible investment policy.

For 2017 a.s.r. REIM aims to grow its assets under management, both for a.s.r.'s own account as for third parties, by acquiring properties, portfolios, funds and or management contracts.
Obtaining an expanded AIFMD licence in October 2016 will help a.s.r. REIM to expand its fiduciary asset management activities by expanding the international real estate portfolio managed for a.s.r. and its partners and customers. These steps will increase the diversification potential for a.s.r., ASR Property Fund N.V. and a.s.r.'s partners and customers.

Our in-house Research and Strategy team develops strategic visions on the investment markets in which a.s.r. operates by using market decision tools. These tools rank the likes of real estate sub-markets at a low geographical scale. Our aim is to continuously improve our market analysis tools by combining new scientific insights, additional datasets, associated market risks and the market expertise of our asset management organization.

a.s.r. REIM also aims to further expand its CSR policy and aims to obtain GRESB Green Stars for its managed real estate investment funds.

Finally, a.s.r. REIM obtained International Standard of Assurance and Engagements (ISAE) 3402 type II certification for the a.s.r. REIM processes and ISAE 3000 type II certification for its managed real estate investment funds.

3.3.4 Distribution and Services

Profile

The Distribution and Services segment includes the activities related to the distribution of insurance contracts and intermediary services and is carried out by PoliService B.V., VKG, Boval, Corins and SuperGarant.
In 2015 a.s.r. signed a commitment for the sale of SOS International which was completed on 25 January 2016. The SOS International business is primarily providing 24/7 worldwide travel assistance.

VKG

VKG is a full service provider and a mandated broker to a number of Dutch insurance companies, including a.s.r.'s P&C insurance business. As at 31 December 2016, VKG acted as service provider and as a mandated broker for 24 financial institutions and distributes products from 94 insurers, banks and other credit institutions through VKG's relationships with intermediaries. VKG also offers access to the insurance exchange and mortgages. Based on these associations, VKG provides administration and consulting services to advisors in respect of their commercial and back-office operations. As at 31 December 2016, VKG had agreements with approximately 3,000 advisors in the Netherlands, 428 of which have fully outsourced their administrative functions to VKG.

Boval

Boval is an advisor, service provider and mandated broker to a.s.r.'s P&C and disability insurance businesses, as well as to other insurance companies operating in the Dutch non-life insurance market.

As at 31 December 2016, Boval acted as an advisor to 14 insurance companies and provided mandated broker services for some of their products and business lines. Based on these associations, Boval provides administration services as a service provider to advisors in respect of their commercial and back-office operations. Furthermore, Boval offers consulting and other services such as claims management, risk management, prevention, reintegration and leasing. Boval focuses primarily on the agricultural, transport, overhaul and civil construction sectors. Boval has ties with business associations of the agricultural (LTO) and transport (EVO) sectors.

Corins

Corins has been successful as an underwriting agency in the Dutch co-insurance market since 2003. The company services over 60 brokers. Corins will continue to represent the insurers it currently does business with.
The acquisition of Corins is in line with a.s.r.'s strategy expand its business in the Dutch commercial P&C insurance market through organic growth and selective acquisitions. The co-insurance activities of a.s.r. and Corins are perfectly complementary and the acquisition fits well within a.s.r.'s investment guidelines.

SuperGarant

In its 30 years of operating as an intermediary and underwriting agent, SuperGarant has developed into an insurance specialist with a focus on P&C and income protection insurance for the retail market and a provider of related absenteeism and occupational health and safety services. SuperGarant works in close collaboration with SME sector associations and has a direct line of contact with franchise and purchasing organizations.

PoliService

Poliservice B.V. ('PoliService') is an intermediary for a.s.r. and its business includes selling different types of insurance, giving mortgage and pension advice directly to its customers and managing the portfolios of intermediaries that have ceased to operate. PoliService is a pioneer in the field of digital advice through video chat and website solutions for a more efficient customer experience. It acts as a tied agent and is also an intermediary for insurance products for a.s.r.'s own employees. It services more than 120,000 unique relations and is strategically aligned with a.s.r.

Het AssuradeurenHuys B.V. is a back-office service provider for agents and intermediaries, which was integrated into VKG in the second half of 2016.

Strategy

a.s.r. believes that VKG, Boval, Corins and SuperGarant will benefit from their inclusion in a.s.r. as this will allow them to develop their business with the a.s.r.'s support (e.g. for product offerings and/or innovation possibilities).

The acquisitions of the service providers VKG, Boval, Corins and SuperGarant are consistent with a.s.r.'s strategy of seeking to enhance and strengthen its relationships with intermediaries. These acquisitions offer forward integration in the insurance chain and therefore improved insights into customer needs, which a.s.r. believes will enable it to adjust its product portfolio and/or distribution mix and therefore better align its product range with customer needs. a.s.r. also believes that these acquisitions provide learning and innovation opportunities, as a.s.r. now has the ability to develop and test new product ideas with direct input from the distribution and customer sides. a.s.r. believes that these companies will enable it to accelerate the implementation and marketing of innovations and new products, due to their more flexible organizations and systems. a.s.r. expects this will give it the opportunity to innovate quickly and implement its learning in the rest of a.s.r.

3.3.5 Holding and Other

Profile

The segment Holding and Other consists primarily of the holding activities of the Company (including the Group-related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V. This segment includes the pension contract of the Group with a.s.r. Leven on behalf of a.s.r. for a.s.r.'s employees.

3.3.6 Real Estate Development

Profile

A part of the Real Estate Development (a.s.r. RED) company was legally split on 30 December 2015 retroactively as per 1 January 2015 into ASR Vastgoed Projecten B.V., which consists primarily of a.s.r.'s Leidsche Rijn Centre project (including commitments and guarantees in respect thereof), aftercare projects and joint ventures in real estate projects. Meijer Realty Partners B.V. acquired ASR Vastgoed Ontwikkeling N.V. on 29 April 2016.

Real Estate Development

Historically, the real estate development business of a.s.r. was expanded when it was part of Fortis and consisted of large and complex real estate (re-)development projects in urban areas in the Netherlands.

The continuing operations of this segment consist primarily of the Leidsche Rijn, and aftercare projects. Leidsche Rijn is a development project assumed in 2007 with a joint venture partner. a.s.r. has the obligation to develop a retail and residential district in Utrecht. a.s.r. has a 78% share in the joint venture. a.s.r. has provided the municipality of Utrecht with two guarantees for the project, the total amount of which is reduced as the development progresses and payments are made. a.s.r. is actively seeking to further minimize its exposure in respect of this project. In 2016 the contract with the investor in the Leidsche Rijn Centre was dissolved.
The aftercare projects are finalized projects with outstanding commitments and guarantees.

Discontinued Operations

Discontinued real estate operations consist of joint ventures in real estate projects. The shares of a.s.r. Vastgoed Projecten in the joint ventures Thiendenland II Schoonhoven and BPD-ASR Vastgoed Ontwikkeling v.o.f. were acquired by BPD in 2016.

3.4 Group and segment financial performance

3.4.1 Financial and business performance in 2016

a.s.r. key figures

(in € million, unless stated otherwise)	2016	2015 restated[1]	Delta
Gross written premiums	**4,328**	**4,092**	**5.8%**
- Non-life	2,433	2,350	3.5%
- Life	2,013	1,828	10.1%
- Eliminations	-118	-86	-37.2%
Operating expenses	**-569**	**-575**	**-1.0%**
- Non-life	-204	-207	-1.4%
- Life	-203	-205	-1.0%
- Banking and Asset Management	-58	-48	20.8%
- Distribution and Services	-35	-22	59.1%
- Holding and Other / Eliminations	-63	-87	-27.6%
- Real Estate Development	-6	-6	0.0%
Operating expenses associated with ordinary activities	-549	-538	2.0%
Provision for restructuring expenses	-17	-30	-43.3%
Operating result	**599**	**537**	**11.5%**
- Non-life	136	169	-19.5%
- Life	551	441	24.9%
- Banking and Asset Management	2	12	-83.3%
- Distribution and Services	12	3	300.0%
- Holding and Other / Eliminations	-102	-88	-15.9%
- Real Estate Development	-	-	-
Incidental items (not included in operating result)	**239**	**269**	**-11.2%**
- Investment income	171	413	-58.6%
- Underwriting incidentals	11	-	-
- Other incidentals	57	-144	139.6%
Profit/(loss) before tax	**838**	**806**	**4.0%**
- Non-life	187	217	-13.8%
- Life	642	716	-10.3%
- Banking and Asset Management	7	10	-30.0%
- Distribution and Services	12	4	200.0%
- Holding and Other / Eliminations	5	-48	110.4%
- Real Estate Development	-15	-93	83.9%
Income tax expense	**-197**	**-157**	**25.5%**
Profit/(loss) for the year from continuing operations	641	649	-1.2%
Profit/(loss) for the year from discontinued operations	17	-26	165.4%
Non-controlling interest	1	-3	133.3%
Profit/(loss) for the year attributable to holders of equity instruments	**659**	**620**	**6.3%**
Earnings per share			
Operating result per share (€)	2.77	2.46	12.6%
Dividend per share (€)	1.27	1.13	12.4%
Basic earnings per share on IFRS basis (€)	4.17	3.91	6.6%

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[1] The figures for 2015 have been restated due to retroactive adjustments to the provisions related to the acquisitions (one year window) and immaterial adjustments related to the accounting for a.s.r.'s employee benefits.

a.s.r. key figures

(in € million)	2016	2015 restated	Delta
New business, Life (APE)	152	92	65.2%
New business, Non-life	220	208	5.8%
Combined ratio, Non-life	95.6%	95.0%	0.6%-p
Return on equity	17.0%	17.8%	-0.8%-p
Operating return on equity	14.1%	14.4%	-0.3%-p
Number of internal FTEs	3,461	3,650	-5.2%

a.s.r. key figures

(in € million)	2016	2015 restated	Delta
Total assets	56,952	53,356	6.7%
Equity attributable to shareholders	3,780	3,574	5.8%
Total equity (IFRS)	4,471	4,259	5.0%
Solvency II ratio (standard formula post (proposed) dividend)[1]	189%	180%[2]	9.0%-p

The **operating result** increased by € 62 million to € 599 million from € 537 million (+11.5%):

- In the Non-life segment, the operating result decreased by € 33 million, while the combined ratio remained strong at 95.6%, exceeding the target of <97.0%. The decline in operating result in 2016 was largely due to lower direct investment income and a lower contribution from the equalization system in the Health business in 2016. The P&C business performed well, including the absorption of the hail and water damage claims earlier (impact of € -25 million) in 2016;
- The increase in the operating result of € 110 million in the Life segment was due to the positive contributions from acquisitions and a higher investment-related result on swaptions. The increased release of the realized gains reserve compensated for lower direct investment income;
- The non-insurance activities incurred an operating loss of € 88 million. This is a decline of € 15 million compared with 2015; this was due mainly to the Tier 2 subordinated debt of € 500 million raised in September 2015, which led to higher interest expenses of € 17 million. Acquisitions contributed to an increase in operating result (€ 8 million) in the Distribution and Services segment.

Gross written premiums increased by € 236 million (5.8%) to a level of € 4,328 million. In the Non-life segment, premiums were slightly higher (3.5%) due to underlying growth in the P&C (motor) portfolio and to a lesser extent to the Occupational Disability business. Growth in the Life segment (10.1%) was driven by the contributions from acquisitions (AXENT, De Eendragt) and the transfer of the NIVO funeral insurance portfolio in early 2016.

New business was higher in both the Non-life and the Life segments. In the Non-life segment, new business rose to € 220 million, 5.8% higher than in 2015, while the Non-life combined ratio remained strong at 95.6%. The largest increases in sales were in the occupational disability business and in the P&C business. In the Life segment, new business (measured in Annualized Premium Equivalents APE) came in at € 152 million, a € 60 million increase on 2015. This growth was predominately related to the transfer of the NIVO funeral insurance portfolio (APE: € 52 million) and renewals of existing pension contracts (€ 11 million), especially in Q4 2016. In line with the strategy to focus on the defined contribution (DC) pension business, the level of new DC production nearly doubled compared to 2015 thanks to the Werknemers Pensioen proposition.

Operating expenses fell to € 569 million from € 575 million (-1.0%). Excluding the impact of non-ordinary items, operating expenses increased to € 549 million (2015: € 538 million). This increase was the result of a.s.r.'s acquisitions (De Eendragt, AXENT, Dutch ID, BNG Vermogensbeheer, SuperGarant, Corins and the portfolio transfer of NIVO), which increased the regular cost basis by € 13 million. Excluding this impact, operating expenses were down by € 2 million. The measures taken to reduce regular costs and to create a more flexible cost base are on target.

The **number of internal FTEs** decreased by 189 (5.2%) to 3,461 FTEs as at 31 December 2016 (end 2015: 3,650 FTEs). Acquisitions in 2016 (SuperGarant, Corins and BNG asset management) added 50 FTEs. Adjusted for the number of internal FTEs of businesses sold in 2016 (a.s.r. Vastgoed Ontwikkeling and SOS International 161 FTEs in total), the decrease would have been 28 FTEs.

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[1] The Solvency II (standard formula) ratios reported at day-one 2016 and 2016 are post-dividend (resp. € 170 million and a proposed € 187 million). The ratios are presented excluding a.s.r. Bank.

[2] Solvency II ratio at the beginning of 2016 ('day-one 2016').

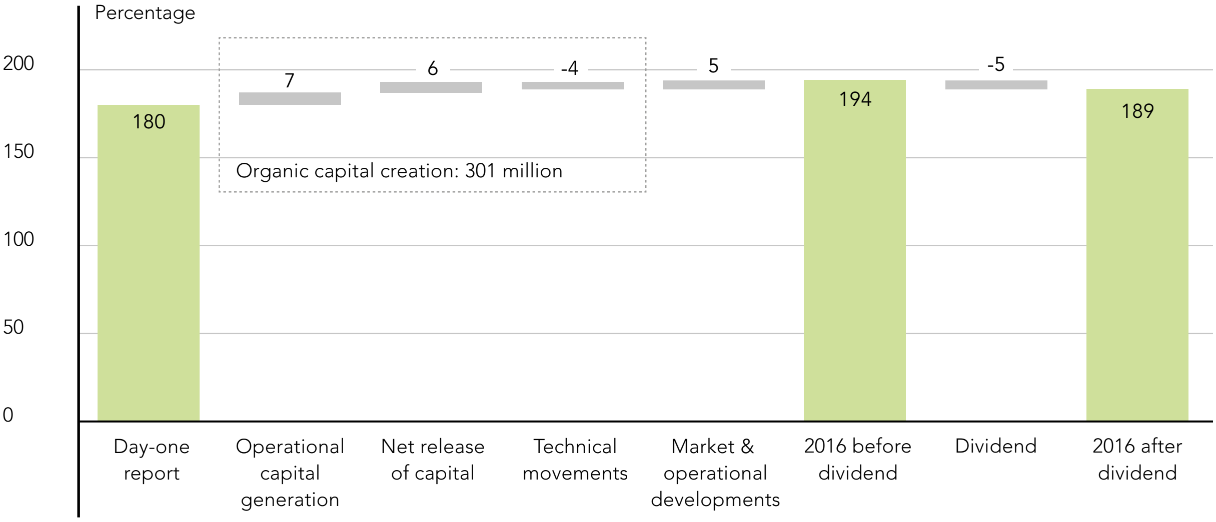
Profit for the year was up 6.3%, rising to € 659 million (2015: € 620 million) due to a higher operating result (pre-tax: € 62 million) and other incidentals, including an IAS19 release of a.s.r.'s own pension scheme (pre-tax: € 100 million) in the first half of 2016. Profit for the year at a.s.r. Vastgoed Ontwikkeling increased by € 121 million mainly as a result of additional loss provisions for the development portfolio in 2015. The sale of a.s.r.'s equity exposure in 2015 led to a high level of realized capital gains on equity compared to 2015 (pre-tax: € 242 million negative).

Operating return on equity remained strong at 14.1% (2015: 14.4%), exceeding the target of 'up to 12%'. IFRS-based return on equity stood at 17.0% (2015: 17.8%). The addition of profit for the year, partly offset by the dividend, discretionary interest payments and a negative impact from IAS 19-related actuarial gains and losses due to a decrease in the discount rate, led to an overall positive effect on equity. Earnings per share were up, with operating result per share increasing to € 2.77 from € 2.46 (+12.6%).

The **Solvency II ratio** increased by 9 percentage points to 189% (day-one 2016: 180%). The Solvency II ratio increased from day-one 2016, largely due to accretion driven by organic growth, cost savings and LACDT guidance.

Solvency ratio in 2016
This can be explained by the analysis of change as shown in the graph below.

Solvency ratio in 2016



The increase in the solvency ratio in 2016 can be explained as follows:

- Operational capital generation: increase in Eligible Own Funds (EOF) of € 242 million caused by realized organic growth that is equal to the unwinding of the current existing portfolio (excluding the net capital release) plus value-added new business (impact solvency ratio: +7%).
- Net capital release: increase in EOF of € 98 million due to release of risk margin (impact solvency ratio: +3%). Apart from that the SCR requirement decreased (€ -52 million) due to runoff of the closed book life portfolio (impact solvency ratio: +3%).
- Technical movement: decrease in EOF of € -110 million due to the unwind of the UFR effect on the life insurance portfolio. Also the equity charge increased which was caused by the runoff of the transitional measure. Total impact on the solvency ratio equals -4%.
- Market & operational developments: impact on the solvency ratio is 5%, due to realized return on investments above organic growth, acquisitions, Business developments, and other effects.
- Dividend 2016: decrease in EOF of € 187 million is due to the proposed dividend that will be distributed to shareholders in 2017.

Medium-term targets
During the IPO process and a.s.r.'s subsequent listing on Euronext, the a.s.r. management communicated a number of medium-term targets. In 2016, a.s.r. delivered on its promises by exceeding its medium-term financial targets.

Medium term targets

	2016	Medium-term target
Solvency II (standard formula)	189%	> 160%
Operating return on equity	14.1%	up to 12%
Operating expenses	on target	€ 50 million
Combined ratio, Non-life	95.6%	< 97%
Financial leverage	25.2%	< 30%
S&P rating (insurance business)	Single A	Single A

Dividend for 2016

Management proposes to distribute a cash dividend of € 187 million for the full year 2016; this is a € 17 million increase compared to last year. The proposed dividend also exceeds the guidance given at IPO, which involved a discretionary dividend for 2016 of € 175 million. The increase in dividend is driven by strong operating results and reflects management's confidence in the performance of the business.

The proposed dividend per share amounts to € 1.27 per share payable in cash, up 12.4% from 2015 (pro-forma € 1.13). Following the approval of the Annual General Meeting on 31 May 2017, the dividend will become payable with effect from 7 June 2017. The a.s.r. stock will trade ex-dividend on 2 June 2017.

Dividend policy for 2017

In 2016, a.s.r. announced a dividend policy for 2017. Going forward, the annual dividend will be based on a pay-out ratio of 45% to 55% of net operating result attributable to shareholders (i.e. net of hybrid costs). a.s.r. applies a boundary condition based on its Solvency II position. a.s.r. does not plan to pay a cash dividend if the Solvency II ratio were to fall below 140%.

To enable future dividend distributions, a.s.r. seeks to attain a cash position at holding level of at least € 350 million. At year end, the cash position at holding level was € 354 million.

Insurance business

3.4.2 Non-life

- The operating result stood at € 136 million. Better conditions in the occupational disability business were more than offset by the drop in result from Health due to a lower contribution from the equalization system and higher claims;
- At 95.6%, the combined ratio remained at a good level (2015: 95.0%) despite a rising ratio at Health. This demonstrates a.s.r.'s excellence in underwriting capabilities;
- Gross written premiums rose to € 2,433 million (3.5%), mainly due to growth in the P&C business and Occupational Disability;
- Operating expenses, including the provision for restructuring expenses, were down 5% as a result of continuing operational efficiency improvements combined with lower restructuring expenses.

Key figures, Non-life

(in € million, unless stated otherwise)	2016	2015	Delta
Gross written premiums	2,433	2,350	3.5%
Operating expenses	-204	-207	-1.4%
Provision for restructuring expenses	-6	-15	-60.0%
Operating result	**136**	**169**	**-19.5%**
Incidental items (not included in operating result)	**51**	**48**	**6.3%**
- Investment income	30	63	-52.4%
- Underwriting incidentals	27	-	-
- Other incidentals	-6	-15	-60.0%
Profit/(loss) before tax	187	217	-13.8%
Profit/(loss) for the year attributable to holders of equity instruments	**143**	**169**	**-15.4%**
New business, Non-life	220	208	5.8%

Combined ratio, Non-life

	2016	2015	Delta
Combined ratio, Non-life segment	**95.6%**	**95.0%**	**0.6%-p**
- Commission ratio	15.3%	15.0%	0.3%-p
- Cost ratio	8.3%	8.9%	-0.6%-p
- Claims ratio	72.0%	71.1%	0.9%-p
Combined ratio			
- P&C (a.s.r. Schade, Ditzo and Europeesche Verzekeringen)	98.5%	98.5%	0.0%-p
- Occupational Disability	88.2%	89.6%	-1.4%-p
- Health	99.1%	95.5%	3.6%-p

The **operating result** in the Non-life segment was once again strong in 2016. The underwriting results of the Occupational Disability business increased and were driven by growing business volumes, reflecting the recovery of the Dutch economy in combination with expertise in claims handling, prevention and reintegration. In the Health insurance business, the operating result declined by € 25 million due to lower benefits in 2016 from the Dutch National Health Care Institute ('Zorginstituut Nederland') via the equalization system and higher dentist claims for supplementary health insurance. Higher claims from exceptional hail and water damage in June 2016 led to a specific claims burden of € 25 million in the P&C business after reinsurance. In addition, we noted an increase in the number of large claims (€ 7 million), which was partly covered by reinsurance.

The **combined ratio** stood at 95.6% (2015: 95.0%) and remained strong, absorbing hail and water damage claims. The cost ratio further improved by 0.6 percentage points to 8.3%, the commission ratio increased slightly and the claims ratio increased. Excluding the impact of hail and water damage claims in June 2016, the combined ratio would have been 94.5% (-1.1 percentage points) for the Non-life segment and 96.1% (-2.4 percentage points) for the P&C business (a.s.r. Schade, Ditzo and Europeesche Verzekeringen).

Gross written premiums in the Non-life segment increased to € 2,433 million from € 2,350 million (+3.5%). This increase was largely related to the P&C motor business and due to an increase in premiums in the mandated brokers distribution channel. The occupational disability business also contributed to the growth as a result of the slight economic recovery and fewer bankruptcies, which led to higher employment levels and higher wages. Despite the growth in new policies at Ditzo, Health insurance business premiums declined by 4% due to the equalization system.

New business in the Non-life segment increased by 5.8% to € 220 million and was driven by continued growth in sales of *Vernieuwd Voordeelpakket* (P&C), mainly via the intermediary channel (up 9% from 2015). Growth of new business included the higher contribution from the *Doorgaanverzekering* (occupational disability and Health) insurance product. This product enables business owners to combine health insurance with occupational disability, and was launched successfully at the end of 2015.

Operating expenses improved by 1.4% to € 204 million thanks to continuing focus on cost efficiency. The provision for restructuring expenses fell by € 9 million to € -6 million, primarily in the P&C business. In the first half of 2016, the Europeesche Verzekeringen business was further integrated with the transfer from Amsterdam to the a.s.r. office in Utrecht.

The decline in **profit for the year** was largely due to developments in operating result. A lower contribution from incidental investment income, including realized capital gains on equity, was offset by an incidental release of premium reserves (€ 27 million).

3.4.3 Life

- The operating result increased by € 110 million to € 551 million as a result of acquisitions and the positive effect of higher gains on swaptions;
- Gross written premiums increased by 10.1% to € 2,013 million also due to the acquisitions;
- Operating expenses were down 1%, absorbing the additional cost of the acquired businesses and integration costs;
- Profit for the year declined to € 492 million due to a high level of realized capital gains on equity investments in 2015.

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

(in € million, unless stated otherwise)	2016	2015 restated	Delta
Recurring premiums	1,279	1,256	1.8%
Single premiums	734	572	28.3%
Gross written premiums	2,013	1,828	10.1%
Operating expenses	-203	-205	-1.0%
Provision for restructuring expenses	-9	-11	-18.2%
Operating result	**551**	**441**	**24.9%**
Incidental items (not included in operating result)	**91**	**275**	**-66.9%**
- Investment income	115	287	-59.9%
- Underwriting incidentals	-16	-	-
- Other incidentals	-8	-12	-33.3%
Profit/(loss) before tax	642	716	-10.3%
Profit/(loss) for the year attributable to holders of equity instruments	**492**	**560**	**-12.1%**
Cost-premium ratio (APE)	11.7%	12.3%	-0.6%-p
New business (APE)	152	92	65.2%

The Operating result amounted to € 551 million, up from € 441 million last year. The increase was mainly due to higher gains on swaps and swaptions (€ 73 million) and the contribution of an additional € 22 million from acquisitions (AXENT, De Eendragt and the NIVO-portfolio).

The successful integration of 2.4 million AXENT policies led to benefits in terms of capital, diversification and efficiencies of scale. This is also reflected, for example, in an improvement of the cost-premium ratio by 0.6% percentage points to 11.7% from 12.3% absorbing the additional costs of acquired businesses and integration costs.

Gross written premiums increased by 10.1% to € 2,013 million. Recurring premiums increased by € 23 million to € 1,279 million (1.8%). The decline in the individual life portfolio was more than offset by growth in the funeral business (AXENT and NIVO) and pension business (De Eendragt). The DC pension product *Werknemers Pensioen* also contributed to the growth as did customers switching as a result of the commercial integration of De Eendragt. Single premiums in the Life segment increased by € 162 million to € 734 million (28.3%). The increase was largely due to the transfer of the NIVO funeral portfolio (€ 323 million) and a pension contract for AstraZeneca (€ 195 million). In 2015, the Chevron pension contract added € 370 million in single premiums. As lapses are structurally higher than new production in the individual life market, gross written premiums have declined over time. The level of lapses of unit-linked policies in the individual life business is shrinking and dropped slightly to 1.5% in 2016, from 1.7% in 2015.

New business, measured in APE, increased to € 152 million in 2016 from € 92 million in the previous year (+€ 60 million). Excluding the inflow of new business from the single and regular premiums related to the NIVO funeral insurance portfolio (impact: € 52 million), the underlying growth of the Life segment was € 8 million (Pension business: € 11 million; Individual life: € -2 million; Funeral: more or less stable). In the Pension business, the shift from capital-intensive defined benefit (DB) products to capital-light DC products was reflected in a doubling of new business from the *Werknemers Pensioen* product proposition.

In the funeral business, the share of the online distribution channel continued to grow. Last year, 48% of total new business was written via the online distribution channel (2015: 45%).

Operating expenses, including the additional cost base of acquisitions (€ 8 million), were down by € 2 million at € 203 million (-1.0%). a.s.r. achieved efficiences in scale due to the successful migration of acquired portfolios to a.s.r.'s IT platform. As a result, the cost premium ratio improved by 0.6% percentage point to 11.7%. In 2016, a.s.r. took further steps towards achieving its cost-savings ambitions. This includes the migration of several product and system combinations to a new single platform and the use of business process outsourcing to make costs more flexible.

Profit for the year declined by € 68 million to € 492 million from € 560 million. This decline was largely due to a fall in equity investments in 2015, which resulted in a relatively high level of capital gains that year.

Non-insurance business

3.4.4 Banking and Asset Management[1]

Key figures, Banking and Asset Management

(in € million)	2016	2015	Delta
Total income	128	126	1.6%
Operating expenses	-58	-48	20.8%
- of which associated with ordinary activities	-	-	-
Provision for restructuring expenses	-1	-1	-
Operating result	**2**	**12**	**-83.3%**
Incidental items (not included in operating result)	**5**	**-2**	**350.0%**
- Investment income	6	-1	700.0%
- Underwriting incidentals	-	-	-
- Other incidentals	-1	-1	0.0%
Profit/(loss) before tax	7	10	-30.0%
Taxes	-2	-2	-
Profit/(loss) for the year attributable to holders of equity instruments	**5**	**8**	**-37.5%**

The **operating result** of the Banking and Asset Management segment came in at € 2 million in 2016 (2015: € 12 million). A higher net interest margin and fee income was offset by higher operating expenses. In 2016, operating expenses also included costs related to the acquisition of BNG Vermogensbeheer.

a.s.r. Bank offers savings and investment products to retail customers; several of these products are tax-efficient. Savings deposits increased by € 212 million, rising to € 1,386 million from € 1,174 million (+18%), despite the low interest rate on savings. The growth was partly due to a net inflow in the annuity savings account and to the *Extra Pensioen Uitkering* (Extra Pension Benefit) product. This retail investment product serves as a supplement to state or company pension plans.

a.s.r. Hypotheken services the mortgage portfolio. New business volumes of *WelThuis* mortgages amounted to € 1,286 million compared to € 1,356 million in 2015 (-5.2%). The total mortgage portfolio on a.s.r.'s balance sheet, primarily within the Life segment, rose by 11%, climbing to € 7.2 billion at 31 December 2016 from € 6.5 billion at year-end 2015.

At € 6.2 billion, assets under management in investment funds at **ASR Nederland Beleggingsbeheer** (ANB) were fairly stable (year-end 2015: € 6.3 billion).

BNG Vermogensbeheer was renamed **a.s.r. de nederlandse vermogensbeheerders**. This acquisition was incorporated in the Bank and Asset Management segment on 20 May 2016. a.s.r. de nederlandse vermogensbeheerders is a leading asset manager in the (semi) public and pensions sector, and manages customized portfolios and customer-tailored investment funds. At year-end 2016, its assets under management stood at € 5.2 billion.

The Real Estate Investment Management business (**'a.s.r. REIM'**) manages a well-diversified real estate portfolio consisting of rural, retail, residential and office investments in the Netherlands. The ASR Dutch Mobility Office Fund was launched in late in 2016. This fund offers institutional investors the opportunity to invest in high-quality offices near mobility hubs. a.s.r. REIM's assets under management increased by 10% to € 4,638 million (2015: € 4,210 million) thanks to revaluations and the acquisition of the offices portfolio of Basisfonds Stationslocaties C.V. from Dutch Railways (NS).

The vacancy rate of the real estate portfolio in the reporting period, measured in gross rental income, stood at 9.2% (year-end 2015: 6.3%). This increase was largely due to the retail portfolio, which includes a number of former V&D stores and former owner-occupied offices. As new leases have been signed with effect from mid-2017, this increase is temporary.

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

3.4.5 Distribution and Services[1]

Key figures, Distribution and Services

(in € million)	2016	2015	Delta
Total income	48	26	84.6%
Operating expenses	-35	-22	59.1%
- of which associated with ordinary activities	-	-	-
Provision for restructuring expenses	-	-	-
Operating result	**12**	**3**	**300.0%**
Incidental items (not included in operating result)	**-**	**1**	**-**
- Investment income	-	-	-
- Underwriting incidentals	-	-	-
- Other incidentals	-	1	-
Profit/(loss) before tax	12	4	200.0%
Taxes	-3	-1	-
Profit/(loss) for the year attributable to holders of equity instruments	**9**	**3**	**200.0%**

The Distribution and Services segment made a greater contribution to the operating result in 2016. Following the acquisitions of VKG and Dutch ID (2015), SuperGarant (distribution of occupational disability) and Corins (distribution and underwriting of commercial P&C), this segment has gained substance in line with a.s.r.'s strategic objectives. The acquisitions fit into a.s.r.'s strategy of creating value through controlled growth in the non-life portfolio by using the enhanced distribution channel and simultaneously increasing premium income.

The **operating result** increased to € 12 million from € 3 million and was largely due to the acquisition of Dutch ID at the end of 2015. Total income, mainly comprising service fees and operating expenses, increased as a result of the acquisition.

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[1] This segment includes the financial intermediary business of Poliservice B.V., Van Kampen Groep Holding B.V. and Dutch ID B.V. (with effect from 19 November 2015). The activities of B.V. Nederlandse Hulpverleningsorganisatie SOS International were classified as discontinued operations. B.V. Nederlandse Hulpverleningsorganisatie SOS International was sold in the first quarter of 2016. The activities of SuperGarant Verzekeringen, SuperGarant Zorg (closing date: 1 September) and Corins (closing date: 3 October) have been included in this segment as from the respective closing dates.

3.4.6 Holding and Other/Eliminations[1]

Key figures, Holding and Other/Eliminations

(in € million)	2016	2015 restated	Delta
Operating expenses	-63	-87	-27.6%
- of which associated with ordinary activities	-48	-56	-14.3%
Provision for restructuring expenses	-1	-	-
Operating result	**-102**	**-88**	**-15.9%**
Incidental items (not included in operating result)	**107**	**40**	**167.5%**
- Investment income	20	62	-67.7%
- Underwriting incidentals	-	-	-
- Other incidentals	87	-22	495.5%
Profit/(loss) before tax	5	-48	110.4%
Taxes	-4	47	-108.5%
Non-controlling interest	1	1	-
Profit/(loss) for the year attributable to holders of equity instruments	**2**	**-**	**-**

The € 14 million decline in the **operating result** to a loss of € 102 million from a loss of € 88 million was primarily due to the strengthening of a.s.r.'s capital structure in 2015. a.s.r. issued € 500 million in subordinated Tier 2 notes in the third quarter of 2015. The related interest component led to a € 17 million increase in interest expenses in 2016. Furthermore, a.s.r.'s own pension scheme (IAS 19), influenced by a higher discount rate, resulted in a higher interest accrual (up € 9 million) and contributed to the decline.

Operating expenses amounted to € 63 million (2015: € 87 million). This decline was mainly due to higher incidental costs in 2015. These costs related to M&A expenses and the preparations for a.s.r.'s IPO. Excluding these effects, operating expenses related to ordinary activities declined by € 8 million to € 48 million, mainly due to lower current net service costs for a.s.r.'s own pension scheme (€ 6 million).

Profit before tax improved to a profit of € 5 million from a loss of € 48 million. This improvement was largely due to incidentals (€ 67 million), which included € 100 million related to a.s.r.'s own pension scheme (IAS 19) as a result of the 2014 amendment to the a.s.r. post-employment benefit plan for future inflation indexation for former employees. The contribution from incidental investment income declined by € 42 million compared with 2015.

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

3.4.7 Real Estate Development

Key figures, Real Estate Development

(in € million)	2016	2015	Delta
Profit/(loss) for the year from continuing operations	-10	-91	89.0%
Profit/(loss) for the year from discontinued operations	17	-19	189.5%
Profit/(loss) attributable to non-controlling interests	1	-3	133.3%
Profit/(loss) for the year attributable to holders of equity instruments	**8**	**-113**	**107.1%**
Total assets	**154**	**172**	**-10.5%**

The Real Estate Development segment consists of property development activities and is divided into continuing operations and discontinued operations. The 2015 comparative figures are in line with the current split of property development activities into discontinued and continuing operations. a.s.r. no longer defines real estate development as part of its core business, which is why this business is in run-off. The results from this business are not included in the operating result.

Profit for the year increased to a profit of € 8 million from a loss of € 113 million. As a result of a remeasurement of the net realizable value of the related assets and liabilities, a.s.r. recognized impairments to these assets in 2015.

a.s.r. sold parts of real estate development business in 2016. The total assets declined by a further € 18 million to € 154 million from € 172 million.

3.5 Risk management and Compliance

3.5.1 Risk management

Risk management is an integral part of our daily business operations. a.s.r. applies an integrated approach to managing risks, ensuring that its strategic objectives are achieved. This ensures that value is created by striking the right balance between risk and return, while ensuring that obligations to our stakeholders are met. Risk management helps a.s.r. to identify, measure and manage risks, and to monitor whether adequate and immediate actions are taken in the event of changes to our risk profile.

a.s.r. is exposed to the following types of risks: market risk, counterparty default risk, liquidity risk, insurance risk (life and non-life), strategic risk and operational risk. The risk appetite is formulated at both group and entity level, and establishes a framework that supports the effective selection of risks.

The notes to the financial statements contain a detailed description of the risk management system, the risk profile and quantitative and qualitative information related to the identified risks including the own risk and solvency assessment Risk Management System (see chapter 5.8).

Risk management in 2016

a.s.r. manages the risk profile of a.s.r., its associates and its business lines to ensure that the risk profile remains within the risk appetite and the underlying risk tolerances and risk limits. The risk appetite is defined for financial and non-financial risks, and describes the level of risk that a.s.r. is willing to accept. The risk appetite statements were updated by the Executive Board and approved by the Supervisory Board in 2016. The risk profile is discussed in the risk committees on a quarterly basis. The non-financial risk profile is reported to the Non-Financial Risk Committee (NFRC) and the financial risk profile is reported to the Financial Risk Committee (FRC). The integrated risk profile is reported to the a.s.r. Risk Committee. In the event of breaches, the committees are mandated to decide on corrective actions. This is how the risk governance structure ensures that the risk profile is monitored effectively and timely action is taken when needed.

a.s.r. has adopted a combined top-down (strategic risk analysis) and bottom-up (control risk self-assessments) approach to identify the major risks to which a.s.r. is exposed. Output from the strategic risk analysis and control risk self-assessments provides insight into the overall risk profile of a.s.r. and the risk profiles of the underlying legal entities. The main risks are translated into 'risk priorities' at group level and are monitored throughout the year in the a.s.r. Risk Committee.

As part of the regular ORSA process, a.s.r. assesses the appropriateness of the Solvency II standard formula annually, taking into account the identified risks and those risks that are not part of the standard formula (for example inflation risk, strategic and reputational risk, model risk, contagion risk and liquidity risk).

Based on the output of the ORSA, a.s.r. draws conclusions regarding its capital adequacy. Furthermore, risk-mitigating measures are identified as part of the ORSA process and integrated into the relevant risk management cycles. Risk management cycles are embedded in day-to-day business to structurally measure, analyze, monitor and evaluate the identified risks against the risk appetite.

a.s.r. also updated its recovery plan in 2016. The purpose of the recovery plan is to ensure that a.s.r. has effective measures in place to deal with potentially severe financial stress resulting from a wide range of causes and circumstances. The recovery plan enables a.s.r. to improve its chances of successful intervention in such extreme scenarios and ensures that a.s.r. is better prepared for financial crisis situations.

a.s.r.'s effected an important shift in its internal control structure to an even more risk-based focus, which was also incorporated in the revised Operational Risk Management Policy. This allows for closer alignment between the risk appetite and the focus on risk, which in turn contributes to the extent to which a.s.r.'s risks remain within the parameters of the predetermined risk appetite. In line with this, a.s.r. revised and improved its reporting systems and these changes will come into effect in 2017.

The use of and dependence on IT is significant, for both customers and a.s.r. As a result, cybercrime could have a major impact on a.s.r.'s security and continuity. The attempts at cybercrime we experienced in 2016, including phishing, malware and ransomware attacks, are now a familiar phenomenon.

We made continuous investments in building our defence against cybercrime and the expertise of our teams throughout 2016. Our cybercrime experts monitor and evaluate developments in cybercrime closely, and we take suitable measures when necessary. We have been able to limit incidents to a minimum. Partnerships with other financial institutions and public parties, such as the Dutch National Cyber Security Centre (NCSC), are crucial to mounting an effective defence against cybercrime. a.s.r is actively involved in these partnerships.

a.s.r. took a number of major steps in 2016, and will continue to take steps in 2017, to support the reasonable assurance given by the actuarial function on the reliability of the financial statements.

To gain reasonable assurance regarding the accuracy of model outcomes in accordance with Solvency II technical standards, a.s.r. applies model validation and other mitigating measures. The primary scope of model validation consists of best-estimate and solvency capital requirement models.

Subsequently, a.s.r. solidified its three lines of defence model further incorporated this in the execution of tasks and key functions. This is visible in the improvement and extension of the actuarial function. The actuarial function has significantly matured: responsibilities have been delineated and the governance with respect to the actuarial function has been further defined.

In Q1 2015, a.s.r. Bank reported an incident regarding a breach of minimum capital requirements in 2015 due to an error in the valuation techniques. After detecting the error, the bank promptly corrected this and informed the Dutch National Bank (DNB). DNB published its decision to impose a fine of € 350,000 on the bank on 23 May 2016. Since then, a.s.r. Bank has taken adequate measures to prevent such incidents.

In 2015, DNB examined to what extent insurance companies comply with the Dutch Sanctions Act 1977. During its examination of a.s.r. Schade, DNB concluded in 2016 that a.s.r. Schade did not fully comply with this legislation. This non-compliance was primarily related to procedures for cross-checking clients and third parties against sanctions lists. a.s.r. Schade has since taken adequate measures to follow-up on the shortcomings ascertained by DNB and is now in compliance with the Dutch Sanctions Act.

Management of financial risks in 2016

a.s.r. strives to find an optimal trade-off between risk and return, also known as value steering. Value steering is applied in decision-making throughout the entire product cycle: from PARP (Product Approval Review Process) to the payment of benefits and claims. At a more strategic level, decision-making takes place through balance sheet management. A robust solvency position takes precedence over profit, premium income and direct investment income. Risk tolerance levels and limits are disclosed in the financial risk appetite statements (financial RAS) and monitored by the FRC. The FRC evaluates financial risk positions against the RAS on a monthly basis. Where appropriate, a.s.r. takes additional mitigating measures. The a.s.r. Risk Committee takes decisions that may have a significant impact.

A dominant theme in 2016 was the ongoing low and volatile interest rate environment, as well as ongoing volatility in the financial markets. Solvency ratios, excluding UFR, declined as a consequence of the low level of interest rates.
As a consequence of the ongoing decline of interest rates, a.s.r. partly executed its contingency plan to protect solvency ratios.
Market risk budgets were reduced, resulting in a reduction of equity risk exposure.
Moreover, market risk budgets in general were extensively discussed in order to address the unique nature of the low interest rate environment, resulting in evasion of economic reality.

Management of non-financial risks in 2016

Non-financial risk appetite statements are in place to manage the risk profile within the limits as determined by the Executive Board and approved by the Supervisory Board. The NFRC monitors whether non-financial risks are adequately managed on a quarterly basis. If the risk profile exceeds the appetite, the NFRC agrees on actions to be taken. The a.s.r. Risk Committee takes decisions that may have a significant impact. The risk profile and internal control performance of each business line are discussed on a quarterly basis with senior management in the business risk committees and the NFRC.

In 2016, a.s.r. made efforts to further improve the effectiveness of its operational risk control framework by taking a more risk-based approach. The operational risk policies were updated to support this approach, by putting focus on the identification, analysis and management of key risks. The management of the business lines evaluated their key risks and controls according to these policies. Also, to improve insights into financial reporting risk, a.s.r. launched initiatives to enhance efficiency to create integrated, automated and real-time insights into the effectiveness of the risk management systems. In 2017, a.s.r. will continue to focus on finding opportunities to improve the management of operational risks.

a.s.r. recognizes the importance of sound data quality and information management systems. In 2016, a.s.r. took a number of actions to enhance the measurement and reporting on data quality for the purposes of financial reporting. Comprehensive assessments were performed by the central risk function at all entities within the organization to measure the effectiveness of the IT controls to guarantee controlled and secure information management systems.

Risk priorities

The Executive Board defines a.s.r.'s risk priorities annually based on the strategic risk analysis and bottom-up control risk self-assessments of the legal entities. The actual status of the risk priorities and progress on the defined actions is reported to the a.s.r. Risk Committee on a quarterly basis. The most important risk priorities are described below.

Pressure on margins and sales in a changing market

The insurance market is changing as mentioned in chapter 2.1 (SWOT) and chapter 2.2.

a.s.r. will adjust its product portfolio and distribution channels as quickly and efficiently as possible to meet the changing needs of customers and to achieve the planned cost reductions as premiums fall.

a.s.r. focuses on value over volume to secure long-term value creation. Products and distribution channels are continually adjusted to keep meeting customer needs. In this process, a.s.r. makes use of customer journeys to identify these customer needs. Where possible, a.s.r. also places focus on cost reductions in order to stay competitive.

The juridification of society

In the matter of unit-linked policies, a.s.r. has made firm policyholder compensation agreements with the relevant customer associations. Meanwhile, there is still a risk of new claims. This risk is intensified by the increased juridification of our society and by uncertainty regarding the handling of legal proceedings at other insurance companies. Court rulings and decisions by arbitration boards may have an industry-wide impact and trigger widespread media attention, evoking negative sentiment among policyholders, which in turn could increase reputational and claim risk for a.s.r.

In a joint effort with advisers, a.s.r. approaches customers to encourage them to spring into action. a.s.r. reminds customers of the financial status of their unit-linked policies and notifies them of any options to change or terminate their policies. By conducting in-depth customer surveys and listening to customers at various moments of interaction, we adjust the way we communicate. That results in a higher level of effectiveness and quality of service and advice. In 2016, a.s.r. also joined the digital Unit-linked Policies Recovery Advisory Desk (Loket Hersteladvies Beleggingsverzekeringen), an initiative of the Dutch Association of Insurers, which gives customers free and independent advice on their options for changing their unit-linked policies.

Insecurities in financial market and interest rate developments

Unforeseen political developments and/or macroeconomic developments combined with decreased market liquidity due to the limited ability of the banks to provide funding, pose the threat that financial markets become volatile and that this could, in turn, lead to a deterioration in a.s.r.'s solvency.

a.s.r. is continually alert to the risk that a scenario with major impact on capital and solvency could develop in Europe.

In 2016, interest rates decreased to historically low levels, which proves that financial markets are still highly volatile. Because of these circumstances, a.s.r. adjusted its market risk policy to reduce the interest rate sensitivity of the SCR ratio.

Impact of supervision, laws and regulations

The Dutch market is experiencing stricter regulation and new legislation is being introduced and implemented on a continuous basis. As a result of this increasing political and regulatory pressure, there is a risk that:

- a.s.r.'s reputation will come under pressure, if new requirements are not complied with in time;
- Available resources will mostly be used for implementation of new legislation, meaning there are fewer resources to spend on a.s.r.'s core business processes;
- Processes will become less efficient and pressure on the workforce will increase;
- a.s.r. may receive administrative fines or sanctions for being unable to comply with the requirements (in a timely fashion).

Solvency II regulation may be intensified (e.g. with regards to mortgages, government bonds, UFR), or a difference in interpretation may exist between a.s.r. and regulators, which could have a negative impact on a.s.r.'s solvency position or create volatility in same. This is due to the fact that the Solvency II regulation has not been fully defined and there are still a few issues up for discussion.

a.s.r. has organizational measures in place to ensure regulatory compliance. Representatives take place in industry- wide commissions that discuss and advisce on upcoming rules and regulations. Internal committees monitor the implementation of new rules and regulation. The availability of capacity is monitored continuously to have sufficient resources to process all regulations in a timely manner.

Information security risk

Information security risk has increased, due to new technological developments – such as cloud computing, bring-your-own device, social networks and online transactions with customers. In order to prevent cyber-attacks and information security breaches, a.s.r. needs to be sufficiently aware of the potential threats posed to it as an organization. a.s.r. runs the risk that new technological developments require different and increased expertise and alternative mitigation measures. The chance that confidential information becomes available to third parties, either intentionally or unintentionally, is a risk for a.s.r. and its customers, which could ultimately lead to significant reputational harm. All our employees are therefore expected to be fully aware of the risks to the handling of confidential information about our customers, employees, financial information and strategy, and are asked do their utmost to protect our assets.

The focus is on prevention, detection and timely intervention to prevent incidents or mitigate impact of information security risk. a.s.r. has IT controls in place that are regularly tested in order to secure effectiveness. Also sessions are helt within the organization to create awareness amongst employees of how to work with confidential information. a.s.r. cooperates with other organizations to monitor the developments in cybercrime and to take adequate and timely measures when required.

Risk appetite

The risk appetite is formulated to provide steering and direction to the management of the strategic risks. The risk appetite contains a number of qualitative and quantitative risk statements. The statements point out the risk preferences and tolerances of the organization and are viewed as key elements for the realization of our strategy. The performance against these statements is monitored in the risk committees. The statements and limits are evaluated regularly to maintain alignment with the strategy.

a.s.r.'s risk appetite statements

	Risk appetite Statement ASR Nederland N.V. 2016
1	ASR Nederland N.V. is now and in the long term a socially desirable organization. Where the governance of ASR Nederland N.V. is established in a way that paramount importance is given to the customer's interests and that the interests of all stakeholders are carefully and sustainably considered.
2	ASR Nederland N.V. only has solid and understandable products. The proposition is cost-efficient, useful, safe and reliable for customers, the intermediary as well as for ASR Nederland N.V.
3	ASR Nederland N.V. has effectively embedded processes and reliable reports.
4	ASR Nederland N.V. complies to current laws, regulation and ethical norms. ASR Nederland N.V. has a zero-tolerance policy in case of deliberate violation of these laws, regulation and ethical norms.
5	ASR Nederland N.V. exclusively does business with partners who comply to the appointing- and procurement policy of ASR Nederland N.V. In the case of outsourcing, ASR Nederland N.V. verifiably complies to the outsourcing policy and a sound operational management is ensured.
6	ASR Nederland N.V.'s employees comply to (internal and external) integrity-, proficiency- and professional demands.
7	ASR Nederland N.V. has a minimum ECAP-ratio (degree of certainty 99.5%) of 130%.
8	ASR Nederland N.V. remains within the bandwidth of the periodically reassessed market risk budgets.
9	ASR Nederland N.V. has a minimum SCR-ratio of 120%.
10	ASR Nederland N.V. (Group) has at least a single A-rating according to the S&P Capital model as applied by a.s.r.
11	ASR Nederland N.V.'s technical provisions are at all times sufficient according to IFRS LAT.
12	ASR Nederland N.V. has a maximum double leverage of 135%.
13	ASR Nederland N.V. can clear at least € 1 billion liquidities in a one month period, taking the contractual cash flows and a worst case liquidity scenario (redemption of insurance products, withdrawal of savings, collateral) into account.
14	ASR Nederland N.V.'s activities result in a risk-adjusted return on risk-adjusted capital (RARORAC) larger than the periodically recalibrated limit.
15	ASR Nederland N.V. has a maximum combined ratio of 99%.

3.5.2 Compliance

Positioning and structure of the compliance function

The compliance function is a centralized function and, together with Investigation, is part of the Integrity department. The Integrity department is headed by a director who is appointed as the a.s.r. Compliance Officer for both a.s.r. and the supervised entities. The compliance function is considered a key function. The CEO has the ultimate responsibility for the compliance function. The a.s.r. Compliance Officer is appointed, at the Executive Board's suggestion, by the Audit & Risk Committee, which is part of the Supervisory Board.

The a.s.r. Compliance Officer reports directly to the CEO. In addition, the a.s.r. Compliance Officer is formally required to report to the chairman of the Audit & Risk Committee to safeguard the independent position of the compliance function and enables it to operate autonomously. The a.s.r. Compliance Officer is entitled to escalate critical compliance matters to the highest organizational level or the Supervisory Board.

The governance of the supervised entities is similar to the governance of a.s.r.

Responsibilities and duties

The mission of the compliance function is to enhance and ensure controlled and sound business operations and to safeguard a.s.r.'s reputation.

The compliance function, as part of the second line of defence, is responsible for:

- Encouraging compliance with relevant rules and regulations, ethical standards and the internal standards

derived from them ('rules') by providing advice and devising policy;
- Monitoring compliance with rules. The compliance function prepares a detailed list and performs an assessment of the compliance risks and how they are managed, taking a.s.r.'s objectives and the rules as a basis. As part of this, it makes use of a compliance risk and monitoring framework;
- Managing compliance risks by developing adequate compliance risk management, including auditing and, if necessary, making arrangements related to management and actions to be taken;
- Raising a greater sense of awareness in order to promote a culture of integrity;
- Coordinating contacts with regulators in order to maintain effective relationships with them.

The compliance charter sets out the responsibilities, duties and governance of the compliance function at ASR Nederland N.V. The a.s.r. Compliance Officer ensures that the charter is approved by the a.s.r. Risk Committee and the Audit & Risk Committee. The compliance charter was updated and approved in 2016.

Annual Compliance plan

Developments in rules, the management of high compliance risks and action plans provide the basis for the annual compliance plan and the compliance function's monitoring activities. The annual compliance plan is discussed with management and submitted to the Executive Board and the Audit & Risk Committee for approval.

Reporting

The compliance function reports quarterly on compliance matters and progress made on the relevant actions at Group level, supervised entity level and at division level. The quarterly report at division level is discussed with the responsible management and scheduled for discussion by the Business Risk Committee.

The quarterly report at Group level and supervised entity level is presented to the a.s.r. Risk Committee, discussed with them and submitted to the Audit & Risk Committee. The report is also shared and discussed with the DNB, the AFM and the external auditor.

3.6 Executive Board In Control Statement

a.s.r.'s consolidated and company financial statements for 2016, as well as chapter 1, 2 and 3 of the Annual Report, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with Part 9, Book 2 of the Dutch Civil Code. Based on the evaluation carried out, the Executive Board is of the opinion that the internal risk management and control systems over financial reporting within ASR Nederland N.V. provide reasonable assurance that the financial reporting over 2016 does not contain any errors of material importance and the internal risk management and control systems over financial reporting functioned properly throughout 2016.

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the Executive Board declares that, to the best of his knowledge;

1. The financial statements give a true and fair view of the assets, liabilities, financial positions and earnings of a.s.r. and the enterprises included in the consolidation taken as a whole;
2. The Management Report gives a fair view of the position at the balance sheet date and developments during the year under review and the enterprises included in the consolidation taken as a whole together with a description of the principal risks a.s.r. is confronted with.

Utrecht, the Netherlands, 28 March 2017

Jos Baeten
Karin Bergstein
Chris Figee
Michel Verwoest

4

Governance report

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4.1 Corporate Governance

a.s.r. is a public company with limited liability under Dutch Law. The company has a two-tier board system; with a Supervisory Board and an Executive Board. a.s.r. has been listed on Euronext Amsterdam since 10 June 2016. Prior to its listing, a.s.r. applied the 'mitigated two-tier regime *(gemitigeerd structuurregime)*. The full two-tier regime *(volledige structuurregime)* has applied to a.s.r. since the listing. The main consequence of application of the mandatory full two-tier regime lies in the authority to appoint and dismiss members of the Executive Board, which has now shifted from the General Meeting of Shareholders to the Supervisory Board.

In 2016, a.s.r. strengthened its corporate governance ahead of the initial public offering (IPO). The a.s.r. Articles of Association have been amended and the Supervisory Board Rules and Executive Board Rules have been updated. a.s.r. has also entered into a Relationship Agreement with NLFI, and has adopted the Policy on fair disclosure and bilateral dialogue with shareholders. Furthermore, a.s.r. has implemented a defence mechanism in the form of a preference shares foundation.

IPO

In the autumn of 2008, the Dutch State acquired the Dutch entities of the Fortis Group and spun off Fortis Verzekeringen Nederland N.V., which now operates as a.s.r. Although a.s.r. was acquired by the Dutch State as a result of the nationalization of the Fortis Group, a.s.r. never received state aid.

On September 2011, the Dutch State transferred all of the shares to NLFI in exchange for depositary receipts for those shares. NLFI is responsible for managing the shares and exercising all rights associated with these shares under Dutch Law, including voting rights. Since the date of nationalization, the Dutch Minister of Finance has indicated that the investment was intended to be temporary and that the Group was to be returned to the market as soon as reasonably possible. In November 2015, NLFI and the Dutch Minister of Finance concluded that all conditions for the privatization of the Group had been met. In the following parliamentary debate in January 2016, the Dutch Parliament agreed to the exit strategy proposed by the Dutch Minister of Finance based on the advice of NLFI, after which the Dutch Minister of Finance formally asked NLFI and a.s.r. to start the sale process through an IPO.

On 13 May 2016, NLFI, acting on behalf of the Dutch State and a.s.r., confirmed its intention to proceed with the next step towards an IPO and the listing of the ordinary shares of the Group on Euronext Amsterdam. NLFI also announced that the offering could be launched during Q2 2016.

On 30 May 2016 NLFI announced that the indicative price range for the offering was set at € 18 to € 22 per offer share and that the offering consisted of the sale by NLFI of up to 54.5 million offer shares, or 36.3% of the total number of shares. Eventually, the price was set at € 19.50 per offered share. a.s.r. became a listed company on Friday 10 June 2016. (For more information please see chapter 1.4).

NLFI

The Dutch State holds an interest in a.s.r. through NLFI. NLFI is responsible for managing these shares and exercising all rights associated with these shares, including voting rights. In view of NLFI's position as the owner of a majority or a substantial part of the shares for a period of time after the IPO, certain arrangements have been agreed in a Relationship Agreement, which replaced an earlier memorandum of understanding between NLFI and a.s.r. The Relationship Agreement, except for a few specific clauses, will terminate if and when NLFI directly or indirectly holds less than 10% of the shares. The Relationship Agreement contains arrangements with respect to:

- a.s.r.'s corporate governance;
- Defence measures;
- Dividend;
- The orderly disposition of shares by NLFI after the IPO; and
- The exchange of information.

The Relationship Agreement is published on asrnl.com.

Contact with shareholders

As a general principle, the Group endorses the importance of fair disclosure and transparency towards analysts, investors, shareholders, the press and other parties. At the time of the IPO, in order to facilitate bilateral communications with shareholders, the Executive Board adopted, with the approval of the Supervisory Board, the Policy on fair disclosure and bilateral contact with shareholders. This policy sets out the conditions under which a.s.r. may disclose information and documents to individual analysts, investors, shareholders, or other parties, provided that a non-disclosure agreement has been signed. The policy does not apply to the contacts between a.s.r. and NLFI as that relationship is governed by the Relationship Agreement. The Policy on fair disclosure of information and bilateral dialogue with shareholders is published on asrnl.com.

Anti-takeover measures

a.s.r. and ASR Continuity Foundation (Stichting Continuïteit ASR Nederland) (the 'Foundation') have concluded an agreement under which the Foundation can acquire preference shares. This call option on preference shares is

currently a measure that could be considered a potential protection of a.s.r. against acts that are, in the opinion of the Foundation, actually contrary to the interests of a.s.r., its business and its stakeholders. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares acquired under the call option will never exceed the total number of shares that form the issued capital of a.s.r. at the time of exercise of the call option, less the number of preference shares already held by the Foundation at that time (if any) and minus one. Among other things, in the event of exercise of the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will be given the opportunity to determine their position with respect to, for example, the announcement of a public offer for shares in the capital of a.s.r. or the legitimate expectation that such a public offer will be announced without agreement on the offer having been reached with a.s.r. or the offer being supported by a.s.r., or an activist a.s.r. shareholder (or group of activist a.s.r. shareholders acting in concert) directly or indirectly representing at least 25% of the ordinary shares forming part of the issued share capital of a.s.r. (in each case to the extent this is actually contrary to the aforementioned interests of a.s.r., its business and its stakeholders). The Boards will then be able to examine and implement alternatives. The Foundation has an independent board.
(For more information please see chapter 7).

4.1.1 Supervisory Board

The Supervisory Board supervises the policy pursued by the Executive Board and the general course of affairs at a.s.r. and its group entities, and advises the Executive Board. Specific powers are vested in the Supervisory Board, including the approval of certain decisions taken by the Executive Board.

Composition

According to a.s.r.'s articles of association, the Supervisory Board should consist of at least three members. The Supervisory Board currently consists of four members. The Supervisory Board has drawn up a profile for its size and composition, taking into account the nature of a.s.r.'s business, its activities and the desired expertise and background of its members. The full profile of the Supervisory Board is available on asrnl.com, as Annex A of the Rules of procedure: Supervisory Board of ASR Nederland N.V.

The composition of the Supervisory Board is such that each supervisory director has the skills to assess the main aspects of the overall policy and that the Supervisory Board as a whole meets the profile thanks to a combination of the experience, expertise and independence of the individual supervisory directors. The Supervisory Board is diverse in terms of gender and professional background of its members. The diversity of its members ensures the complementary profile of the Supervisory Board.

After the departure of Margot Scheltema in September 2015, Herman Hintzen was appointed as a supervisory director on 1 January 2016. Herman Hintzen has a background in the financial services sector. There were no further changes to the composition of the Supervisory Board in 2016.

The composition of the Supervisory Board of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. is the same as that of ASR Nederland N.V. Europeesche Verzekering Maatschappij N.V. and N.V. Amersfoortse Algemene Verzekering Maatschappij were merged into ASR Schadeverzekering N.V. in 2016. De Eendragt Pensioenen N.V. and AXENT NabestaandenZorg N.V. were merged into ASR Levensverzekering N.V. in 2016.

Education and evaluation

The Supervisory Board performs an annual self-assessment. A self-assessment with external guidance is carried out every three years. The self-assessment for 2016 was internal. The assessment was based on written input from the Supervisory Board and the Executive Board and an oral elaboration by all members of the Supervisory Board and the CEO. The following aspects were assessed:

- Composition of the Supervisory Board: strengths and weaknesses;
- Effectiveness of the Supervisory Board processes: information-gathering, decision-making and focus on core themes;
- Advisory role to the Executive Board on important subjects;
- Role of employer: strengths and weaknesses.

The overall impression that emerged from this self-assessment was positive. In 2017 the self-assessment will be performed with external guidance.

Two continuing education (CE) sessions were organized for the members of the Supervisory Board in 2016. The first session for the Supervisory Board and Executive Board was about the risks and challenges of global warming for the Insurance Industry. During the other session, the Supervisory Board, Executive Board and senior managers were educated and updated with respect to the impact of exponential technology on the business management and strategy of a.s.r.

Independence and conflicts of interest

In 2009, Cor van den Bos announced that his role as Chairman of the Supervisory Board of CED might cause a conflict of interest if CED-related issues were to be discussed by the Supervisory Board. For this reason, no information relating to the intended sale of SOS International was shared with him and the matter was discussed in his absence. On 26 January 2016 a.s.r. announced that it had sold SOS International to CED.

There were no reports of potential conflicts of interest by the other supervisory directors. The Supervisory Board has been able to exercise its tasks completely independently.

CV's of the Supervisory Board

a.s.r.'s registered address, Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, serves as the business address for all the members of the Supervisory Board.

C. (Kick) van der Pol
Chair of the Supervisory Board
Member of the Selection & Appointment Committee and the Remuneration Committee

Kick van der Pol (1949) is a Dutch national and serves as Chairman of the Board of Directors of Ortec Finance and Chairman of the Board of the Federation of Dutch Pension Funds. He is also a member of the DNB's Bank Council and a member of the Supervisory Board of the Holding Nationale Goede Doelen Loterijen N.V. In the past, Kick van der Pol served as Vice-Chairman of the Executive Board of Eureko/Achmea and as Chairman of the Executive Board of Interpolis.

First appointed on: 15 December 2008
Current term of office: 2014 – 2018

A.P. (Annet) Aris
Chair of the Selection & Appointment Committee and the Remuneration Committee
Member of the Audit & Risk Committee

Annet Aris (1958) is a Dutch national and had a 17-year career at McKinsey as a management consultant, including nine years as a partner in the firm. She holds supervisory directorships at several Dutch and foreign enterprises and institutions, including ASML N.V. in the Netherlands, ProSiebenSat1 AG and Jungheinrich AG in Germany and Thomas Cook PLC in London. Annet Aris is adjunct professor of digital strategy at INSEAD international business school (Fontainebleau, France). Annet Aris is a Supervisory Board member appointed by the Works Council.

First appointed on: 7 December 2010
Current term of office: 2014 – 2018

C.H. (Cor) van den Bos
Vice-Chair of the Supervisory Board
Chair of the Audit & Risk Committee

Cor van den Bos (1952) is a Dutch national and served on the Executive Board of SNS REAAL N.V. until August 2008, where he was responsible for all insurance operations. Cor van den Bos is the Chair of the Supervisory Board of CED, a claims-processing manager, and of Noordwijkse Woningstichting, a housing corporation. He is also Vice-Chairman and a Non-Executive Member of the Board at the investment firm Kardan N.V.

First appointed on: 15 December 2008
Current term of office: 2015 – 2019

H.C. (Herman) Hintzen
Member of the Audit & Risk Committee

Herman Hintzen (1955) is a Dutch national. Until January 2016, he was Chairman Insurance EMEA at UBS Investment Bank. He currently serves as Chairman of the Board of Amlin International SE and as a member of the Investment Committee of Concertgebouw Fonds. In the past, Herman Hintzen also acted as an adviser to the Executive Board at APG Asset Management and served as Managing Director in the Financial Institutions investment banking groups of Morgan Stanley, Credit Suisse and JP Morgan.

First appointed on: 1 January 2016
Current term of office: 2016 – 2020

4.1.2 Executive Board

The Executive Board is responsible for the day-to-day conduct of business a.s.r. as a whole and for strategy, structure and performance. In performing its duties, the Executive Board is guided by a.s.r.'s interests, which include the interests of the businesses connected with a.s.r., which, in turn, includes the interests of customers, insurers, shareholders, employees and society in general. The Executive Board is accountable for the performance of its duties to the Supervisory Board and to the General Meeting.

Composition

The Executive Board consists of a minimum of two members, including at least a CEO and CFO. The Supervisory Board appoints the Executive Board members and may suspend or dismiss any member of the Executive Board at any time. The Supervisory Board notifies the General Meeting of a proposed appointment. In accordance with the Relationship Agreement, the Supervisory Board shall give NLFI an opportunity to advise on the decision to appoint or reappoint any member of the Executive Board, as long as NLFI directly or indirectly holds 10% or more of a.s.r.'s issued share capital. Only candidates found to meet the fit and proper test under the Dutch Financial Supervision Act are eligible for appointment. There were no changes in the composition of the Executive Board in 2016.

Education and evaluation

The members of the Executive Board took individual courses in 2016 as part of their continuing education (CE). In addition, much attention was devoted to knowledge-building in the areas of investment and asset management, and to potentially interesting developments, including the impact of the low level of interest rates and hedging policy.

There was also a session together with the Supervisory Board about the risks and challenges of global warming for the insurance industry.

The Executive Board evaluated its own performance regularly in 2016 by holding what are known as Executive Board team conduct evaluation sessions. Furthermore, a two-day off-site event was held in August under the guidance of an external agency which served to discuss different roles and forces for the purpose of harnessing the diversity in the team and making the most of the collaboration between the members.

In addition to the self-evaluation, the performance of the members of the Executive Board was also assessed by the Supervisory Board within the scope of the annual assessment round.

Structure

The managing and supervisory bodies of the supervised entities of a.s.r. met at least four times in 2016. The supervised entities are ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij, Europeesche Verzekering Maatschappij N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V., De Eendragt Pensioen N.V., AXENT NabestaandenZorg N.V. and ASR Bank N.V. The standing agenda items included the financial (quarterly) results and the compliance, risk and audit reports. Other topics of discussion were entity-specific issues, including the impact of the changing markets for various entities.

The managing and supervisory directors of ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij, Europeesche Verzekering Maatschappij N.V., De Eendragt Pensioen N.V. and AXENT NabestaandenZorg N.V. are the same as those of ASR Nederland N.V. This is not the case where the other three entities are concerned (ASR Basis Ziektekostenverzekeringen N.V, ASR Aanvullende Ziektekostenverzekeringen N.V. and ASR Bank N.V.).

In October 2016, Europeesche Verzekering Maatschappij N.V. and N.V. Amersfoortse Algemene Verzekering Maatschappij were merged into ASR Schadeverzekering N.V. De Eendragt Pensioenen N.V. was merged into ASR Levensverzekering N.V. in July 2016 and AXENT NabestaandenZorg N.V. were merged into ASR Levensverzekering N.V. in October 2016. As a result of these mergers and integrations, the number of legal entities (OTSOs) has decreased.

CV's of the Executive Board

a.s.r.'s registered address, Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, serves as the business address for all the members of the Executive Board.

J.P.M. (Jos) Baeten (CEO)

Jos Baeten (1958) is a Dutch national and is the Chair of the Executive Board and Chief Executive Officer (CEO). His areas of responsibility are Human Resources, Corporate Communications, Strategy, Corporate Social Responsibility, Audit, Integrity and Legal.

Jos Baeten studied law at Erasmus University Rotterdam and started his career in 1980 when he joined Stad Rotterdam Verzekeringen N.V., one of a.s.r.'s main predecessors. He joined the Executive Board of Stad Rotterdam Verzekeringen N.V. in 1997 and was appointed CEO of this company in 1999. He then joined the Management Board of Fortis ASR Verzekeringsgroep N.V., becoming Chairman of the Board of De Amersfoortse Verzekeringen N.V. in June 2003. In 2005, Jos Baeten was appointed Chairman of the Board of Directors of Fortis ASR Verzekeringsgroep N.V.

Jos Baeten was appointed as CEO of a.s.r. on 26 January 2009.
Current term of office: 2017 – 2021

Additional positions

Currently, Jos Baeten is a member of the Executive Board of the Dutch Association of Insurers (Verbond van Verzekeraars) and Chairman of the Supervisory Board of Stichting Theater Rotterdam. In addition, he is also member of the General Administrative Board of VNO-NCW.

H.C. (Chris) Figee (CFO)

Chris Figee (1972) is a Dutch national and serves as CFO. His areas of responsibility are Group Accounting, Reporting & Control, Business Finance & Risk, Group Asset Management/Financial Markets, Real Estate Investment Management, a.s.r. Real Estate Projects (as of 1 March 2017), Group Balance Sheet Management and Group Risk Management.

Chris Figee earned a degree (with honours) in Financial Economics from the University of Groningen and is an EFFAS Certified Investment Analyst. He also studied Risk Management at Stanford University. Chris Figee started his career at Aegon, where he held various positions, including that of Senior Portfolio Manager. In 1999 he moved to McKinsey, where he rose to the role of partner in 2006. After ten years at McKinsey, he joined Achmea as Director of Group Strategy & Performance Management in 2009. He also served as a member of the Achmea Group Committee. Chris Figee's last position at Achmea was Director of Group Finance.

Chris Figee was appointed as a member of the Executive Board on 1 May 2014.
Current term of office: 2014 – 2018

Additional positions

Chris Figee does not hold any additional positions at this time.

K.T.V. (Karin) Bergstein

Karin Bergstein (1967) is a Dutch national. Her areas of responsibility as of 1 March 2017 are Innovation and Digitalization, Information Technology and Change, and the product lines Pensions, Individual life, Banking and Funeral.

Karin Bergstein studied medical biology at Utrecht University (Masters in 1991) and in 1998 earned an MBA from Nyenrode University and the University of Rochester in the United States. She started her career in 1991 at ING Bank, where she held various positions until 2010. Her last position was that of Director of Products & Processes, which gained her a seat on the Executive Board of ING Bank Nederland. Prior to that she served as CEO of ING Car Lease International from 2003 until 2009.

Karin Bergstein was appointed as a member of the Executive Board of a.s.r. on 1 September 2011.
Current term of office: 2015 – 2019

Additional positions

Karin Bergstein is a member of the Supervisory Board of Stichting Sanquin Bloedvoorziening and of the Supervisory Board of Utrecht University. She also serves as a member of the Supervisory Board of Human Total Care.

M.H. (Michel) Verwoest

Michel Verwoest (1968) is a Dutch national. His areas of responsibility as of 1 March 2017 are the product lines P&C, Occupational Disability Insurance, Health Insurance, Services and the a.s.r.'s distribution companies.

Michel Verwoest studied marketing at TiasNimbas Business School in Tilburg and business administration at IBO Business School, and held several executive positions at ING Group between 1997 and 2012. At ING, he served as CEO of RVS Insurance and was in charge of the Individual Life business. His last position in the insurance business of ING Group was a managing board member of Nationale Nederlanden Services.

Michel Verwoest was appointed to the Executive Board of a.s.r. on 1 December 2012.
Current term of office: 2016 – 2020

Additional positions

Michel Verwoest does not hold any additional positions at this time.

4.1.3 Corporate Governance Codes and regulations

Articles of Association and rules of procedure

The current Articles of Association (dated 9 June 2016) have been posted on a.s.r.'s corporate website: asrnl.com. The Supervisory Board Rules and the Executive Board Rules are also posted on a.s.r.'s corporate website.

Dutch Corporate Governance Code

As of the listing on Euronext Amsterdam, a.s.r. is required to adhere to the Dutch Corporate Governance Code. a.s.r. complies with all relevant principles and best practices of the Dutch Corporate Governance Code, apart from the deviations and nuances described below. Additionally, in the Corporate Governance section of its website a.s.r. publishes a detailed comply or explain list that also specifies which principles or best practices are not applicable to a.s.r.

a.s.r. applies principle II.3, best practice provisions II.3.2 – II.3.4, principle III.6 and best practice provisions III.6.1 – III.6.3, which deal with actual and apparent conflicts of interest. However, a.s.r. makes an exception with respect to conflicts of interest that are exclusively the result of the identical composition of the Executive Boards and Supervisory Boards of a.s.r. and some of its subsidiaries. In this case, the Group's policy on conflicts of interest applies. Principle III.8 and best practice provisions III.8.1 – III.8.4 do not apply because a.s.r. has a two-tier board. Due to his previous work for UBS, principle III.2.2 applies to Herman Hintzen, therefore he is not an independent Supervisory Board member in 2016.

Since a.s.r. has not issued any depositary receipts, principle IV.2 and best practice provisions IV.2.1 – IV2.8 do not apply. However, in order to create a defence against a hostile takeover, a.s.r. has established the Stichting Continuïteit ASR Nederland. This Foundation may prevent, discourage or delay a change of control by acquiring and holding preferred shares. For as long as NLFI holds more than one-third of the shares in a.s.r., the Foundation requires the prior consent of NLFI to do so.

a.s.r. applies principle IV.3, which deals with equal and simultaneous provision of information to shareholders, on the understanding however that a.s.r. will observe the Relationship Agreement with NLFI. In this respect, reference is made to the policy on fair disclosure and bilateral dialogue and the Relationship Agreement which can be found on asrnl.com.

Dutch Banking Code

Banks authorized to operate in the Netherlands are been subject to the Dutch Banking Code (latest version 1 January 2015). This Code, which was drafted by the Dutch Banking Association, contains principles for governance and governance oversight, risk management, audit and remuneration policy.
ASR Bank N.V. is governed by this Code.

Details on how ASR Bank N.V. meets the Dutch Banking Code can be found in its Annual Report that is available online at asrnl.com.

Professional oath

On 1 January 2013, the Dutch financial sector introduced a mandatory oath for Executive and Supervisory Board members of financial institutions licensed in the Netherlands. The Executive Board and Supervisory Board members of all financial undertakings that are licensed in the Netherlands must take this mandatory oath. In this oath, board members declare that they will: (a) perform their duties with integrity and care, (b) carefully consider all the interests involved in the financial institution, i.e. those of the customers, the shareholders, the employees and the society in which it operates, (c) in doing so, give paramount importance to customers' interests and inform customers' to the best of their ability, (d) comply with the laws, regulations and codes of conduct applicable to them, (e) observe confidentiality in respect of matters entrusted to them, (f) not abuse their knowledge, (g) act in an open and assessable manner and be aware of their responsibility towards society, and (h) endeavour to maintain and promote confidence in the financial sector. If the oath is broken, the supervisory authority (DNB/AFM) can decide to reassess their suitability.

With respect to insurance companies, apart from the Executive and Supervisory Board members, persons with a management position directly below the Executive Board who are responsible for persons that may have a significant influence on the risk profile of the insurance company, are also required to take the oath, as are certain other employees. This includes persons that may (independently) significantly influence the risk profile of the undertaking as well as those persons that are or may be involved in the provision of financial services.

For based banks in the Netherlands, such as ASR Bank N.V., all persons working under the responsibility of the bank need to take a similar bankers' oath with effect from 2015. In addition, persons having taken the bankers' oath are thereby subject to disciplinary rules.

Regardless of the above, a.s.r. has decided that employees and other persons performing activities under its responsibility must take the oath.
All employees had taken the oath before 1 April 2016. New employees take the oath within three months of joining the company.

4.2 Supervisory Board Report

Meetings

The Supervisory Board met with the Executive Board at six scheduled routine meetings and one offsite meeting. Several ad-hoc meetings were also held to discuss specific issues related to the privatization and M&A transactions. The Supervisory Board also held periodic operational meetings.

Attendance record of supervisory directors (plenary sessions and committee meetings)

	Kick van der Pol	Annet Aris	Cor van den Bos	Herman Hintzen
Supervisory Board	9/12[1]	12/12	12/12	11/12
Audit & Risk Committee	-	7/8	7/8	8/8
Selection & Appointment Committee	5/5	5/5	-	-
Remuneration Committee	5/5	5/5	-	-

Contacts with the Works Council

Three Supervisory Board members attended a routine consultative meeting of the Works Council. The supervisory directors have great admiration for the approach taken by the Works Council to major developments affecting a.s.r., such as the IPO. Considering the interests of both a.s.r. as a whole and those of its employees, the Works Council prepares thoroughly for the wide range of issues it is presented with, discusses these in a constructive dialogue with the Executive Board, and issues well-balanced and considered opinions and recommendations.

Besides routine consultative meetings, the Works Council's executive committee maintains regular contact with Annet Aris, the member of the Supervisory Board appointed on the nomination of the Works Council. In addition, one tripartite session between the Supervisory Board, the Executive Board, the HR Director and the Works Council was held in 2016 to discuss current affairs.

Contacts with external regulators and auditors

The Supervisory Board consulted periodically with the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). The independent external auditor attended the Supervisory Board meetings at which the annual and interim financial results were discussed. During these meetings, the auditor elaborated on the audit reports and answered specific questions.

Financial performance

The Supervisory Board met once a quarter to discuss the financial performance, covering standing issues such as developments in earnings, premium income, returns and solvency. The members of the Supervisory Board were satisfied with a.s.r.'s financial performance in 2016. The increase in underlying earnings was due to an improvement in underwriting profit and growth, thanks to strategic acquisitions that contributed to a sustainable increase in profits.

The status of cost savings and improvements in claims management were discussed extensively. The combined ratios of the different non-life operations were below 100%. The solvency ratio is more than adequate. The commercial drive was boosted by previous acquisitions and by the acquisitions of Corins and SuperGarant in 2016. In addition, the Supervisory Board considers one of a.s.r.'s key priorities is to increase premium income where possible, despite the fact that the market can be challenging, for instance due to saturated submarkets and the low level of interest rates. In this process, a.s.r. prefers value over volume.

At year-end, the Supervisory Board, upon the recommendation of the Audit & Risk Committee, approved the multi-year budget 2017-2019.

IPO

An important topic on the Supervisory Board's agenda was the IPO, which result in the listing on 10 June 2016. The Executive Board regularly briefed the Supervisory Board on the progress of the preparatory activities during regular planned meetings and several conference calls. In preparation for the amendments to the Articles of Association associated with the IPO, the Supervisory Board

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[1] Due to family circumstances.

Rules and Executive Board Rules were discussed and approved. The Prospectus was also shared and discussed several times before the final version was approved. Furthermore, the Supervisory Board was frequently informed about the negotiations on the Relationship Agreement and the establishment of ASR Nederland Continuity Foundation, as a defence measure against future hostile situations.

The IPO process was evaluated in August 2016. The Supervisory Board greatly appreciated how the Executive Board and the IPO-team performed in this project, with both energy and dedication. The Supervisory Board has always had confidence in a good result.

Risk management and solvency

At the end of the year, the Supervisory Board approved the risk appetite for both a.s.r. and the supervised entities. a.s.r.'s risk appetite is based on the Solvency II regime and a prudent approach to risk management, translated into standards for solvency, liquidity and achievable returns.

The Supervisory Board is satisfied with the execution of the risk policy. Solvency levels remain acceptable and adequate thanks to the organization's prompt and adequate response to external developments based on the chosen risk appetite and the associated risk-mitigating measures. The risk appetite is an important criterion for the Supervisory Board in making tactical and strategic decisions.

Solvency II was addressed regularly in the meetings of the Audit & Risk Committee, as well as in the meetings of the Supervisory Board. This crucial change in the statutory regime demanded much of the organization's attention. The Supervisory Board appreciates the prudent approach taken to comply with these regulations and regularly engages in dialogue with the Executive Board about its view of the targets and intervention level related to Solvency II ratios. The charters of the four key functions, namely Compliance, Actuarial, Risk and Audit, were updated and discussed, also with the external regulator, in this light.

Strategy and M&A

The Supervisory Board regularly discussed market developments and the approach to potential acquisitions with the Executive Board. The Supervisory Board was informed on various issues in this regard, including the acquisitions of Corins and SuperGarant, and the formation of a general pension fund (APF). De Eendragt Pensioen N.V. and AXENT NabestaandenZorg N.V. were acquired in 2015 and merged into ASR Levensverzekering N.V. on 1 July 2016 and 1 October 2016 respectively.

In September 2016, the Supervisory Board had an off-site strategy meeting with the Executive Board to discuss the potential consolidation of the insurance sector and a.s.r.'s possible role in this process. The business strategy and market developments were also discussed.

As a result of the aforementioned acquisitions, the structure of the Group and the manner these acquisitions, being separate entities, were addressed. These entities should make a good transition to a.s.r. policies and reporting standards. The Supervisory Board also appreciates the way acquisitions are evaluated one year after they are finalized.

N.V. Amersfoortse Algemene Verzekering Maatschappij and Europeesche Verzekering Maatschappij N.V. merged into ASR Schadeverzekering N.V on 15 October 2016. The legal structure of a.s.r. is described in chapter 5.5.1.

Market developments

Specific business developments were regularly discussed in the form of a deep dive with presentations from senior managers. In August for example, new developments in group disability were discussed. The Group provides employers with two categories of products: (i) sick leave disability products, which cover the first two years of employers' mandatory salary payments in the case of disability of employees (in the SME market), and (ii) long-term group disability products which offer coverage until retirement age depending on the cover (in the SME and corporate markets). As a result of the Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act (Wet beperking ziekteverzuim en arbeidsongeschiktheid bij vangnetters, or 'BeZaVa') a new additional market segment for Group disability products will be created for the part of WGA liability for temporary employees. The context of this new segment and the underwriting skills and pricing involved were discussed.

The Supervisory Board was also regularly informed about developments in unit-linked policies related to collective procedures and media exposure. The Supervisory Board appreciates the enormous efforts and dedication of the team. a.s.r. has gone to great lengths for its unit-linked policyholders, having actively followed up with virtually all of them at this point.

Treating Customers Fairly (TCF) and CSR

Each quarter, the Supervisory Board considered the theme of Treating Customers Fairly on the basis of various reports, including the a.s.r. TCF Dashboard. The TCF Dashboard sets out developments and results with respect to TCF and of the best practices shared and lessons learned in this regard across the organization. The Supervisory Board believes that a.s.r. goes to great lengths to deliver a good TCF performance.

At the beginning of the year the Supervisory Board and the Executive Board discussed the completion of the renovation of the head office. The Supervisory Board is very pleased with the results of this project and appreciates the achievements of the team that made this happen.

The project progressed as planned and was within budget. The renovated head office gives new energy to employees and helps them to work on a flexible basis. The renovated head office also makes a social contribution, thanks to its energy efficiency rating A and its BREEAM Excellent label.

The Supervisory Board also discussed the social plan 'The Other Plan'. The Supervisory Board values this plan as future proof due to its focus on personal growth and movement ('from employment to employment').

4.2.1 Supervisory Board Committees

Audit & Risk Committee

The Audit & Risk Committee has three members, Cor van den Bos (Chair), Annet Aris and Herman Hintzen. In 2016, the Committee held eight meetings that were also attended by the CFO, the Director of Group Risk Management, the Director of Group Accounting, Reporting & Control, the Director of Finance & Risk, the Director of Compliance, the Director of Audit and the independent external auditor. The standing agenda items included the financial (quarterly) results and the audit, compliance and quarterly risk reports. In addition, the Committee addressed issues specific to the supervised entities, including the impact of changing market conditions and the report related to Solvency II matters (including the Agreed Upon Procedures Solvency II).

After each quarter end, the Committee met to discuss the financial results based on detailed audit, compliance and risk reports and analyses. The full reporting year 2016 was discussed on the basis of the press release, the Annual Report, the financial statements, the board report and the actuarial report. The meeting to discuss the actuarial report was also attended by the actuarial function. The Committee issued positive opinions on the Annual Report and the financial statements to the Supervisory Board.

The Audit & Risk Committee specifically focused on the effectiveness of the audit, compliance and risk management functions within a.s.r. The Committee discussed and approved the annual plan for 2017 of the Compliance department and the Risk Management and Actuarial Functions. The Internal Audit Charter, the Compliance Charter and the charters for the Risk Management Function and the Actuarial Function were also adopted in 2016. The Committee also approved the audit plans for 2016 of both internal audit and the independent external auditor.

During the year, the Committee met on two occasions outside meetings with the Audit, Compliance and Risk Management Functions in their role of countervailing powers. The Chair of the Committee had a one-on-one meeting with each of the directors of Audit, Compliance and Group Risk Management and had three meetings with the External Auditor Ernst & Young.

The Solvency II regime came into effect on 1 January 2016. The outcomes of the SCR calculations and the ORSA were accordingly discussed by the Committee. The UFR effect within the Solvency II framework was highlighted in particular. At the end of the year, the Audit & Risk Committee also discussed the risk appetite for 2017, which is based on a detailed risk assessment. This year as well, the assessment started from the Solvency II regime for both a.s.r. and the supervised entities. The Committee periodically tested the status of the risk appetite during the year, using such tools as the Integrated Risk Dashboard and the status report on the management of risk priorities. The a.s.r. risk appetite is based on a prudent approach to risk management and translated into requirements for solvency, liquidity and returns; solvency takes priority over profit and profit takes priority over premium income. The risk appetite for 2017 was approved by the Supervisory Board. As part of the risk appetite, the Committee discussed the solvency targets for 2016.

The Committee was informed of the outlines of the reinsurance programme. The internal control structure (Management in Control 2.0) was also a regular item of discussion by the Committee. This structure allows the management of a.s.r. to verifiably manage the principal risks that pose a threat to achieving the company's strategic targets.
The multi-year budget 2017-2019, the investment plan and the risk priorities for 2017 were discussed at length at the end of the reporting year, after which the multi-year budget was adopted by the Supervisory Board.

Selection, Appointment & Remuneration Committee

As of the IPO, the Selection, Appointment & Remuneration Committee was split in the Selection & Appointment Committee and the Remuneration Committee. The members of both committees are Annet Aris (chair) and Kick van der Pol. The meetings are attended by the CEO (except when issues relating to the Executive Board are being discussed) and the Human Resources Director, who doubles as secretary for both committees.

Both committees solicit support and advice from departments such as Group Risk Management, Compliance, Audit and Human Resources. Where needed, it calls on the expertise of independent legal and pay and benefit experts.

The Committee met on five occasions in 2016.
The first three meetings were still held in the former constellation. In accordance with policy, the Committee advised the Supervisory Board on target setting, performance appraisals and the ex-post assessments of the variable pay awarded to identified staff. The remuneration policy was updated in line with new rules and regulations. And the results of the audit plan on the application of our remuneration policy were discussed.

The Committee was informed about the outline of the new social plan in relation to the sustainable mobility of employees, and the results of the preference scan conducted among employees on labour and employment conditions were explained and discussed.

Two meetings were held in the new constellation. The Selection & Appointment Committee discussed the annual assessments of senior management. The nine-box grid was used to evaluate senior managers and to discuss their individual development and potential successors. The Selection & Appointment Committee was also informed about the use of the Denison scan, a new tool to measure the success of the organization.

The Remuneration Committee discussed the implementation of the remuneration policy for our subsidiaries. The Remuneration Committee instructed Korn Ferry on the outlines and reference groups for a benchmark of the remuneration for the Executive Board.

The Chair of the Committee gave an account of the issues discussed to the Supervisory Board and submitted written reports to the Supervisory Board in a timely manner.

4.3 Remuneration policy

Improving and maintaining the integrity and robustness of a.s.r. is key to the remuneration policy, and the focus is squarely on the long-term interests of all our stakeholders. The aim of the remuneration policy is to motivate employees to work for the interests of customers and other stakeholders within the parameters of the duty of care. The remuneration policy is based on the following principles.

The principles followed for drafting, adopting, applying and enforcing the Group Remuneration Policy are described below.

1. HR policy:

a. The remuneration policy strikes a balance between trust in intrinsic motivation on the one hand and agreement on clear targets and assessment of performance on those targets on the other;

b. The total pay-and-benefits package enables the company to compete in the labour market and to attract and retain competent people.

2. Sound remuneration policy:

a. The remuneration policy, including the pension policy, ties in with the corporate strategy and with the company's objectives, values and long-term interests. Any changes in strategy, objectives, values and long-term interests are taken into account when updating the remuneration policy;

b. The remuneration policy is ethical, sound and sustainable, in line with the company's risk appetite, risk management strategy and risk profile, contributes to robust and effective risk management, and does not encourage a greater risk appetite than is acceptable to the business;

c. The remuneration policy has been designed in such a way that allowance is made for the internal workings of the company, its subsidiaries and group companies, and for the nature, scale and complexity of the risks attached to the business;

d. The remuneration policy does not restrict the company's scope to maintain and strengthen its robust regulatory capital, solvency margin or own funds.

3. Protection of customers and safeguarding integrity and long-term enterprise value:

a. The remuneration policy encourages employees to act in accordance with the company's long-term interests;

b. The remuneration policy has been designed in such a way that consumers, clients or members are treated with due care;

c. Performances delivered by employees and by the company itself are measured on the basis of both financial and non-financial indicators;

d. The remuneration policy does not encourage employees to take excessive risks;

e. The remuneration policy seeks to prevent conflicts of interest;

f. The company does not apply constructions or methods that facilitate the evasion of the remuneration policy or the relevant legislation and regulations;

g. Employees are expected not to make use of personal hedging strategies or of any insurance policies linked to remuneration and liability to undermine the risk management effects embedded in their remuneration schemes.

4. Transparency:

a. The design, governance and methodology of the remuneration policy are clear, transparent and applicable to all employees.

5. Compliance:

a. The remuneration policy complies with prevailing national and international legislation and regulations (see also Section 1.4). It is evaluated periodically and modified, if necessary, to ensure compliance with new legislation and regulations or market standards;

b. The compliance of the remuneration policy and the related procedures with the relevant rules and regulations is checked at least once a year by a centralized and independent internal body.

Governance

- The Annual General Meeting (AGM) has decision-making powers relating to the remuneration policy of the Executive Board and the individual remuneration of the supervisory directors. In addition, the Supervisory Board informs the AGM of the individual remuneration of the executive directors;
- The Supervisory Board has decision-making powers relating to setting the individual remuneration of the members of the Executive Board. In addition, the Supervisory Board has responsibilities regarding, the remuneration policy for all groups of employees and monitors same. The Supervisory Board also approves the remuneration policy and its underlying principles before they are adopted and the selection of identified staff;
- The Supervisory Board has an Audit & Risk Committee (ARC Committee) and as of the moment of the IPO the Selection, Appointment & Remuneration Committee was split in the Selection & Appointment Committee and the Remuneration Committee. These committees are composed of members of the Supervisory Board. The full Supervisory Board remains responsible for any decisions taken, even if they have been prepared by a committee. The duties, composition, expertise, independence and organization of the committees of the Supervisory Board are described in further detail

in their rules of procedure, which are included in two appendices to the Rules of Procedure of the Supervisory Board;

- The Remuneration Committee provides the Supervisory Board with support and advice in relation to its duties and responsibilities regarding remuneration policy and remuneration practices. Decisions taken by the Supervisory Board in this area are prepared by the Remuneration Committee;
- Without prejudice to the duties of the Remuneration Committee, the ARC Committee examines whether the incentives created by the remuneration system take account of risk, capital, liquidity and the probability and staggering of profit forecasts, for the purpose of supporting the introduction of sound remuneration policy and practices. The ARC Committee also provides input for the selection of identified staff;
- The Executive Board has decision-making powers and responsibilities relating to the remuneration policy in respect of all employees, with the exception of the Executive Board itself and the Supervisory Board. The Executive Board also decides on the individual remuneration of senior managers (SMs, job levels 22-23);
- Control functions (also known as key functions) are departments that are responsible for the control and supervision of operations as well as the risks arising from those operations, and in doing so operate independently from the rest of the organization. They advise and support the Executive Board and Supervisory Board, and report directly to the Executive Board and Supervisory Board on compliance with applicable legislation and regulations and internal codes. Employees in control functions are defined as senior and/or managerial employees working in the compliance, audit, risk management and actuarial functions. The compliance, audit and risk management functions also play an active role in the context of the remuneration policies and practices relating to other groups of employees;
- The human resources function is very closely involved with the implementation of the remuneration policy. It also coordinates the preparation and evaluation of the remuneration policy and suggests what the policy should look like. In keeping with the control functions, the human resources function provides input for the ex-ante and ex-post risk adjustments of variable remuneration;
- The control functions and the human resources function collaborate actively on a regular basis. They share information and provide input for each other's activities in the area of the remuneration policy.

Remuneration groups

Except where stated otherwise, the regulations contained in the remuneration policy apply to all employees who work under the responsibility of the Group.
The specific groups mentioned are:

- Identified staff;
- Employees in control functions (key functions);
- Policymakers;
- Senior managers subject to the Dutch Financial Undertakings (Remuneration) Act (Wbfo);
- Executive directors and supervisory directors;
- Senior and higher management.

Key features of the remuneration system

Until 1 July 2014, the income of senior management, higher management and the CBA population (back-office and front-office) consisted of a fixed and a variable component. The Executive Board has received no variable remuneration since financial year 2011 based on Sections 1:128 and 1:129 of the Dutch Financial Supervision Act (Wft) and the corresponding transitional provisions. Following the collective bargaining negotiations with the trade unions, the variable remuneration for the CBA population was converted as of 1 July 2014 into a salary increase and a fixed supplement. The conversion was also implemented pro rata for a.s.r. as a whole, including higher and senior management. From 1 July 2014 onwards, the income of all salary groups including identified staff has consisted only of a fixed salary, with the exception of 115 front-office staff. This group has a fixed pay component and a target-related pay award of up to 20%.

Executive Board

The pay awarded to the members of the Executive Board comprises a fixed amount per month, including holiday allowance. The pay is indexed in accordance with the CBA for the insurance industry.

Other employees

The fixed pay awarded to employees consists of a fixed gross monthly salary, a fixed allowance (as a result of the conversion of variable pay for those employed at a.s.r. on 1 July 2014), 8% holiday allowance and a year-end bonus. The level of fixed pay depends on the weight attributed to an employee's role, the related salary group and the employee's general performance rating (assessment of deliverables and agreements on appropriate conduct). Fixed pay is adjusted for structural wage developments in accordance with the CBA for back-office positions in the insurance industry. The objectives pursued as part of how employees perform their duties are extrapolated from a.s.r.'s strategic targets. a.s.r.'s strategy is based on helping by taking action. This is reflected in KPIs relating to such issues as a customer dashboard, the Customer-Oriented Insurance Quality Mark and the Net Promoter Score. These KPIs form the basis of inspiring individual targets.

Identified staff

Variable remuneration awarded to identified staff before 1 July 2014 will be paid in instalments over the next few years. Identified staff are conditionally awarded a material share (i.e. 50%) of their variable pay in the form of cash and non-cash instruments. The conditional variable pay is deferred for three years; a reappraisal is performed at the end of the three-year period, after which the cash component is paid out. The non-cash component is subject to an additional retention period of two years. Some of the unconditional variable pay is paid out in cash immediately. The non-cash component of the unconditional variable pay is also retained for two years.

This group is also subject to a claw-back mechanism, a fairness clause and a penalty scheme, meaning that the Supervisory Board can claw back any variable pay already awarded if it was determined and awarded based on incorrect information.

In addition, the Supervisory Board has the right to adjust the level of the conditional variable pay if leaving the payment unchanged would go against the principles of reasonableness and fairness.

At a.s.r., the following specific variable remuneration schemes may apply to groups of employees:

- Target-related remuneration for front-office positions: employees may be entitled to variable remuneration under the CBA job classification and pay structure for front-office positions at a.s.r.;
- Variable remuneration at ASR Vastgoed Vermogensbeheer B.V. and ASR Vastgoed Ontwikkeling N.V.: As a transitional measure, a variable remuneration scheme applies to a small group of employees working at ASR Vastgoed Vermogensbeheer B.V. and ASR Vastgoed Ontwikkeling N.V. who are not identified staff;
- Incidental bonuses: A variable remuneration scheme in which a small amount of remuneration is linked to specific performance that goes beyond their job description applies to employees who come within the scope of the ASR Remuneration Policy but are not identified staff.

Retention bonuses

Prior written permission from DNB for retention bonuses exceeding the bonus cap of 20% may only be requested by a.s.r.'s HR department after it has obtained the prior consent of the Remuneration Committee.

Guaranteed variable remuneration, welcome bonuses and buy-outs

a.s.r. does not award guaranteed variable remuneration except within the legal bounds and only if prior permission has been obtained from the HR Director.

In accordance with the Group Remuneration Policy, a.s.r. applies the ex-ante and ex-post risk adjustment to variable remuneration.

- Ex-ante risk adjustment
  The human resources function (HR Director) applies the ex-ante risk adjustment, based on input received from the control functions;
- Penalty
  Following a proposal from the Remuneration Committee and based on input from the human resources function and the control functions, the Supervisory Board decides whether the penalty is to be applied;
- Claw-back
  Following a proposal from the Remuneration Committee and based on input from the human resources function and the control functions, the Supervisory Board decides whether the claw-back clause is to be applied.

Severance pay

No severance pay, either fixed or variable, may be awarded to an employee in the following cases:

- In the event that the employment relationship is terminated early at the employee's own initiative, except where this is due to serious culpable conduct or neglect on the part of the company;
- In the event of serious culpable conduct or neglect in the performance of his or her role by the employee.

Additionally, the following conditions apply with respect to severance pay for policymakers.

- The maximum severance pay is 100% of the fixed annual remuneration;
- No severance pay is awarded in the event of the company's failure;
- No severance pay that can be classified as variable is awarded to policymakers of a.s.r. or banks and insurers that are part of the Group;
- No fixed severance pay may be awarded to this group of employees unless this severance pay was agreed before 7 February 2015 (or before 20 June 2012 in the case of members of the a.s.r. Executive Board) or is agreed when the employee in question commenced his or her activities as a policy-maker after 7 February 2015.

No employee may receive total variable remuneration that exceeds 20% of his or her total fixed annual remuneration. This ratio is also referred to as the '20% bonus cap'.

Pension

The principal features of the pension scheme were as follows in 2016:

- Average-pay pension plan;
- Retirement age: 67 years;
- Accrual rate for old-age pension: 1.875% for all salary groups;
- Pensionable salary: fixed annual salary on 1 January of any year (capped at € 101,519 gross, this is offset by a contribution for the accrual of a net pay pension);
- Partner's pension: 70% of projected old-age pension;
- Orphan's pension: 14% of projected old-age pension;
- Employee contribution: 6% of pensionable earnings;
- Flexible elements: early retirement, deferred retirement, exchange, high/low, part-time;
- a.s.r. does not allow for the award of discretionary pensions.

Pre-pension allowance

As a result of statutory pre-pension regulations, a.s.r. removed all pre-pension elements from its pension plans in 2006. Employees who joined a.s.r. before 1 January 2006 were initially compensated for this removal through optimization of their accrual rate and the state pension offset. Where such compensation was inadequate, the employees were awarded a pre-pension allowance, the amount of which varied based on their age and the original pension commitment. The pre-pension allowance for employees who joined a.s.r. after 1 January 2006 was 1% of their pensionable salary.

As a result of the change to the pension plan agreed with the Works Council, an additional pre-pension allowance was introduced with effect from 1 January 2015 for employees who had a pension accrual rate of 2.25% at year-end 2013. The supplementary pre-pension allowance has been set at 2.25%.

The allowance is paid until the end date of the (regular) pre-pension allowance, subject to a maximum of five years.

Once every three years, an independent consultancy is hired to perform a market comparison (remuneration benchmark).

For the complete a.s.r. remuneration policy please see: asrnl.com.

4.4 Employee Representation

In 2016, the Works Council worked on shaping its mission: unifying a.s.r.!

At the start of its current term of office early in 2015, the Works Council translated this mission into three core values:

- We are accessible and approachable;
- We are proactive;
- We form a useful counterweight.

We are accessible and approachable

a.s.r.'s employees are the grassroots of the organization. They are very important to the Works Council. The Works Council can only do its job properly if it knows what is happening on the work floor. To determine how to improve the relationship between the Works Council and the staff base, the Works Council had an employee survey conducted in 2016. A number of key conclusions of the survey were that the Works Council should be more visible, be clearer in its communications and communicate on a continuous basis; it should also increase its accessibility and position itself as a visible, reliable source that employees want to share information with. Based on the outcome of the survey, the Works Council put together a plan of action with a view to creating an even better position for the Works Council terms of how its represents staff base in its dialogue with the executive.

The Contemporary Employee Representation Committee is a committee of the Works Council. The Committee's mission is to explore whether the current employee representation model is future-proof and appropriate to the business a.s.r. aspires to be. It became clear in 2016 that a new model would be more appropriate to a.s.r. The draft model, which has now also been discussed with the executive, is designed to contribute to the quality and the unifying nature of the employee representation body. Increasing and improving the involvement of the staff base in employee representation is a key priority in this regard. And members of the employee representation body are expected to maintain a healthy balance between their regular duties and their activities as members of the Works Council. The goal is to present the final new model in 2017 and to start applying it as soon as a new Works Council takes office (2018-2021).

We are pro-active

a.s.r.'s future is increasingly being determined by technological developments, as well as by social and climatological changes. The pace of these developments affects the Dutch economy, and a.s.r. is also feeling the impact of these changes. These developments bring both opportunities and threats. The insurance market will have to reinvent itself to some extent. This was an important theme for the Works Council in 2016. To address this theme with the executive, the Works Council drafted a number of memos on the topics of innovation and strategy. These memos met with a positive response from the executive and they were covered in constructive meetings.

We form a useful counterweight

At year-end 2015, it was announced that the Dutch Minister of Finance had asked NLFI and a.s.r. to prepare for an IPO with a view to potentially floating a.s.r. in the first half of 2016. The year 2016 is now behind us and a.s.r. is listed on the stock exchange. The IPO became a fact on 10 June 2016. This was a milestone for a.s.r.

The Works Council was actively involved in the process leading up to the IPO. When preparing for the IPO, the executive spent a great deal of time and energy communicating the a.s.r. narrative to analysts and potential new shareholders. The Works Council's primary focus in this process was the balance that was struck in that narrative between the interests of employees, the business and related stakeholders.

Customer interests obviously also played an important role in that regard. Now that a.s.r. is a listed company, the continuation and further development of its position in society still need to take centre-stage in its strategy. In the eyes of the Works Council, a.s.r.'s return to the private market should not result in a change in this strategy.

General

The employee representation bodies (i.e. the Works Council and/or its subcommittees) held various consultative meetings with executives in 2016. In addition, 11 scheduled meetings took place between the Executive Committee of the Works Council, the CEO, the HR Director and the Company Secretary. Ad hoc meetings were held if the situation so warranted. In addition, tripartite meetings between the Executive Committee of the Works Council, the CEO, the HR Director and two members of the Supervisory Board are held where needed. In 2016, the Works Council received a total of eight requests for a formal opinion and four requests for consent.

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5

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5.1 Introduction

5.1.1 General information

ASR Nederland N.V. (a.s.r.) is a leading insurance company in the Netherlands. a.s.r sells insurance products under the following labels: a.s.r., De Amersfoortse, Ardanta, Europeesche Verzekeringen and Ditzo. a.s.r. has a total of 3,461 internal FTE's (31 December 2015: 3,650).

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

The consolidated financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in the tables contained in these financial statements are in millions of euros, unless otherwise indicated.

The financial statements for 2016 were approved by the Supervisory Board on 28 March 2017 and will be presented to the Annual General Meeting of Shareholders for adoption on 31 May 2017. The Executive Board released the financial statements for publication on 29 March 2017.

5.1.2 Statement of compliance

The consolidated financial statements of a.s.r. have been prepared in accordance with the International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted by the European Union (EU), and with the financial reporting requirements included in Title 9, Book 2 of the Dutch Civil Code, where applicable.

Pursuant to the options offered by Section 362, Book 2 of the Dutch Civil Code, a.s.r. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements.

5.2 Consolidated financial statements

5.2.1 Consolidated balance sheet

Consolidated balance sheet

(in € millions) (Before profit appropriation)	Note	31 December 2016	31 December 2015 (restated)
Intangible assets	5.5.1	326	299
Property, plant and equipment	5.5.2	171	166
Investment property	5.5.3	3,057	2,667
Associates and joint ventures	5.5.4	20	20
Investments	5.5.5	25,471	25,063
Investments on behalf of policyholders	5.5.5	7,745	7,924
Loans and receivables	5.5.5	11,468	10,480
Derivatives	5.5.5	3,060	2,196
Deferred tax assets	5.5.6	595	511
Reinsurance contracts	5.5.10	635	611
Other assets	5.5.7	773	712
Cash and cash equivalents	5.5.5	3,581	2,629
Assets held for sale	5.4.6	50	78
Total assets		**56,952**	**53,356**
Share capital	5.5.8	24	100
Share premium reserve		1,038	962
Unrealized gains and losses	5.5.8	726	686
Actuarial gains and losses	5.5.8	-755	-467
Retained earnings		2,747	2,293
Total equity attributable to shareholders		**3,780**	**3,574**
Other equity instruments	5.5.8	701	701
Equity attributable to holders of equity instruments		**4,481**	**4,275**
Non-controlling interests	5.5.8	-10	-16
Total equity		**4,471**	**4,259**
Subordinated liabilities	5.5.9	497	497
Liabilities arising from insurance contracts	5.5.10	32,484	30,586
Liabilities arising from insurance contracts on behalf of policyholders	5.5.10	9,928	9,997
Employee benefits	5.5.11	3,257	2,962
Provisions	5.5.12	49	50
Borrowings	5.5.13	114	55
Derivatives	5.5.5	577	377
Deferred tax liabilities	5.5.6	-	-
Due to customers	5.5.14	1,911	1,760
Due to banks	5.5.15	2,835	1,805
Other liabilities	5.5.16	827	970
Liabilities relating to assets held for sale	5.4.6	2	38
Total liabilities		**52,481**	**49,097**
Total liabilities and equity		**56,952**	**53,356**

The numbers following the line items refer to the relevant chapters in the notes.
The comparative figures for 2015 have been restated (see chapter 5.3.2 and 5.4.5).

5.2.2 Consolidated income statement

Consolidated income statement

(in € millions)	Note	2016	2015 (restated)
Continuing operations			
Gross premiums written		4,328	4,092
Change in provision for unearned premiums		58	16
Gross insurance premiums	5.6.1	**4,386**	**4,108**
Reinsurance premiums		-126	-343
Net insurance premiums		**4,260**	**3,765**
Investment income	5.6.2	1,356	1,359
Realized gains and losses	5.6.3	639	716
Fair value gains and losses	5.6.4	121	922
Result on investments on behalf of policyholders		322	559
Fee and commission income	5.6.5	59	52
Other income	5.6.6	168	85
Share of profit/(loss) of associates and joint ventures		3	1
Total income		**2,668**	**3,694**
Insurance claims and benefits		-4,846	-5,527
Insurance claims and benefits recovered from reinsurers		120	291
Net insurance claims and benefits	5.6.7	**-4,726**	**-5,236**
Operating expenses	5.6.8	-569	-575
Restructuring provision expenses		-17	-30
Commission expenses		-398	-369
Impairments	5.6.9	12	28
Interest expense	5.6.10	-258	-231
Other expenses	5.6.11	-134	-240
Total expenses		**-1,364**	**-1,417**
Profit before tax		**838**	**806**
Income tax (expense) / gain	5.6.12	-197	-157
Profit after tax from continuing operations		**641**	**649**
Discontinued operations			
Profit (loss) from discontinued operations net of tax	5.4.6	17	-26
Profit for the year		**658**	**623**
Attributable to:			
- Attributable to non-controlling interests		-1	3
- Shareholders of the parent		625	586
- Holders of other equity instruments		45	45
- Tax on interest of other equity instruments		-11	-11
Profit attributable to holders of equity instruments		**659**	**620**

The numbers following the line items refer to the relevant chapters in the notes.
The comparative figures for 2015 have been restated (see chapter 5.3.2 and 5.4.5).

Earnings per share

(in €)	Note	2016	2015
Basic earnings per share from continuing operations	5.5.8	4.05	4.08
Basic earnings per share from discontinued operations	5.5.8	0.12	-0.17
Basic earnings per share		**4.17**	**3.91**

There are no diluting effects applicable on the earnings per share.

5.2.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

(in € millions)	Note	2016	2015 (restated)
Profit for the year		**658**	**623**
Remeasurements of post-employment benefit obligation	5.5.11	-382	220
Unrealized change in value of property for own use	5.5.2	10	5
Income tax on items that will not be reclassified to profit or loss		91	-54
Total items that will not be reclassified to profit or loss		**-281**	**171**
Unrealized change in value of available-for-sale financial assets	5.5.5	404	-877
Shadow accounting	5.5.10	-338	786
Segregated investment pools		-17	15
Income tax on items that may be reclassified subsequently to profit and loss		-16	21
Total items that may be reclassified subsequently to profit and loss		**33**	**-55**
Total other comprehensive income for the year, after tax		**-248**	**116**
Total comprehensive income		**410**	**739**
Attributable to:			
- Non-controlling interests		-1	3
- Shareholders of the parent		377	702
- Holders of other equity instruments		45	45
- Tax on interest of other equity instruments		-11	-11
Total comprehensive income attributable to holders of equity instruments		**411**	**736**

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

Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to liabilities arising from insurance contracts (see accounting policy I, chapter 5.3.5).

5.2.4 Consolidated statement of changes in equity

Consolidated statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses (pension obligation)	Retained earnings	Equity attributable to shareholders	Other equity instruments	Non-controlling interest	Total equity
At 1 January 2015	**100**	**962**	**737**	**-634**	**1,857**	**3,022**	**701**	**-20**	**3,703**
Profit for the year (restated)	-	-	-	-	620	620	-	3	623
Total other comprehensive income	-	-	-51	167	-	116	-	-	116
Total comprehensive income	**-**	**-**	**-51**	**167**	**620**	**736**	**-**	**3**	**739**
Dividend paid	-	-	-	-	-139	-139	-	-4	-143
Discretionary interest on other equity instruments	-	-	-	-	-45	-45	-	-	-45
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	-	11
Capital investment non-controlling interest	-	-	-	-	-	-	-	5	5
Other	-	-	-	-	-11	-11	-	-	-11
At 31 December 2015 (restated)	**100**	**962**	**686**	**-467**	**2,293**	**3,574**	**701**	**-16**	**4,259**
At 1 January 2016	100	962	686	-467	2,293	3,574	701	-16	4,259
Profit for the year	-	-	-	-	659	659	-	-1	658
Total other comprehensive income	-	-	40	-288	-	-248	-	-	-248
Total comprehensive income	**-**	**-**	**40**	**-288**	**659**	**411**	**-**	**-1**	**410**
Dividend paid	-	-	-	-	-170	-170	-	-1	-171
Discretionary interest on other equity instruments	-	-	-	-	-45	-45	-	-	-45
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	-	11
Increase (decrease) in capital	-76	76	-	-	-	-	-	-	-
Capital investment non-controlling interest	-	-	-	-	-	-	-	8	8
Other	-	-	-	-	-1	-1	-	-	-1
At 31 December 2016	**24**	**1,038**	**726**	**-755**	**2,747**	**3,780**	**701**	**-10**	**4,471**

Unrealized gains and losses include shadow accounting adjustments (see accounting policy I, chapter 5.3.5). For more detailed information on the unrealized gains and losses, see chapter 5.5.8.2.

The actuarial gains and losses (after tax) impacted equity negatively by € 288 million (2015: positive impact of € 167 million), primarily due to the decrease (€ 2015: increase) in the discount rate of the benefit obligation. For more information see chapter 5.5.11.

In March 2016, NLFI in its capacity as the sole shareholder issued a resolution that the company's articles of association will be amended to, inter alia, split the ordinary shares in the company's capital, into a higher number of ordinary shares, without impacting the amount of the company's total equity (see chapter 5.5.8.1).

5.2.5 Consolidated statement of cash flows

The table below represents the cash flows from continuing and discontinued operations. Cash flows related to discontinued operations are included in chapter 5.4.6. a.s.r. believes that this disclosure is relevant for users of financial statements to fully understanding of the cash flow and the relationship with other statements.

Consolidated statement of cash flows

(in € millions)	2016	2015 (restated)
Cash and cash equivalents as at 1 January	**2,632**	**3,135**
Cash generated from operating activities		
Profit before tax [1]	859	773
Adjustments on non-cash items included in profit:		
Revaluation through profit and loss	-124	-150
Retained share of profit of associates and joint ventures	15	-3
Amortization of intangible assets	13	15
Depreciation of property, plant and equipment	10	10
Amortization of investments	88	79
Amortization of subordinated liabilities	-	1
Impairments	-34	-6
Changes in operating assets and liabilities:		
Net (increase) / decrease in investment property	-262	310
Net (increase) / decrease in investments	-96	264
Net (increase) / decrease in investments on behalf of policyholders	179	107
Net (increase) / decrease in derivatives	-664	1,229
Net (increase) / decrease in amounts due from and to customers	-533	-1,198
Net (increase) / decrease in amounts due from and to credit institutions	689	-1,497
Net (increase) / decrease in trade and other receivables	45	124
Net (increase) / decrease in reinsurance contracts	-24	-192
Net increase / (decrease) in liabilities arising from insurance contracts	1,572	-24
Net increase / (decrease) in liabilities arising from insurance contracts on behalf of policyholders	-69	144
Net (increase) / decrease in other operating assets and liabilities	-318	85
Net (increase) / decrease in assets and liabilities relating to held for sale	-	3
Income tax received (paid)	-209	-558
Cash flows from operating activities	**1,137**	**-484**
Cash flows from investing activities		
Investments in associates and joint ventures	-	-7
Purchases of property, plant and equipment	-20	-37
Purchases of group companies (less acquired cash positions)	-25	-248
Sales of group companies (less sold cash positions)	6	-
Purchase of intangible assets	-	-1
Cash flows from investing activities	**-39**	**-293**

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[1] Profit before tax includes results from continuing operations of € 838 million (2015: € 806 million) as well as results from discontinued operations of € 21 million (after tax € 17 million), for 2015 € -33 million (after tax € -26 million).

	2016	2015 (restated)
Cash flows from financing activities		
Issue of subordinated liabilities	-	498
Proceeds from issues of borrowings	76	6
Repayment of borrowings	-10	-40
Dividend paid	-170	-139
Discretionary interest to holders of equity instruments	-45	-45
Non-controlling interests	-1	-4
Costs of issue of subordinated liabilities	-	-2
Cash flows from financing activities	**-150**	**274**
Cash and cash equivalents as at 31 December	**3,581**	**2,632**
Further details on cash flows from operating activities		
Interest received	1,341	1,555
Interest paid	-318	-175
Dividends received	62	45

Cash and cash equivalents

	2016	2015
Total cash and cash equivalents		
Cash and cash equivalents from continuing operations	3,581	2,629
Cash and cash equivalents classified as Assets held for sale	-	3
Total cash and cash equivalents as at 31 December	**3,581**	**2,632**

5.3 Accounting policies

5.3.1 Changes in accounting estimates as of 1 January 2016

a.s.r. has made a change in accounting estimate in relation to the Liability Adequacy Test (LAT) of its insurance liabilities. Until and including 2015 a.s.r.'s accounting policy was to use the DNB-LAT (Solvency I) for assessing whether its insurance liabilities were adequate (with exception in respect of surrender value floor). As of 1 January 2016 the Solvency II regime applies to a.s.r. The DNB-LAT test is therefore no longer required. Under Solvency II the insurance liabilities are determined based on a best estimate and a risk margin using the Euro Swap curve, including a credit risk adjustment, with Ultimate Forward Rate (UFR) and a volatility adjustment. Also unrecognized gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities. This valuation of the insurance liability consistent with Solvency II is therefore used in the IFRS-LAT. The calculations under Solvency II to determine the insurance liability correspond in substance with the Solvency I test, therefore this change is classified as a change in accounting estimate. The transition to using Solvency II as the basis for the IFRS-LAT will enhance the comparability between the Solvency II reporting and IFRS reporting as from 2016 onwards.

As the insurance liabilities continue to be adequate, this change in estimate has no impact on net profit or total equity of a.s.r.

5.3.2 Other changes

Equity includes prior year adjustments regarding 2013, 2014 and 2015 relating to accounting for employee benefits. Based on a qualitative and quantitative impact assessment performed the immaterial adjustments have been retrospectively adjusted in the 2016 financial statements. The 2015 opening equity was adjusted cumulatively with € 6 million negative and the profit for the year 2015 with € 19 million positive amounting to a 2015 opening equity of € 3,703 million and profit for the year 2015 of € 623 million in the 2016 consolidated financial statements.

In addition to the amendments as disclosed above and the finalization of the acquisitions (chapter 5.4.5), the current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

5.3.3 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2016

The following changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2016:
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization;
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 16 and IAS 41: Bearer Plants;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Amendments to IAS 1: Disclosure Initiative;
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investments Entities – Applying the Consolidation Exception;
- Annual improvements to IFRSs 2012-2014 cycle: a collection of non-urgent amendments to IFRSs, in response to issues.

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

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5.3.4 New standards, interpretations of existing standards or amendments to standards, not yet effective in 2016

The main following new standards, amendments to existing standards and interpretations, published prior to 1 January 2017 and effective for accounting periods beginning on or after 1 January 2017, were not early adopted by a.s.r.:

- Amended IFRS 4 Insurance contracts (2018).
- IFRS 9 Financial Instruments (2018).
- IFRS 15 Revenue from Contracts with Customers (2018).
- IFRS 16 Leases (2019).

Amended IFRS 4 Insurance contracts

This standard becomes effective as of 1 January 2018, subject to endorsement by the EU. The IFRS 4 amendments permit insurer to apply a temporary exemption from applying IFRS 9 for predominant insurance entities or to use overlay approach, until the implementation of IFRS 17 (New accounting standard for Insurance contracts) or at the latest 1 January 2021.

Based on the amended IFRS 4 and the a.s.r. 2015 Annual report, a.s.r. meets the criteria of a predominant insurer as the percentage of the total carrying amount of its liabilities connected with insurance relative activities to the total carrying amount of all its liabilities is greater than 90 %. As a result a.s.r. is expected to apply the temporary exemption from applying IFRS 9 until IFRS 17 (New accounting standard for Insurance contracts) is implemented. The implementation of amended IFRS 4, if and when endorsed by the EU, is not expected to have a significant impact on the consolidated financial statements of a.s.r.

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014. IFRS 9 replaces most of the current IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. IFRS 9 is effective in 2018. However as mentioned above a.s.r. is expected to apply the temporary exemption from applying IFRS 9 for predominant insurance entities as permitted by the amended IFRS 4. The IFRS 4 amendment postpones the implementation of IFRS 9 until the effective date of the expected insurance contracts standard (1 January 2021).

Classification and measurement

The classification and measurement of financial assets under IFRS 9 will depend on a.s.r.'s business model and the instrument's contractual cash flow characteristics. These may result in financial assets being recognized at amortized cost, at fair value through other comprehensive income (equity) or at fair value through profit or loss. 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.

Impairment

The recognition and measurement of impairment under IFRS 9 is intended to be more forward-looking than under IAS 39. The new impairment requirements will apply to all financial assets measured at amortized cost and at fair value through other comprehensive income (equity). Initially, a provision is required for expected credit losses 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 expected credit losses resulting from all possible default events over the expected life of the financial asset.

Hedge accounting

The hedge accounting requirements of IFRS 9 aim to simplify hedge accounting.

Impact assessment

a.s.r. is currently assessing the impact of the new requirements. In 2016 a.s.r. started the investigation into the classification and measurement of its financial instruments (the SPPI test). The implementation of IFRS 9 may have a significant impact on Shareholders' equity, Net result and/or Other comprehensive income and on the consolidated financial statements of a.s.r.

IFRS 15 Revenue from Contracts with Customers

This standard becomes effective as of 1 January 2018, subject to endorsement by the EU. IFRS 15 provides more specific guidance on recognizing revenue other than insurance contracts and financial instruments. The implementation of IFRS 15, if and when endorsed by the EU, is not expected to have a significant impact on the consolidated financial statements of a.s.r.

IFRS 16 Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, subject to endorsement by the EU. IFRS 16 contains a new accounting model for lessees. The implementation of IFRS 16, if and when endorsed by the EU, is not expected to have a significant impact on the consolidated financial statements of a.s.r.

5.3.5 Key accounting policies

A. Estimates and assumptions

The preparation of the financial statements requires a.s.r. to make estimates, assumptions and judgements in applying accounting policies that have an effect on the reported amounts in the financial statements.
These relate primarily to the following:

- The fair value and impairments of unlisted financial instruments (see accounting policy B and E);
- The estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets (see accounting policy C, D and T);
- The measurement of liabilities arising from insurance contracts (see accounting policy I);
- Actuarial assumptions used for measuring employee benefit obligations (see chapter 5.5.11);
- When forming provisions, the required estimate of existing obligations arising from past events;
- The recoverable amount of impaired assets (see accounting policy B, E and G).

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 notes to the consolidated financial statements.

B. Fair value of assets and liabilities

The fair value is the price that a.s.r. would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants on the transaction date or reporting date in the principal market for the asset or liability, or in the most advantageous market for the asset or liability and assuming the highest and best use for non-financial assets. Where possible, a.s.r. determines the fair value of assets and liabilities on the basis of quoted prices in an active market. In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. Although valuation techniques are based on observable market data where possible, results are affected by the assumptions used, such as discount rates and estimates of future cash flows. In the unlikely event that the fair value of a financial instrument cannot be measured, it is carried at cost.

Fair value hierarchy

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

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

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

A financial instrument is quoted in an active market if:

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

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

Level 2. Fair value based on observable market data

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

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

This category primarily includes:

I. financial instruments: unlisted fixed-interest preference shares and interest rate contracts;
II. financial instruments: loans and receivables (excluding mortgage loans)[1];
III. other non-financial assets and liabilities[1].

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

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

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

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

III. Other non-financial assets and liabilities

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

Level 3. Fair value not based on observable market data

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

Valuation techniques are used to the extent that observable inputs are not available. The basic principle of fair value measurement is still to determine a fair, arm's length price. Unobservable inputs therefore reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are generally based on the available observable data (adjusted for factors that contribute towards the value of the asset) and own source information.

This category primarily includes:

I. financial instruments: private equity investments (or private equity partners);
II. financial instruments: loans and receivables – mortgage loans;
III. investment property and buildings for own use (include mortgages).

I. Financial instruments: private equity investments

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

II. Financial instruments: loans and receivables – mortgage loans

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

III. Investment property and buildings for own use

The following categories of investment properties and buildings for own use is recognized and methods of calculating fair value are distinguished:

- Residential – based on reference transaction and DCF method;
- Retail – based on reference transaction and income capitalization method;
- Rural – based on reference transaction and DCF method;

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[1] Not measured at fair value on the balance sheet for which the fair value is disclosed.

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

The following valuation methods are available for the calculation of fair value by the external professional appraisers for investment property and buildings for own use:

Reference transactions

Independent professional appraisers use transactions in comparable properties as a reference for determining the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch government 'grondprijsmonitor' in an active property market and in some instances accompanied by own use information.
The external professional appraisers, valuate the property using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- DCF method;
- Income capitalization method.

DCF method

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

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

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

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

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

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

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

Income capitalization method

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

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

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

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

The accounting policies for the treatment of investment property and buildings for own use are described in accounting policy D and T respectively. The fair value of investment property and buildings for own use is disclosed in chapter 5.5.2, 5.5.3, 5.7.1.

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

C. Intangible assets

Intangible assets are carried at cost, less any accumulated amortization and impairment losses. The residual value and the estimated useful life of intangible assets are assessed on each balance sheet date and adjusted where applicable.

Goodwill
Acquisitions by a.s.r. are accounted for using the acquisition method. Goodwill represents the excess of the cost of an acquisition over the fair value of a.s.r.'s share of the net identifiable assets and liabilities and contingent liabilities of the acquired company at acquisition date. If there is no excess (negative goodwill), the carrying amount is directly recognized through the income statement. At the acquisition date, goodwill is allocated to the cash-generating units (CGU's) that are expected to benefit from the business combination.

Goodwill has an indefinite useful life and is not amortized. a.s.r. performs an impairment test annually, or more frequently if events or circumstances so warrant, to ascertain whether goodwill has been subject to impairment. As part of this, the carrying amount of the cash-generating unit to which the goodwill has been allocated is compared with its recoverable amount. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and value in use. The carrying value is determined as the net asset value including goodwill. The methodologies applied to arrive at the best estimate of the recoverable amount involves two steps.

In the first step of the impairment test, the best estimate of the recoverable amount of the CGU to which goodwill is allocated is determined separately based on Price to Earnings or Price to EBITDA ratios. The ratio(s) used per CGU depends on the characteristics of the entity in question. The main assumptions in this valuation are the multiples for the aforementioned ratios. These are developed internally but are either derived from or corroborated against market information that is related to observable transactions in the market for comparable businesses.

If the outcome of the first step indicates that the difference between the recoverable amount and the carrying value may not be sufficient to support the amount of goodwill allocated to the CGU, step two is performed. In step two an additional analysis is performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of the relevant CGU.

The additional analysis is based on an internal model, wherein managements assumptions in relation to cash flow projections for budget periods up to and including five years are used and, if deemed justified, expanded to a longer period given the nature of the insurance activities.

If the recoverable amount is lower than its carrying amount, the difference is directly charged to the income statement as an impairment loss.

In the event of impairment, a.s.r. first reduces the carrying amount of the goodwill allocated to the cash-generating unit. After that, the carrying amount of the other assets included in the unit is reduced pro rata to the carrying amount of all the assets in the unit.

Value of Business Acquired
The Value of Business Acquired (VOBA) represents the difference between the fair value and the carrying amount of insurance portfolios that have been acquired, either directly from another insurer or through the acquisition of a

subsidiary. VOBA is recognized as an intangible asset with a finite useful life and amortized over the term of the current insurance contracts at acquisition date, in conjunction with the corresponding obligations. With regard to VOBA, allowance is made for the outcome of the annual compulsory Liability Adequacy Test (LAT) for insurance contracts (see accounting policy I). Amortization charges related to VOBA are included in net claims and benefits.

Should VOBA's carrying amount exceed the difference between the carrying amount of the liabilities arising from insurance contracts and the liabilities identified as part of the LAT and no other adjustment is made to the liabilities as a result of the LAT outcomes, VOBA is impaired to a level where the values are equal. This is charged to the income statement as an impairment loss.

D. Investment property

Investment property is property held to earn rent or for capital appreciation or both. Property interests held under operating leases are classified and accounted for as investment property. In some cases, a.s.r. is the owner-occupier of some investment properties. If owner-occupied properties cannot be sold separately, they are treated as investment property only if a.s.r. holds an insignificant portion for use in the supply of services or for administrative purposes. Property held for own uses (owner-occupied) is recognized within property, plant and equipment.

Investment property is primarily recognized using the fair value model. After initial recognition, a.s.r. remeasures all of its investment property (see accounting policy B) whereby any gain or loss arising from a change in the fair value of the specific investment property is recognized in the income statement under fair value gains and losses.

Residential property is generally let for an indefinite period. Other investment property is let for defined periods under leases that cannot be terminated early. Some contracts contain renewal options. Rentals are accounted for as investment income in the period to which they relate.

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

- Reclassification from property, plant and equipment to investment property: at the end of the period of owner-occupation or at inception of an operating lease with a third party; or
- Reclassification from investment property to property, plant and equipment: at the commencement of owner-occupation or at the start of developments initiated with a view to selling the property to a third party.

The following categories of investment property are recognized by a.s.r. based primarily on the techniques used in determining the fair value of the investment property:

- Retail;
- Residential;
- Rural;
- Offices;
- Other (consisting primarily of parking);
- Investment property under development.

Property under development for future use as investment property is recognized as investment property.
The valuation of investment property takes (expected) vacancies into account.

Borrowing costs directly attributable to the acquisition or development of an asset are capitalized and are part of the cost of that asset. Borrowing costs are capitalized when the following conditions are met:

- Expenditures for the asset and borrowing costs are incurred; and
- Activities are undertaken that are necessary to prepare an asset for its intended use.

Borrowing costs are no longer capitalized when the asset is ready for use or sale. If the development of assets is interrupted for a longer period, capitalization of borrowing costs is suspended. If the construction is completed in stages and each part of an asset can be used separately, the borrowing costs for each part that reaches completion are no longer capitalized.

E. Investments

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

- Financial assets at fair value through profit and loss;
- Loans and receivables;
- Financial assets available for sale.

The classification of the financial assets is determined at initial recognition. The classification depends on the purpose for which the investments were acquired. For detailed information on the fair value of the financial assets see accounting policy B.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss include:
- Derivatives that do not qualify for hedge accounting (see accounting policy B and H); and
- Financial assets, designated by a.s.r. as carried at fair value through profit and loss. This option is available whenever:
  - It eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities on different bases (accounting mismatch); or
  - a.s.r. manages a group of financial instruments (assets, liabilities or both) on the basis of fair value in accordance with a documented risk management or investment strategy;
  - The financial assets contain one or more embedded derivatives and a.s.r. does not separate the derivative from the host contract.

Financial assets at fair value through profit and loss are stated at fair value. At initial recognition, transaction costs are expensed in the income statement. Realized and unrealized gains and losses in the fair value are also recognized in the income statement.

Loans and receivables are measured at fair value plus transaction costs on initial recognition
They are subsequently measured at amortized cost based on the effective interest rate method, less impairment losses where deemed necessary (see also accounting policy G). Loans and receivables are accounted for separately under financial assets.

Financial assets available for sale
Financial assets available for sale are financial assets that are not accounted for as financial assets at fair value through profit and loss, or as loans and receivables. On initial recognition, financial assets available for sale are measured at fair value (including transaction costs). They are subsequently measured at fair value, including any unrealized fair value changes in equity, taking into account any deferred tax liabilities. Financial assets available for sale include equities (ordinary and preference shares), bonds, other fixed-income securities, unit trusts, variable-income securities and interests in investment pools.

Impairment of financial assets
At each balance sheet date, a.s.r. assesses whether objective evidence exists of impairment of financial assets. Financial assets at fair value through profit and loss are not subject to impairment testing, because the fair value of these assets reflects any impairment losses.

In the case of equity investments available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment. a.s.r. considers as a significant or prolonged decline to have occurred if the fair value:
- Has fallen 25% or more below cost; or
- Has fallen below cost for an uninterrupted period of twelve months or longer.

Fixed-income financial assets available for sale are tested for impairment if objective evidence exists that the counterparty will default. Objective evidence includes: bankruptcy, financial reorganization or delinquency in payments for more than 30 days. The assessment may also involve circumstances requiring a more detailed estimate, such as in the event of an equity deficit, recurring financial difficulties, downgrading of the credit rating or other creditors reverting to legal action. This assessment is made at each reporting date by the Level of Concern Committee, where the portfolio managers and analysts assign a level of concern from 'Nil' to 'Three' to each of the fixed-income assets. A level of concern 'Nil' means that there is no reason for concern, while a level of concern 'Three' indicates that the situation is critical and that an impairment is highly recommended. The final decision to recognize an impairment loss on a financial asset or to reverse a prior impairment loss is taken in the quarterly Impairment Committee, chaired by the Group Asset Management director.

Impairment losses are taken directly to the income statement and represent the difference between amortized cost and the fair value at the balance sheet date, net of any previously recognized impairments.

If, at a later stage, the fair value of the financial assets available for sale should increase and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit and loss, the impairment loss is reversed through the income statement. Impairment losses on equities available for sale are not reversed, and any increases in fair value are recorded in equity.

F. Investments on behalf of policyholders

Investments made for the account and risk of policyholders mainly concern unit-linked insurance contracts. In addition, they concern group contracts with unguaranteed segregated pools (discretionary self-insurance). These investments are carried at fair value. Any realized and unrealized value changes of the investments are recognized in the income statement as gains or losses on investments on behalf of policyholders.

G. Loans and receivables

Loans and receivables are measured at amortized cost based on the effective interest rate method, less impairments where deemed necessary.

Receivables from clients

Receivables from clients are primarily comprised of business loans and mortgage loans.

Receivables from banks

Receivables from banks concern business loans, deposits and the savings portion of savings mortgages concluded by a.s.r.

Trade and other receivables

Trade and other receivables are receivables arising from a.s.r.'s normal business operations.

Impairment of loans and receivables

At each balance sheet date, a.s.r. assesses whether objective evidence of impairment exists of the financial assets classified as loans and receivables.
An individually assessed asset is considered as impaired if objective evidence exists that a.s.r. is unable to collect all the amounts due by the counterparty in accordance with the contractual terms and conditions. The amount of the impairment loss is equal to the difference between the asset's carrying amount and its recoverable amount.
The recoverable amount equals the present value of estimated future cash flows, including amounts realized from guarantees and securities provided, discounted at the financial asset's original effective interest rate.

Loans and receivables that are not individually significant are grouped on the basis of similar credit risk characteristics.

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

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

IBNR is estimated by reference to historical loss patterns. The current economic climate is reflected, and account is taken of potentially higher credit risk based on an analysis of the economic situation.

Impairment losses are charged to the income statement. If, at a later stage, the impairment losses should decrease and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in the impairment loss is recognized in the income statement.

H. Derivatives and hedge accounting

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.

Only cash flow hedge accounting is applied to a limited extent in relation to property development activities. Cash flow hedge accounting ended in 2016.

At the inception of the hedge, a.s.r. documents the risk management objective and strategy for undertaking the hedge, as well as the relationship between the hedging instrument, the hedged item and the method for assessing the effectiveness of the hedging transaction. It is also confirmed that the hedge is expected to be highly effective throughout the hedging period.

The effectiveness of the hedge is assessed on an on-going basis throughout the financial reporting periods for which the hedge was designated. A hedge is considered highly effective if the change in the fair value or the cash flows of the hedged item is offset by changes in the fair value or the cash flows of the hedging instrument.

Only assets, liabilities, firm commitments or highly probable forecast transactions involving a party external to a.s.r. can be designated as hedged items.

Changes in the fair value of the effective portion of derivatives that have been designated and qualify as cash flow hedges are recognized as unrealized gains or losses in a separate component of equity. Fair value changes in the ineffective portion are recognized in the income statement. The amounts recorded in equity are reclassified to profit or loss in the same period or periods during which the hedged firm commitment or highly probable forecast transaction affects results.

If a hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction or the firm commitment is settled. If the forecast transaction or the firm commitment is no longer expected to take place, any related cumulative gain or loss on the hedging instrument that was reported in equity is recognized in the income statement.

I. Liabilities arising from insurance contracts

General

This includes liabilities arising from insurance contracts issued by a.s.r. that transfer significant insurance risks from the policyholder to a.s.r. These contracts may also transfer financial risk.

Liabilities arising from non-life insurance contracts

These liabilities comprise a provision for claims payments, a provision for current risks, and a provision for unearned premiums. The provision for claims payments is based on estimates of claims payable. Claims payable relate to unpaid claims and claims handling costs, as well as claims incurred but not reported.
The estimates are based on individual assessments of the reported claims, on past experiences and estimates of trends (expert judgement) in claims behaviour, (national) social factors and economic factors and relevant court decisions. In the process of determining the liabilities, allowance is made for amounts recoverable from third parties and expected subrogation reimbursements.

Loss obligations in respect of occupational disability are discounted. The recognized provisions are sufficient to cover the cost of claims and claims handling fees. a.s.r. discounts obligations for losses only for claims with determinable and fixed payment terms.

Additional provisions are generally recognized for realized gains or losses on financial assets allocated to insurance contracts if and to the extent that the current interest rate is lower than the interest rate that was used in the pricing principles at inception of the insurance contract.

The provision for current risks is based on the estimate of future claims taking into account future premiums.

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

Liabilities arising from life insurance contracts

Future obligations in respect of policy benefits for life insurance contracts are calculated based on a net premium method (the present value of future obligations less the present value of future net premiums) using the same principles as for calculating the premium at inception of the insurance contract. A provision for future administrative expenses is recognized for contracts whose future premium payment period is shorter than the future maturity of the insurance policy, or for which no more premiums are paid. A provision is recognized for part of longevity risk associated with life insurance contracts (e.g. group life and annuity contracts), a.s.r. manages the longevity risk exposure in combination with the mortality risk exposure. No addition to the provision for longevity risk is recognized if the outcome of the LAT (see below) indicates that the total amount of the provision is adequate.

Additional provisions are generally recognized for realized gains or losses on financial assets allocated to:
- Insurance contracts with participation features;
- Non-participating insurance contracts if and to the extent that the current interest rate is lower than the interest rate that was used in the pricing principles at inception of the insurance contract.

These financial assets include fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives (i.e. swaptions, interest rate swaps and inflation rate swaps). The realized gains or losses are amortized based on the remaining maturity period of the disposed financial assets. The realized gains or losses and the amortization thereof are included in net insurance claims and benefits.

Participating contracts include additional obligations relating to contractual dividends or profit-sharing. These obligations are stated net of capitalized interest rate rebates. These interest rate rebates are amortized in accordance with actuarial principles to the extent that the expected surplus interest is achieved.

Reinsurance liabilities

Reinsurance liabilities, with a.s.r. qualifying as the reinsurer and with significant insurance risk being transferred to a.s.r., are accounted for in the same way as regular directly written insurance contracts. They are included under liabilities arising from insurance contracts.

Obligations to insurers where a.s.r. qualifies as the reinsurer, and with no significant insurance risk being transferred to a.s.r., are recognized as debts to policyholders.

Life insurance contracts with a discretionary participation features (DPF)

Under DPF life insurance 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 investment contracts, specific investments held by a.s.r. or on the issuer's operational result.

Expected entitlements to discretionary benefits are recorded in equity. Once a decision has been taken for discretionary participation features, any related benefits are recognized as liabilities.

Shadow accounting

The Group's insurance accounting policies include the application of shadow accounting which is a specialized accounting treatment commonly utilized in insurance accounting and is permitted under IFRS.
The purpose of shadow accounting is to help reduce potential accounting mismatches which can occur when related assets and liabilities:

- Are measured on a different basis; or
- Have changes in their measurements recorded in different IFRS performance statements (Income Statement or OCI).

Under shadow accounting, adjustments are made to the insurance liability to reflect the unrealized gains or losses from the financial instruments backing these insurance liabilities.

The shadow accounting policy is applied to certain types of insurance liabilities:

- Insurance contracts with participation features;
- Non-participating insurance contracts if and to the extent that the IFRS LAT would be triggered. This would be the case when current interest rates are lower than the interest rates that were used in the pricing principles at inception of the insurance contract.

Shadow accounting allows a recognized but unrealized gain or loss on an asset to affect the measurement of its insurance liabilities in the same way that a realized gain or loss does.

Shadow accounting is applied to unrealized value changes in fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives (i.e. swaptions and interest rate and inflation rate swaps) that are backing the liabilities arising from insurance contracts.

The related adjustment to the insurance liability is recognized in OCI if, and only if, the unrealized gains or losses are recognized in other comprehensive income. Unrealized gains and losses on assets at fair value through profit and loss are recognized in the income statement with a corresponding adjustment for shadow accounting in the income statement under 'Net insurance claims and benefits'.

No shadow accounting is applied to:

- Impairments;
- Revaluations of debt instrument that have been subject to impairment.

IFRS Liability Adequacy Test Non-life

The Liability Adequacy Test (LAT) is performed at each reporting date to assess the adequacy of insurance liabilities for Non-life and as of 2016 insurance liabilities for the LAT are calculated in accordance with Solvency II (see chapter 5.3.1).

Where the Property & Casualty (motor, fire and liability) and Health liabilities business is concerned, the LAT is performed using statistical analyses. Any identified losses are used as a basis for estimating future claims arising from an insurance contract from the portfolio on the balance sheet date. This is the best estimate. An appropriate risk margin is added. The risk margin is determined for each homogeneous risk group using the Cost of Capital (CoC) method that is also used for Life. With effect from 2016 the Non-life CoC rate of 6% is used for all Non-life business. In 2015 the Life CoC rate of 5% was used for disability - Similar to Life Techniques (SLT). The CoC for the other Non-life business is unchanged and remained at 6%. The total of best estimate and risk margin is compared to the technical provision recorded in the balance sheet.

The LAT for the disability portfolio is based on cash flow projections using realistic assumptions comparable to the LAT for the life portfolio (see below).

The total of best estimate and risk margin for Non-life segment as a whole, is compared to the technical provision recorded in the balance sheet. If there is a deficiency, the Non-life insurance liabilities are increased to adequate levels through a charge to the income statement.

IFRS Liability Adequacy Test Life

The LAT is performed at each reporting date to assess the adequacy of insurance liabilities and as of 2016 insurance liabilities for the LAT are calculated in accordance with Solvency II (see chapter 5.3.1). Liabilities are adequate if the technical provision recognized in a.s.r.'s balance sheet for Life segment as a whole at least equals the best estimate of the life insurance liabilities including an appropriate risk margin. If there is a deficiency in the life insurance liabilities, those liabilities are increased to adequate levels through a charge to the income statement.

Also unrecognized gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities. The various elements of the Liability Adequacy Test are further discussed below.

Best estimate

The best estimate of an insurance contract is the net present value of the projected cash flows of benefits and expenses, less the net present value of premiums. 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 participating features of the insurance contracts, such as profit sharing, are taken into account in the future cash flows. The cash flows are discounted using the Euro swap curve including a credit risk adjustment (CRA), with Ultimate Forward Rate (UFR) and volatility adjustment (VA).

In unit-linked contracts, the best estimate equals the fund value of the contract less the net present value of future margins on mortality and expense. Where unit-linked contracts with a guaranteed minimum benefit on expiration are concerned, the best estimate is increased by a TVOG, i.e. the value of that guarantee in accordance with the Black-Scholes model.

Risk margin

The risk margin is determined for each homogeneous risk group using the CoC method. For life a CoC rate of 6% (2015: 5%) is used. a.s.r. uses the latest standard Solvency II model, to quantify the risks. The risks that are incorporated in the risk margin are: mortality, longevity, disability, lapse, catastrophe, expense and operational 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 the Solvency II standard model. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

Options embedded in insurance contracts

Options embedded in insurance contracts are not stated separately. They are treated in the same way as the host contract. These options are recognized in the adequacy test, taking into consideration both the intrinsic and the time value.

J. Liabilities arising from insurance contracts on behalf of policyholders

Liabilities arising from insurance contracts for the account and risk of policyholders mainly concern unit-linked contracts. 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 gain upon maturity of the contract is equal to the current value of the investment units of the fund in question. The current value of an investment unit (unit value) reflects the fair value of the financial assets held by a.s.r.'s investment funds divided by the number of units.

The fair value of the financial liabilities is obtained by multiplying the number of units attributed to each contract holder at the end of the reporting period by the unit value on the same date. Allowance is also made for liabilities arising from technical insurance risks (death, occupational disability).

Some unit-linked contracts include guaranteed benefits at maturity. To cover these guarantees, an additional obligation is recognized in the balance sheet that depends on the current fund value and the level of the guarantee. Actuarial assumptions about future fund developments and mortality are taken into account in the determination this obligation.

Liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings pools and group pension contracts, with policyholders bearing the investment risk. These liabilities also include a provision for compensation of possible high cost of the unit linked insurance contracts, as agreed in 2008 with the consumer organizations. The additional compensation related to the unit linked insurance contracts for the past has been included in the insurance liability and is therefore included in the investment portfolio. In addition, there is still a provision for compensation for claimants and compassionate and supportive policy 'flankerend beleid'. The provision also contains an amount for future additional expenses for the implementation and conversion of systems related to the compensation and surrenders of the related insurance contracts.

For the LAT relating to the liabilities arising from insurance contracts on behalf of policyholders see accounting policy I.

K. Employee benefits (IAS 19)

Pension obligations

A number of defined benefit plans for own staff exist. These are schemes under which staff are awarded pension benefits upon retirement, usually dependent on one or more factors, such as years of service and compensation. The defined benefit obligation is calculated at each reporting date by independent actuaries. The majority of employees are formally employed by ASR Nederland N.V. A limited amount of employees are employed by other group companies.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets where the pension plans are insured by third parties.

ASR Levensverzekering N.V. administers most of the post-employment benefit plans and hold the investments that are intended to cover the employee benefit obligation. These investments do not qualify as plan assets in the consolidated financial statements under IFRS.

Pension obligations are calculated using the projected unit credit method. Inherent to this method is the application of actuarial assumptions for discount rates, future salary increases and bonuses, mortality rates and consumer price indices. The assumptions are updated and checked at each reporting date, based on available market data. The assumptions and reports were reviewed by Risk Management.

Actuarial assumptions may differ from actual results due to changes in market conditions, economic trends, mortality trends and other assumptions. Any change in these assumptions can have a significant impact on the defined benefit obligation and future pension costs.

Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognized in the actuarial gains and losses included in other comprehensive income (component of total equity).

When employee benefit plans are modified and when no further obligations exist, a gain or loss, resulting from the changes are recognized directly in the income statement.

The financing cost related to employee benefits is recognized in interest expense. The current service costs are included in operating expenses.

a.s.r. also has a defined contribution plan for a limited number of employees in the recent acquisitions. For defined contribution plans, a.s.r. pays contributions to privately administered pension insurance plans on a contractual basis.

a.s.r. has no further payment obligations once the contributions have been paid. The contributions are recognized as operating expenses in the profit and loss account during the period the services are rendered. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits
Plans that offer benefits for long-service leave, but do not qualify as a post-employment benefit plan, such as jubilee benefits, are measured at present value using the projected unit credit method and changes are recognized directly in the income statement.

Other post-retirements obligations
a.s.r. offers post-employment benefit plans, such as arrangement for mortgage loans at favourable interest rates. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology that is similar to that for defined benefit plans.

Vacation entitlements
A liability is formed for the vacation days which have not been taken at year end.

L. Discontinued operations and assets and liabilities held for sale

Classification as held for sale occurs when the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is only the case when the sale is highly probable:

- The disposal group or group of assets is available for immediate sale in its present condition;
- a.s.r. is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The sale is expected to occur within one year from the date of classification as held for sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When a group of assets classified as held for sale represents a major line of business or geographical area the disposal group classifies as discontinued operations. Assets classified as held for sale (including assets of operations which are discontinued) are recorded at the lower of their carrying amount and their fair value, less the expected cost to sell the assets.

Any impairment is restricted to the carrying amount of the non-current assets within the scope of IFRS 5 measurement requirements. The comparative consolidated income statement and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from the continuing operations.

Where applicable in the notes to the financial statements the reclassification to assets held for sale and liabilities related to assets held for sale are recognized in the changes in the composition of the group.

M. Acquisitions (Business combinations)

Acquisitions are accounted for according to the acquisition method, with the cost of the acquisitions being allocated to the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Goodwill, being the difference between the cost of the acquisition and a.s.r.'s interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities on the acquisition date, is capitalized as an intangible asset. Any gain on bargain purchase (negative goodwill) is recognized directly in the statement of profit or loss. Any change, in the fair value of acquired assets and liabilities at the acquisition date, determined within one year after acquisition, is recognized as an adjustment charged to goodwill in case of a preliminary valuation. Adjustments that occur after a period of one year are recognized in the statement of profit or loss. Adjustments to the purchase price that are contingent on future events, and to the extent that these are not already included in the purchase price, are included in the purchase price of the acquisition at the time the adjustment is likely and can be measured reliably.

Where applicable in the notes to the financial statements the acquisitions are recognized in the changes in the composition of the group.

5.3.6 Other accounting policies

N. Basis for consolidation - subsidiaries

The consolidated financial statements include the financial statements of ASR Nederland N.V. and its subsidiaries. Subsidiaries are those entities over which a.s.r. has control. Control exists when a.s.r. is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner. Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. Subsidiaries are deconsolidated when control ceases to exist.

A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with a.s.r.'s accounting policies, which are consistent with IFRS.

Non-controlling interests are initially stated at their proportionate share in the fair value of the net assets on the acquisition date and are subsequently adjusted for the non-controlling interest in changes in the subsidiary's equity.

Intragroup transactions

Intragroup balances and transactions between consolidated group companies are eliminated. Gains and losses on transactions between a.s.r. and associates and joint ventures are eliminated to the extent of a.s.r.'s interest in these entities.

O. Product classification

Insurance contracts are defined as contracts under which a.s.r. accepts significant insurance risk from policyholders by agreeing to compensate policyholders if a specified uncertain future event adversely affects the policyholder. These contracts are considered insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. In addition, these contracts can also transfer financial risk.

a.s.r. offers non-life insurance contracts and life insurance contracts.

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 classified into the following categories: Disability, Health, Property & Casualty (motor, fire and liability) and Other.

Life insurance contracts

Life insurance contracts (in cash) include savings-linked mortgages, 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 (see accounting policy I);
- Group contracts with segregated pools with return on investment guarantees.

Life insurance contracts on behalf of policyholders

Claims from these life insurance contracts are directly linked to the underlying investments. The investment risk and return are borne fully for policyholders (see accounting policy J). Life insurance contracts for the account and risk of policyholders generally consist of contracts where premiums, after deduction of costs and risk premium, are invested in unit-linked funds. For some individual contracts, a.s.r. guarantees returns on unit-linked investment funds. In addition, group life insurance contracts with unguaranteed segregated pools (discretionary self-insurance) are classified as life insurance contracts on behalf of policyholders.

P. Segment information

At organizational level, a.s.r.'s operations have been divided into six operating segments. The main segments are the Non-life segment and Life segment where in all insurance activities are presented. The non-insurance activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development (Discontinued operations) segment. There is a clear difference between the risk and return profiles of these six segments.

Intersegment transactions or transfers are conducted at arm's length conditions. For detailed information per segment, see chapter 5.4, 'Group structure and segment information'.

Q. Transaction date and settlement date

All purchases and sales of financial instruments, which have to be settled in accordance with standard market conventions, are recognized at the transaction date, which is the date on which a.s.r. becomes party to the contractual stipulations of the instrument. Any purchases and sales other than those requiring delivery within the time frame established by regulations or market conventions are accounted for as forward transactions until the time of settlement. For details on these transactions, see accounting policy H 'Derivatives and hedge accounting'.

R. Securities lending

a.s.r. participates in securities lending transactions, whereby collateral is received in the form of securities or cash. Cash received as collateral is recognized on the balance sheet and a corresponding liability is recognized as liabilities arising from securities lending in 'Due to banks'. Securities lent remain on the balance sheet. Securities received as collateral are not recognized in the balance sheet.

S. Statement of cash flows

The statement of cash flows classifies cash flows by operating activities, investing activities and financing activities. Cash flows denominated in foreign currencies are converted at the exchange rates applicable on the transaction date.

Cash flows from operating activities are reported using the indirect method. Cash flows from operating activities include operating profit before taxation, adjustments for gains and losses that did not result in income and payments in the same financial year, adjustments for movements in provisions, and accrued and deferred items.
The statement of cash flows recognizes interest received and paid, and dividends received within cash flows from operating activities. Cash flows from purchasing and selling investments and investment property are included in cash flows from operating activities on a net basis. Dividends paid are recognized within cash flows from financing activities.

T. Property, plant and equipment

Property held for own use

Property for own use comprises of land and office buildings and is measured at fair value (revaluation model) based on annual valuations, conducted by external, independent valuators with adequate professional expertise and experience in the specific location and categories of properties.

After initial recognition, property for own use is valued at fair value based on the methodology used to determine the fair value of the investment property (see accounting policy B). The purpose of a valuation is to determine the value for which the asset would be transferred between willing parties in a transaction at arm's length.

Increase in the fair value exceeding the cost price is added to the revaluation reserve in shareholders' equity, less deferred taxes. Decreases in the fair value that offset previous increases of the same asset, are charged against the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are accounted for in the income statement. Increases that reverse a revaluation decrease on the same asset previously recognized in net result are recognized in the income statement.

Buildings are depreciated using the straight-line method based on expected useful life, taking into account their fair value amount, the residual value from the time when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life of buildings is assessed annually for every individual component (component approach).

Property classified into components and their maximum life

Components (expressed in years)	
Land	Not applicable
Shell	50
Outer layer	30
Systems	20
Fittings and fixtures	15

Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalized if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Upon the sale of a property, the part of the revaluation reserve related to the sold property, within equity, is transferred to 'other reserves' and is not reclassified to the income statement. Therefore annually a transfer is also made from the revaluation reserve related to 'other reserves' in line with the depreciation recognized in the income statement for the revalued portion.

Equipment

Equipment is recognized at cost, less accumulated depreciation and/or any accumulated impairment losses. Cost corresponds with the cash paid or the fair value of the consideration given to acquire the asset. The accounting policy for equipment is unchanged.

Equipment is depreciated over its useful life, which is determined individually (usually between three and five years). Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalized if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Accounting for borrowing costs attributable to the construction of property, plant and equipment is the same as accounting for borrowing costs attributable to investment property. For details, see accounting policy D.

U. Associates and joint ventures

Associates

Associates are entities over which a.s.r. has significant influence on operating and financial contracts, without having control. Associates are recognized using the equity method of accounting from the date at which a.s.r. acquires significant influence until the date at which such influence ceases. This means that associates are initially recognized at cost, including any goodwill paid. This value is subsequently adjusted to take account of a.s.r.'s share of the associate's comprehensive income. Comprehensive income is adjusted in accordance with the accounting principles used by a.s.r.

Losses are accounted for until the carrying amount of the investment has reached zero. Further provisions are recognized only to the extent that a.s.r. has incurred legal or constructive obligations concerning these associates.

If objective evidence of impairment exists, associates are tested for impairment and, if necessary, written down.

Joint ventures

Joint ventures are contractual arrangements whereby a.s.r. and one or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

These interests are recognized using the equity method of accounting as applied to associates. The interests are recognized in the financial statements from the date on which a.s.r. first obtains joint control until the date that this joint control ceases.

If objective evidence of impairment exists, joint ventures are tested for impairment and, if necessary, written down.

Joint operations

a.s.r has a limited number of non-material joint operations. These are recognized in relation to a.s.r's interest in the joint operation's individual balance sheet and income statement items.

V. Reinsurance contracts

Contracts that transfer a significant insurance risk from a.s.r. to third parties are accounted for as reinsurance contracts, and are classified as outgoing reinsurance.

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

Assets arising from reinsurance contracts are recognized under reinsurance contracts, except for current receivables from reinsurers, which are included under loans and receivables.

At each reporting date, a.s.r. assesses whether objective evidence of impairment exists. If a reinsurance asset is impaired, its carrying amount is reduced to its recoverable amount.

W. Other assets

Other assets include accrued investment and interest income, property developments, tax assets and accrued assets.

Property developments consist of property under development commissioned by third parties. Measurement is at cost including any directly attributable costs and construction period interest, less invoiced instalments and impairments.

If the contract revenue can be reliably estimated, it is accounted for by reference to the stage of completion, using the percentage of completion method. This does not apply if the contract revenue cannot be reliably estimated. Contract revenue is then accounted for upon completion of the development (completed contract method).

X. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash collateral and other short-term highly liquid investments with original maturities of three months or less.

Y. Equity

Share capital and share premium reserve

The share capital disclosed in the balance sheet consists of issued and fully paid-up ordinary shares. The share premium reserve comprises additional paid-in capital in excess of the par value of the shares.

Reserve for unrealized gains and losses

This reserve consists of:

- Unrealized gains and losses from financial assets available for sale net of tax and taking account of adjustments due to shadow accounting (see accounting policy I);
- The share of unrealized gains and losses of associates and joint ventures held by a.s.r. (see accounting policy U);
- Unrealized gains and losses on the effective portion of cash flow hedges net of tax (see accounting policy H);
- Unrealized change in value of property for own use (see accounting policy T);
- Reserve for discretionary participation features (see accounting policy I);
- Reserve for exchange rate differences arising from financial assets available for sale.

Actuarial gains and losses

Actuarial gains and losses result from the post-employment benefit pension plans (see accounting policy K).

Retained earnings

Retained earnings also include other reserves.

Non-controlling interest

The non-controlling interest relates to the equity in a consolidated subsidiary not attributable, directly or indirectly, to a.s.r. (see accounting policy N).

Other equity instruments

This item represents the par value of the other equity instruments, less costs directly attributable to the equity issue and net of tax.

Dividends on ordinary share capital

Dividends on ordinary shares are recognized as a liability and recognized in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognized in equity when they are paid.

Dividends for the year that are approved after the reporting date are treated as an event after the reporting date.

Discretionary interest on other equity instruments

Discretionary interest on other equity instruments is recognized in equity upon payment.

Z. Financing

On initial recognition, debt instruments and other loans are stated at fair value, net of transaction costs incurred. Subsequent valuation is at amortized cost. Any difference between the proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

AA. Insurance premiums

Non-life insurance premiums

Non-life insurance premiums are accounted for in the period in which they are earned. As indicated in accounting policy I, invoiced but not yet earned premiums are included under liabilities arising from insurance contracts.

Life insurance premiums

Life insurance premiums relating to life insurance contracts are recognized as income when received from policyholders. Liabilities arising from insurance contracts are recognized based on estimated future benefits and expenses, and charged to the income statement. These expenses are recorded within 'technical insurance claims and benefits'. Therefore, in accordance with the matching principle, the profits are realized over the estimated term of the contracts.

BB. Investment income

Investment income primarily comprises interest income, dividends on equities and rentals from investment property.

Interest income

Interest income for all interest-bearing instruments is recognized using the effective interest method, including all transaction costs incurred and share premium/discount. When a receivable is impaired, its carrying amount is reduced to the recoverable amount, i.e. estimated future cash flows discounted at the original effective interest rate of the instrument.

Dividends

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

Rental income

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

CC. Realized gains and losses

Realized gains and losses include proceeds from the disposal of financial assets available for sale, associates and joint ventures and loans and receivables.

With respect to financial assets available for sale, realized gains or losses comprise:
- The proceeds from the sale or disposal of an asset or liability less the amortized cost of the asset or liability sold;
- Impairments previously recognized (except for equity instruments);
- Hedge accounting adjustments.

Any unrealized gains and losses previously recorded in equity (the difference between the carrying amount and amortized cost) are recognized in the income statement.

DD. Fair value gains and losses

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

EE. Result on investments on behalf of policyholders

Investments on behalf of policyholders are measured at fair value through profit and loss. Any changes in value are recognized in result on investments on behalf of policyholders. This also includes interest income and dividends received on investments on behalf of policyholders.

FF. Fee and commission income

Fee and commission income relates mainly to reinsurance, asset management and distribution and services. These items are generally recognized as income in the period in which the services are performed.

GG. Insurance claims and benefits

This item includes changes in liabilities arising from insurance contracts (see accounting policy I) and the related benefits. Expenses associated with contracts on behalf of policyholders relate to changes in liabilities arising from insurance contracts on behalf of policyholders, including the benefits charged to the liabilities.

HH. Operating expenses

This item relates to expenses associated with a.s.r.'s operations that are directly attributable to the reporting period, such as marketing costs, ICT expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges.

Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

Payments made under operating leases (a.s.r. is the lessee) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

II. Commission expenses

This mainly relates to commissions paid. Commission paid to acquire insurance contracts are charged to the income statement, generally within one year.

JJ. Impairments

An asset is impaired when its carrying amount exceeds its recoverable amount. Impairment losses are recognized in the income statement as soon as they are identified. For details, see the relevant items of chapter 5.3 as mentioned earlier.

KK. Income tax expense

Income tax is based on profit before tax, after any adjustments for previous periods and changes in deferred tax assets and liabilities using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Income tax is recognized in the period in which the income was earned.

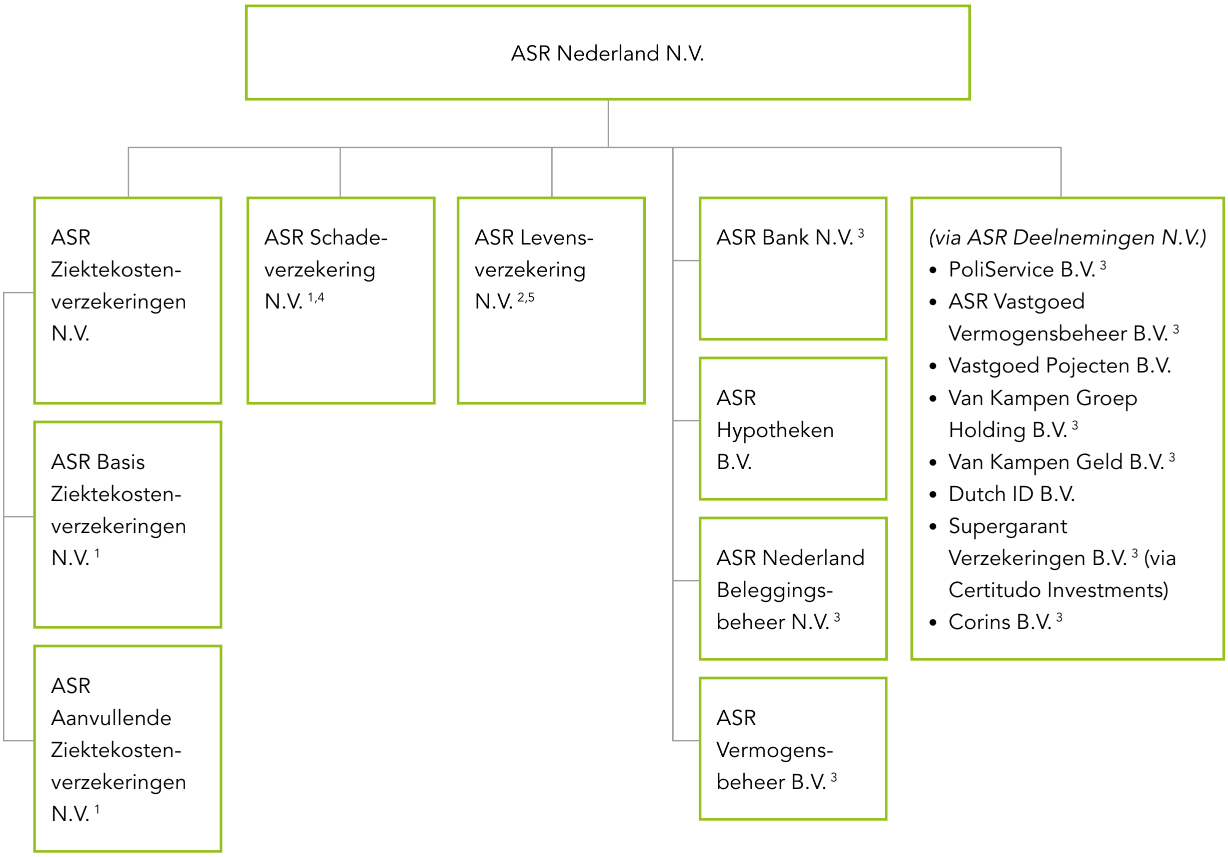
Deferred taxes in respect of revalued assets and liabilities, whose value adjustments were directly credited or charged to equity, are taken to equity and, upon realization, included in the income statement together with the value adjustments.

5.4 Group structure and segment information

5.4.1 Group structure

The a.s.r. group comprises a number of operating and holding companies.

Legal structure of the most significant a.s.r. group entities as per 31 December 2016



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1 Registered non-life insurance companies.

2 Registered life insurance companies.

3 Other Wft registered companies (included in the segments Banking and Asset Management and Distribution and Services).

4 In 2016 Europeesche Verzekering Maatschappij N.V. and N.V. Amersfoortse Algemene Verzekering Maatschappij merged with ASR Schadeverzekering N.V.

5 De Eendragt Pensioen N.V. is included as of 17 July 2015 and is merged into ASR Levensverzekering N.V. as of 1 July 2016 with a retrospective effect as of 1 January 2016. Axent Nabestaanden Zorg N.V. is included as of 25 August 2015 and is merged into ASR Levensverzekering N.V. as of 1 October 2016 with a retrospective effect as of 1 January 2016.

Segment information

The operations of a.s.r. have been divided into six operating segments. The main segments are the Non-life segment and Life segment in which all insurance activities are presented. The non-insurance activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development (partially discontinued operations) segment.

Insurance activities

Insurance entities are entities that accept the transfer of insurance risks from policyholders. The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts. The Life segment comprises the life insurance entity and their subsidiaries. These life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile. See chapter 5.7.6 for a list of principal group companies and associates in the relevant segments.

Non-insurance activities

The non-insurance activities consist of:

- The Banking and Asset Management segment involves all banking activities and the activities related to asset management including investment property management. These activities include ASR Bank N.V., ASR Hypotheken B.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Vermogensbeheer B.V. (formerly BNG Vermogensbeheer B.V., as of 20 May 2016);
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and includes the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (as of 22 January 2015), Dutch ID B.V. (as of 19 November 2015), B.V. Nederlandse Hulpverleningsorganisatie SOS International (classified as discontinued operations and as per 25 January 2016 these activities have been sold), SuperGarant Verzekeringen B.V. en SuperGarant Assuradeuren B.V. (as of 1 September 2016) and Corins B.V. (as of 3 October 2016);
- The Holding and Other segment consists primarily of the holding activities of ASR Nederland N.V. (including the group related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V.;
- The Real Estate Development segment (continuing and discontinued operations) consists of the activities where property development occurs. These activities are performed in ASR Vastgoed Ontwikkeling N.V. (as per end of April 2016 these activities are sold) and ASR Vastgoed Projecten B.V.

The eliminations applied in the reconciliation of the segment information to the consolidated balance sheet and the consolidated income statement are separately presented in chapter 5.4.2 and 5.4.3.

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

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (as described in chapter 5.3). 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 centralized services are allocated to the segments based on the utilization of these services.

With effect from 2016, the segments are assessed on their operating result, which is based on the profit before tax adjusted for:

- Investment related income: income for own account of an incidental nature (for example realized capital gains and losses, impairment losses or reversals and (un)realized changes of investments held at fair value); and
- Incidentals: incidental items not relating to ordinary activities as a result of accounting changes, consulting fees for acquisitions, restructuring expenses, start-up costs, privatization expenses and shareholder-related expenses.

For comparative purposes the 2015 operating result has also been adjusted accordingly.

For more detailed disclosure related to the financial performance of the operating segments, we refer to the report of the Executive Board (see chapter 3.4).

5.4.2 Segmented balance sheet

Segmented balance sheet

	Insurance		Non Insurance					
As at 31 December 2016	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	155	4	166	-	-	-	326
Property, plant and equipment	-	147	-	5	19	-	-	171
Investment property	366	2,691	-	-	-	-	-	3,057
Associates and joint ventures	-	3	-	-	15	2	-	20
Investments	4,618	20,475	255	-	2,802	-	-2,679	25,471
Investments on behalf of policyholders	-	7,745	-	-	-	-	-	7,745
Loans and receivables	304	10,079	1,166	11	63	4	-159	11,468
Derivatives	4	3,055	1	-	-	-	-	3,060
Deferred tax assets	-	-	-	-	582	2	11	595
Reinsurance contracts	442	193	-	-	-	-	-	635
Other assets	108	797	14	-	-235	138	-49	773
Cash and cash equivalents	174	2,876	106	31	387	7	-	3,581
Assets held for sale	-	-	-	-	-	1	49	50
Total assets	**6,017**	**48,216**	**1,546**	**213**	**3,633**	**154**	**-2,827**	**56,952**
Equity attributable to holders of equity instruments	1,174	3,890	112	176	-859	26	-38	4,481
Non-controlling interests	-	9	-	-	-	-10	-9	-10
Total equity	**1,174**	**3,899**	**112**	**176**	**-859**	**16**	**-47**	**4,471**
Subordinated liabilities	15	-	-	-	497	-	-15	497
Liabilities arising from insurance contracts	4,611	30,196	-	-	-	-	-2,323	32,484
Liabilities arising from insurance contracts on behalf of policyholders	-	9,928	-	-	-	-	-	9,928
Employee benefits	-	-	-	3	3,254	-	-	3,257
Provisions	-	23	-	-	25	1	-	49
Borrowings	2	97	-	1	10	55	-51	114
Derivatives	5	572	-	-	-	-	-	577
Deferred tax liabilities	54	-548	5	7	488	-4	-2	-
Due to customers	55	840	1,386	11	-	-	-381	1,911
Due to banks	1	2,758	1	-	75	-	-	2,835
Other liabilities	100	451	42	15	143	84	-8	827
Liabilities relating to assets held for sale	-	-	-	-	-	2	-	2
Total liabilities	**4,843**	**44,317**	**1,434**	**37**	**4,492**	**138**	**-2,780**	**52,481**
Total liabilities and equity	**6,017**	**48,216**	**1,546**	**213**	**3,633**	**154**	**-2,827**	**56,952**
Additions to								
Intangible assets	-	-	4	36	-	-	-	40
Property, plant and equipment	-	5	-	1	14	-	-	20
Total additions	**-**	**5**	**4**	**37**	**14**	**-**	**-**	**60**

Segmented balance sheet

As at 31 December 2015 (restated)	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	166	-	132	-	-	-	299
Property, plant and equipment	-	153	-	5	8	-	-	166
Investment property	342	2,325	-	-	-	-	-	2,667
Associates and joint ventures	-	3	-	-	16	1	-	20
Investments	4,594	20,041	376	-	2,587	-	-2,535	25,063
Investments on behalf of policyholders	-	7,924	-	-	-	-	-	7,924
Loans and receivables	298	9,268	848	5	115	13	-67	10,480
Derivatives	5	2,191	-	-	-	-	-	2,196
Deferred tax assets	-	14	-	-	485	1	11	511
Reinsurance contracts	410	201	-	-	-	-	-	611
Other assets	125	604	2	-	-94	135	-60	712
Cash and cash equivalents	163	2,105	82	20	257	2	-	2,629
Assets held for sale	-	-	-	7	-	20	51	78
Total assets	**5,938**	**44,995**	**1,308**	**169**	**3,374**	**172**	**-2,600**	**53,356**
Equity attributable to holders of equity instruments	1,130	3,677	82	134	-710	-	-38	4,275
Non-controlling interests	-	9	-	-	-	-16	-9	-16
Total equity	**1,130**	**3,686**	**82**	**134**	**-710**	**-16**	**-47**	**4,259**
Subordinated liabilities	15	-	-	-	497	-	-15	497
Liabilities arising from insurance contracts	4,513	28,214	-	-	-	-	-2,141	30,586
Liabilities arising from insurance contracts on behalf of policyholders	-	9,997	-	-	-	-	-	9,997
Employee benefits	-	15	-	2	2,945	-	-	2,962
Provisions	-	24	2	1	23	-	-	50
Borrowings	2	44	-	1	20	8	-20	55
Derivatives	-	377	-	-	-	-	-	377
Deferred tax liabilities	72	-507	-	5	432	-	-2	-
Due to customers	87	856	1,170	6	-1	-	-358	1,760
Due to banks	-	1,803	-	2	-	-	-	1,805
Other liabilities	119	486	54	13	168	147	-17	970
Liabilities relating to assets held for sale	-	-	-	5	-	33	-	38
Total liabilities	**4,808**	**41,309**	**1,226**	**35**	**4,084**	**188**	**-2,553**	**49,097**
Total liabilities and equity	**5,938**	**44,995**	**1,308**	**169**	**3,374**	**172**	**-2,600**	**53,356**
Additions to								
Intangible assets	-	49	-	127	-	-	-	176
Property, plant and equipment	-	35	-	-	2	-	-	37
Total additions	**-**	**84**	**-**	**127**	**2**	**-**	**-**	**213**

5.4.3 Segmented income statement and operating result

Segmented income statement and operating result

	Insurance		Non Insurance					
2016	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,433	2,013	-	-	-	-	-118	4,328
Change in provision for unearned premiums	58	-	-	-	-	-	-	58
Gross insurance premiums	**2,491**	**2,013**	**-**	**-**	**-**	**-**	**-118**	**4,386**
Reinsurance premiums	-122	-4	-	-	-	-	-	-126
Net insurance premiums	**2,369**	**2,009**	**-**	**-**	**-**	**-**	**-118**	**4,260**
Investment income	119	1,130	111	-	10	-	-14	1,356
Realized gains and losses	56	621	5	-	-	-	-43	639
Fair value gains and losses	15	94	1	-	2	-	9	121
Result on investments on behalf of policyholders	-	318	-	-	-	-	4	322
Fee and commission income	34	-	11	40	-	-	-26	59
Other income	2	28	-	8	109	21	-	168
Share of profit/(loss) of associates and joint ventures	-	3	-	-	-	-	-	3
Total income	**226**	**2,194**	**128**	**48**	**121**	**21**	**-70**	**2,668**
Insurance claims and benefits	-1,917	-3,116	-	-	-	-	187	-4,846
Insurance claims and benefits recovered from reinsurers	116	4	-	-	-	-	-	120
Net insurance claims and benefits	**-1,801**	**-3,112**	**-**	**-**	**-**	**-**	**187**	**-4,726**
Operating expenses	-204	-203	-58	-35	-87	-6	24	-569
Restructuring provision expenses	-6	-9	-1	-	-1	-	-	-17
Commission expenses	-396	-16	-	-	-	-	14	-398
Impairments	14	-2	-	-	-	-	-	12
Interest expense	-4	-142	-20	-	-30	-1	-61	-258
Other expenses	-11	-77	-42	-1	-11	-29	37	-134
Total expenses	**-607**	**-449**	**-121**	**-36**	**-129**	**-36**	**14**	**-1,364**
Profit before tax	**187**	**642**	**7**	**12**	**-8**	**-15**	**13**	**838**
Income tax (expense) / gain	-44	-149	-2	-3	-	5	-4	-197
Profit after tax from continuing operations	**143**	**493**	**5**	**9**	**-8**	**-10**	**9**	**641**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	-	-	-	-	-	17	-	17
Profit for the year	**143**	**493**	**5**	**9**	**-8**	**7**	**9**	**658**
Profit attributable to non-controlling interests	-	-1	-	-	-	1	1	1
Profit attributable to holders of equity instruments	**143**	**492**	**5**	**9**	**-8**	**8**	**10**	**659**

Operating result

	Insurance		Non Insurance					
2016	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Profit before tax	187	642	7	12	-8	-15	13	838
minus: investment related	30	115	6	-	23	-	-3	171
minus: incidentals	21	-24	-1	-	87	-15	-	68
Operating result	**136**	**551**	**2**	**12**	**-118**	**-**	**16**	**599**

The operating result represents profit or loss before tax adjusted for (i) investment income of an incidental nature (including realized capital gains, impairment losses and realized and unrealized changes in value) and (ii) incidental items not relating to ordinary activities, e.g. as a result of changes in accounting policies, consulting fees for acquisitions, restructuring expenses, start-up costs and shareholder-related expenses.

The incidentals in 2016 are mainly the past service cost related to the amendment to the a.s.r post-employment benefit plans in segment Holding and Other (see chapter 5.6.6).

Impairments

		Insurance		Non Insurance					
2016		Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Property, plant and equipment	Impairment	-	-	-	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-	-
Investments	Impairment	-4	-24	-	-	-	-	-	-28
	Reversal	9	20	-	-	-	-	-	29
Associates and joint ventures	Impairment	-	-	-	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-	-
Investments available for sale	Impairment	-	-	-	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-	-
Loans and receivables	Impairment	-7	-4	-	-	-	-	-	-11
	Reversal	16	6	-	-	-	-	-	22
Total impairments	**Impairment**	**-11**	**-28**	**-**	**-**	**-**	**-**	**-**	**-39**
	Reversal	**25**	**26**	**-**	**-**	**-**	**-**	**-**	**51**
	Total	**14**	**-2**	**-**	**-**	**-**	**-**	**-**	**12**

Segmented income statement and operating result

	Insurance		Non Insurance					
2015 (restated)	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,350	1,828	-	-	-	-	-86	4,092
Change in provision for unearned premiums	16	-	-	-	-	-	-	16
Gross insurance premiums	**2,366**	**1,828**	**-**	**-**	**-**	**-**	**-86**	**4,108**
Reinsurance premiums	-131	-212	-	-	-	-	-	-343
Net insurance premiums	**2,235**	**1,616**	**-**	**-**	**-**	**-**	**-86**	**3,765**
Investment income	126	1,145	116	-	12	1	-41	1,359
Realized gains and losses	72	643	-1	-	-	2	-	716
Fair value gains and losses	24	896	-	-	1	-	1	922
Result on investments on behalf of policyholders	-	559	-	-	-	-	-	559
Fee and commission income	26	-	11	25	-	-	-10	52
Other income	3	31	-	1	-	50	-	85
Share of profit/(loss) of associates and joint ventures	-	-	-	-	1	-	-	1
Total income	**251**	**3,274**	**126**	**26**	**14**	**53**	**-50**	**3,694**
Insurance claims and benefits	-1,745	-3,932	-	-	-	-	150	-5,527
Insurance claims and benefits recovered from reinsurers	79	212	-	-	-	-	-	291
Net insurance claims and benefits	**-1,666**	**-3,720**	**-**	**-**	**-**	**-**	**150**	**-5,236**
Operating expenses	-207	-205	-48	-22	-112	-6	25	-575
Restructuring provision expenses	-15	-11	-1	-	-	-3	-	-30
Commission expenses	-361	-18	-	-	-	-	10	-369
Impairments	9	16	-	-	3	-	-	28
Interest expense	-1	-166	-21	-	41	-1	-83	-231
Other expenses	-28	-70	-46	-	-2	-136	42	-240
Total expenses	**-603**	**-454**	**-116**	**-22**	**-70**	**-146**	**-6**	**-1,417**
Profit before tax	**217**	**716**	**10**	**4**	**-56**	**-93**	**8**	**806**
Income tax (expense) / gain	-48	-155	-2	-1	49	2	-2	-157
Profit after tax from continuing operations	**169**	**561**	**8**	**3**	**-7**	**-91**	**6**	**649**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	-	-	-	-7	-	-19	-	-26
Profit for the year	**169**	**561**	**8**	**-4**	**-7**	**-110**	**6**	**623**
Profit attributable to non-controlling interests	-	-1	-	-	-	-3	1	-3
Profit attributable to holders of equity instruments	**169**	**560**	**8**	**-4**	**-7**	**-113**	**7**	**620**

Operating result

	Insurance		Non Insurance					
2015	Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Profit before tax	**217**	**716**	**10**	**4**	**-56**	**-93**	**8**	**806**
minus: investment related	63	287	-1	-	60	2	2	413
minus: incidentals	-15	-12	-1	1	-22	-95	-	-144
Operating result	**169**	**441**	**12**	**3**	**-94**	**-**	**6**	**537**

The incidentals 2015 mainly include an additional loss provisions for projects of Real Estate Development.

Impairments

		Insurance		Non Insurance					
2015		Non-life	Life	Banking and Asset Management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Property, plant and equipment	Impairment	-	-1	-	-	-	-	-	-1
	Reversal	-	6	-	-	-	-	-	6
Investments	Impairment	-	-	-	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-	-
Associates and joint ventures	Impairment	-	-	-	-	-3	-	-	-3
	Reversal	-	-	-	-	-	-	-	-
Investments available for sale	Impairment	-2	-11	-	-	-	-	-	-13
	Reversal	2	25	-	-	-	-	-	27
Loans and receivables	Impairment	-24	-20	-	-	-1	-	-	-45
	Reversal	33	17	-	-	7	-	-	57
Total impairments	**Impairment**	**-26**	**-32**	**-**	**-**	**-4**	**-**	**-**	**-62**
	Reversal	**35**	**48**	**-**	**-**	**7**	**-**	**-**	**90**
	Total	**9**	**16**	**-**	**-**	**3**	**-**	**-**	**28**

5.4.4 Non-life ratios

Non-life segment combined ratio

	2016	2015
Claims ratio	72.0%	71.1%
Commission ratio	15.3%	15.0%
Expense ratio	8.3%	8.9%
Combined ratio	**95.6%**	**95.0%**
Disability	88.2%	89.6%
Health	99.1%	95.5%
Property & Casualty	98.5%	98.5%

The combined ratio is 95.6% (2015: 95.0%) mainly due to an increasing ratio at Health.

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

Claims, commission and expenses

	2016	2015
Net insurance premiums Non-life	2,369	2,235
Net insurance claims and benefits	-1,801	-1,666
Adjustments:		
- Compensation capital gains (Disability)	37	18
- Interest accrual on provisions (Disability)	62	62
- Prudence margin (Health)	-4	-3
Total corrections	**95**	**77**
Net insurance claims and benefits (after adjustments)	**-1,706**	**-1,589**
Fee and commission income	34	26
Commission expense	-396	-361
Commission	**-362**	**-335**
Operating expenses	-204	-207
Correction made for investment charges	8	8
Operational expenses (after adjustments)	**-196**	**-199**

5.4.5 Acquisitions

See accounting policy M.

In 2016 a.s.r. concluded three acquisitions, which are in line with a.s.r.'s strategic focus in strengthening its position in the Distribution and Services market and the Asset management market.

Banking and asset management

BNG Vermogensbeheer
In May 2016, ASR Nederland N.V. acquired 100% of the shares of BNG Vermogensbeheer B.V. (BNG). Following the acquisition the entity was renamed to ASR Vermogensbeheer B.V. (AVB). AVB is an asset manager previously mainly focused on the public sector and currently changing its focus to the private sector (in particular, charitable foundations), with assets under management valued at nearly € 5 billion. a.s.r. expects that the acquisition will strengthen its position on the Dutch market for external asset management. The entire AVB team of 9 FTEs forms part of the Banking and Asset Management segment.

Distribution and Services segment

SuperGarant
In September 2016, ASR Deelnemingen N.V. acquired 100% of the shares of Certitudo Investments B.V. and its subsidiaries SuperGarant Verzekeringen and SuperGarant Zorg.
With this acquisition, a.s.r. strengthens its position as market leader in the disability insurance market. SuperGarant operates as an intermediary and underwriting agent. SuperGarant has developed into an insurance specialist with a focus on P&C and disability insurance for the retail market and a provider of related absenteeism and occupational health and safety services. SuperGarant Verzekeringen and SuperGarant Zorg have been consolidated as from the third quarter of 2016, and is presented in the segment Distribution and Services.

The fair value of the contingent consideration amounts to € 9 million with a maximum amount of € 15 million.

Corins

In October 2016 ASR Deelnemingen N.V. acquired 100% of the shares of Corins B.V. With this acquisition, a.s.r. strengthens its position in the (large) corporate non-life insurance market. Corins has been successfully operating since 2003 as insurance broker in the Dutch co-insurance market. Over 2015 the company reported a premium income of over € 18 million and serves more than 60 agents. Corins will continue to represent the insurers with which it currently does business. a.s.r. plans to fully integrate the portfolio and activities of Corins into its own operations in due course. Corins is presented in the segment Distribution and Services.

Balance sheet of the above mentioned acquisitions

	Acquired date Balance sheet based on acquiree's policies	Acquired date Balance sheet based on a.s.r. policies
Intangible assets	-	9
Property, plant and equipment	1	1
Investments	1	1
Loans and receivables	3	3
Cash and cash equivalents	7	7
Total assets	**12**	**21**
Deferred tax liabilities	-	2
Due to customers	4	4
Other liabilities	4	4
Total liabilities	**8**	**10**
Net assets and liabilities	**4**	**11**
Less consideration paid (including deferred and contingent consideration)		42
Goodwill		**31**

Cash and cash equivalents related to acquisitions

	Acquired date
Consideration paid	-32
Acquired cash and cash equivalents	7
Increase/(decrease) in cash and cash equivalents at acquisition	**-25**

The acquisitions contributed revenue of € 5 million and profit of € 1 million to a.s.r.'s results from the respective acquisition date. If the acquisitions had occurred on 1 January 2016, management estimates that consolidated profit would have been € 2 million.

The deferred and contingent consideration related to acquisitions amounts to € 10 million.

In determining this amount, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

Goodwill is recognized as the difference between the consideration paid and the fair value of the net assets and liabilities upon acquisition date (see chapter 5.5.1). In accordance with the applicable reporting standards, the final acquisition balance sheet will be drawn up within 12 months of the acquisition. No significant differences compared with the provisional balance sheet are expected for the acquisitions of 2016.

Acquisitions of 2015

Life segment

De Eendragt Pensioen N.V.
Within the one-year window, the final acquisition balance of De Eendragt Pensioen N.V. was established in 2016. Due to a recalculation of the technical provisions the effect on the Life balance sheet 2015 was an increase of € 19 million on the line Liabilities arising from insurance contracts and Insurance claims and benefits decreased by € 6 million (with impact on income statement). An additional € 19 million of goodwill was recognized on the balance sheet 2015 of ASR Nederland N.V. In 2016 the comparative figures of 2015 have been adjusted accordingly (see chapter 5.3.2). De Eendragt Pensioen N.V. was merged with ASR Levensverzekering N.V. and ceased to exit.

Axent Nabestaanden Zorg N.V.
In 2016 the final acquisition balance of Axent Nabestaanden Zorg N.V. was established. No differences with the provisional balance sheet were identified, as a result of which no retrospective adjustments were made. In 2016 Axent Nabestaanden Zorg N.V. was merged with ASR Levensverzekering N.V. and ceased to exist. In 2017 € 9 million deferred consideration will be paid.

Distribution and Services segment

Van Kampen Group Holding B.V.
In 2016 the final acquisition balance of Van Kampen Group Holding B.V. was established. No differences with the provisional balance sheet were identified, therefore no retrospective adjustments were made.

Dutch ID B.V.
The final acquisition balance sheet of Dutch ID was established in 2016. On a few line items the opening balance sheet was adjusted within the one-year window. Due to recalculation of the fair value of previous acquisitions made by Dutch ID the intangible assets increased by € 11 million, the deferred tax liabilities increased by € 6 million and other liabilities increased by € 3 million on the balance sheet 2015. Furthermore other intangible assets amounting to € 23 million were identified following the finalization of the acquisition. The comparative figures of 2015 have been adjusted accordingly (see chapter 5.3.2).

Over the course of the next two years, a deferred consideration of € 1 million per year, will be paid related to the acquisition of Dutch ID.

5.4.6 Discontinued operations and assets held for sale and related liabilities

See accounting policy L.

At the end of 2015 the real estate development activities were split into two legal entities, ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V. The activities undertaken by ASR Vastgoed Ontwikkeling N.V. were considered as discontinued operations and the activities of ASR Vastgoed Projecten B.V. are partially considered as continuing and partially as discontinuing activities. The Executive Board has decided to look for a strategic buyer for the discontinued part and therefore classify a part of its real estate development business as 'held for sale'. With this in mind, the discontinuing operations are recognized as held for sale in the balance sheet. As a consequence, the financial results of the discontinuing real estate development business are disclosed in condensed form in the income statement. In April 2016 Meijer Realty Partners (MRP) acquired ASR Vastgoed Ontwikkeling N.V. The transfer occurred at the end of April 2016 and as such derecognition took place in Q2 2016. As of 31 December 2016 a part of the ASR Vastgoed Projecten B.V. still remains as discontinued operations.

As part of a drive to focus more on core activities, B.V. Nederlandse Hulpverleningsorganisatie SOS International (hereafter SOS International) was classified as discontinued operations at the end of 2015. As a consequence, the financial results of SOS International are disclosed in condensed form in the income statement. With this in mind, the operations were recognized as held for sale in the balance sheet. In January 2016 CED-Group acquired SOS International and as such SOS International was derecognized.

Discontinued operations

	2016	2015
Total Income	31	38
Total Expense	-10	-71
Result before tax	**21**	**-33**
Income tax (expense) / gain	-4	7
Result for the period	**17**	**-26**

Assets and liabilities held for sale

	31 December 2016	31 December 2015
Intangible assets	-	1
Associates and joint ventures	13	8
Loans and receivables	9	17
Deferred tax assets	-	7
Other assets	28	42
Cash and cash equivalents	-	3
Total assets held for sale	**50**	**78**
Provisions	5	12
Borrowings	-	11
Deferred tax liabilities	-	1
Other liabilities	-3	14
Total liabilities relating to assets held for sale	**2**	**38**

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

Cash flows from discontinued operations

	2016	2015
Cash and cash equivalents as at 1 January	3	12
Cash flows from operating activities	-8	-7
Cash flows from investing activities	-	-2
Cash flows from financing activities	5	-
Cash and cash equivalents as at 31 December	**-**	**3**

5.5 Notes to the consolidated balance sheet

5.5.1 Intangible assets

See accounting policy C.

Intangible assets

	31 December 2016	31 December 2015
Goodwill	186	155
Value Of Business Acquired (VOBA)	106	118
Other intangible assets	34	26
Total intangible assets	**326**	**299**

Intangible assets

	Goodwill	VOBA	Other intangible assets	Total 2016	Total 2015
Cost price	186	432	77	695	657
Accumulated amortization and impairments	-	-326	-43	-369	-358
At 31 December	**186**	**106**	**34**	**326**	**299**
At 1 January	155	118	26	299	139
Amortization	-	-12	-1	-13	-15
Impairments	-	-	-	-	-1
Changes in the composition of the group	31	-	9	40	176
At 31 December	**186**	**106**	**34**	**326**	**299**

Goodwill

For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU) of the relevant operating segment. As a result of acquisitions during 2016, disclosed as changes in the composition of the group (please see chapter 5.4.5) the amount of goodwill increased by € 31 million (2015: € 152 million).

Goodwill allocation per segment

	31 December 2016	31 December 2015
Life	49	49
Banking and Asset management	4	-
Distribution and Services	133	106
Total goodwill	**186**	**155**

The results of the annual goodwill impairment test are as follows:

Segment Life

The goodwill impairment test was conducted at the segment Life level as CGU. The result of the goodwill impairment test, using the multiples methodology, shows an excess recoverable value over the book value. No goodwill impairment was recognized.

Segments Banking and Asset management and Distribution and Services

The outcome of the goodwill test on step 1 showed that the difference between the recoverable amount and the carrying value may not be sufficient to support the amount of goodwill allocated to the CGU. Therefore the step 2 additional analysis was performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of the CGU.

Assumptions used in the step 2 internal model are:

- A steady state growth rate used to extrapolate cash flow projections beyond the budget periods (1.0%) which reflects the market segment in which the CGU's operate;
- Future cashflows are based on expected market developments and past experience and on the long term characteristics of the markets in which the CGU's operate;
- The (pre-tax) discount rate used in the estimate of value in use is 14.8%.

The second step as described above in the CGU's of segments Banking and Asset management and Distribution and Services indicate that there is an excess of recoverable amount over the bookvalue of all CGU's to which goodwill has been allocated (buffer).

A deterioration within reasonable limits on one of the above mentioned assumptions in isolation would not lead to an impairment. The buffer is also capable of absorbing a combination of negative factors. However, should circumstances on multiple factors deteriorate significantly, it could lead to a negative outcome for the buffer (the difference between the recoverable value and the book value).

Management believes that any reasonable possible change in the key assumptions on which the other CGU's recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Value of Business Acquired (VOBA)

VOBA mainly relates to the acquisition of Amersfoortse Stad Rotterdam. At year-end 2016, the remaining amortization period of VOBA is 14 years and the average amortization for the next 5 years will be € 10 million per year.

Other intangible assets

The other intangibles assets mainly relate to the acquisition of Dutch ID in 2015. After this acquisition the other intangible assets of Dutch ID were valued. These assets relate to trade name, distribution relationships and customer relationships. The fair value of these intangibles assets is € 23 million and will be amortized over the remaining usefull life.

5.5.2 Property, plant and equipment

See accounting policy T.

Property, plant and equipment

	31 December 2016	31 December 2015
Land and buildings for own use	149	155
Equipment	22	11
Total property, plant and equipment	**171**	**166**

Movement of property, plant and equipment

	Land and buildings for own use	Equipment	Total 2016	Total 2015
At 1 January	155	11	166	140
Reversal of impairments	-	-	-	14
Impact change in accounting policy	-	-	-	-9
Additions	5	15	20	37
Transfers to Investment property	-16	-	-16	-10
Depreciation	-6	-4	-10	-10
Revaluations through profit or loss	1	-	1	-6
Revaluations through equity	10	-	10	5
Changes in the composition of the group	-	-	-	5
At 31 December	**149**	**22**	**171**	**166**
Gross carrying amount as at 31 December	225	204	429	450
Accumulated depreciation as at 31 December	-76	-163	-239	-247
Accumulated impairments as at 31 December	-	-19	-19	-37
Net carrying value as at 31 December	**149**	**22**	**171**	**166**
Revaluation surplus				
At 1 January	5	-	5	-
Revaluation in the year	10	-	10	5
At 31 December	**15**	**-**	**15**	**5**

Depreciation of property, plant and equipment is recorded in the operating expenses (see chapter 5.6.8).

The fair value of land and buildings for own use based on the external valuations is disclosed in chapter 5.7.1.3.

5.5.3 Investment property

See accounting policy D.

Movement in investment property measured at fair value

	2016	2015
At 1 January	2,667	2,833
Changes in value of investments, realized / unrealized gains and losses:		
- Fair value gains and losses	129	144
- Other	-1	-
Purchases	421	192
Issues	1	-
Disposals	-178	-539
Transferred between investments on behalf of policyholders and investment property	2	27
Transferred from property, plant and equipment	16	10
At 31 December	**3,057**	**2,667**

For more detailed information about the fair value valuation of the financial assets and derivatives, please refer to chapter 5.7.1. The significant inputs are the net initial yield and market rental value. These inputs are verified with the following market observable data:

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

Investment property is leased to third parties and is diversified over the rural, residential, offices and retail sectors in the Netherlands. In 2016, a.s.r. acquired the office portfolio of Basisfonds Stationslocaties C.V. (€ 261 million), mostly transferred to the new ASR Dutch Mobility Office Fund (DMOF). In 2016, the fifth and sixth tranches in ASR Dutch Core Residential Fund (DCRF) were transferred by a.s.r. to institutional investors thereby further reducing a.s.r.'s exposure to DCRF from 80% to 77%. Investment property amounting to € 1,500 million (2015: € 1,240 million) is held by the DCRF, DMOF and the ASR Dutch Prime Retail Fund, which are governed under fund agreements.

Rental income is recognized as investment income. For details, see chapter 5.6.2. In 2016, rentals amounted to € 115 million (2015: € 124 million). The decrease is the result of the lower a.s.r.-exposure to DCRF. Direct operating expenses arising from investment property amounted to € 29 million (2015: € 28 million). Given the low vacancy level, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as operating expenses.

5.5.3.1 Vacant Investment properties

Percentages of vacant investment properties

	2016	2015
Retail	9.3%	4.6%
Residential	2.3%	2.7%
Offices	29.8%	22.2%
Other	0.0%	0.0%

The vacancy rate of Retail increases due to redevelopments and the termination of contracts with V&D following its bankruptcy. The increase in the vacancy rate of Offices is mainly due to the relocation of Amersfoortse division to the a.s.r. headquarter in Utrecht, and the shift from offices own use to the investment portfolio as a consequence.

5.5.4 Associates and joint ventures

See accounting policy U.

	Interest	31 December 2016	31 December 2015
Real estate development joint ventures	ranging between 11% and 50%	2	1
Associates and other joint ventures	ranging between 10% and 50%	18	19
Total		**20**	**20**

	Real Estate Development joint ventures	Associates and other joint ventures	Total
At 1 January 2016	1	19	20
Share of profit/(loss)	-	3	3
Dividend	-	-4	-4
Other changes	1	-	1
Carrying amount at 31 December 2016	**2**	**18**	**20**

Some participating interests in which a.s.r. has an interest of less than 20% qualify as associates, because a.s.r. has significant influence as a result of contractual agreements.

Where the associate's and the joint venture's accounting policies are different from a.s.r.'s, carrying amounts have been changed to ensure that they are consistent with the policies used by a.s.r.

The information disclosed in the table below is based on the most recent financial information available from the associates and joint ventures. These are primarily based on the investee's financial statements and their accounting policies.

	31 December 2016			31 December 2015		
	Real Estate Development joint ventures	Associates and other joint ventures	Total	Real Estate Development joint ventures	Associates and other joint ventures	Total
Total assets	18	613	631	4	312	316
Total liabilities	6	510	516	2	272	274
Total income	2	471	473	-	253	253
Profit and loss from continuing operations	-	15	15	-1	30	29
Total comprehensive income	-	15	15	-1	30	29

The real estate development joint ventures consist of numerous contractual agreement with other developers and property owners, whereby the parties agree to develop real estate projects. Various guarantees for the real estate development projects have been issued by a.s.r. (see chapter 5.7.4).

In 2016, loans to associates and joint ventures amounted to € 4 million (2015: € 10 million). These loans are classified as Related party transactions (see chapter 5.7.2).

5.5.5 Financial assets and derivatives

See accounting policies E,F,G,H and X.

Financial assets and derivatives

	31 December 2016	31 December 2015 (restated)
Investments		
Available for sale (chapter 5.5.5.1)	25,340	24,930
At fair value through profit and loss (chapter 5.5.5.2)	131	133
	25,471	**25,063**
Loans and receivables (chapter 5.5.5.3)	11,468	10,480
Derivatives assets (chapter 5.5.5.4)	3,060	2,196
Derivatives liabilities (chapter 5.5.5.4)	-577	-377
Cash and cash equivalents (chapter 5.5.5.5)	3,581	2,629
	17,532	**14,928**
Investments on behalf of policyholders		
At fair value through profit and loss (chapter 5.5.5.2)	7,745	7,924
Total	**50,748**	**47,915**

The financial assets and derivatives increased in 2016 by € 2,833 million primarily due to increase in the loans and receivables (€ 988 million) as a result of higher production of mortgages, increase in total value of derivatives (€ 664 million) due to the decrease of the long-term interest rate and increase in cash and cash equivalents by € 952 million primarily as a result of the cash collateral received (€ 640 million) due to the increase in the fair value of the derivatives and the increase in the retained holding cash position.

For more detailed information about the fair value valuation of the financial assets and derivatives, please refer to chapter 5.7.1.

Types of financial assets and derivatives held

	31 December 2016			31 December 2015		
	Investments	Investments on behalf of policyholders	Total financial assets	Investments	Investments on behalf of policyholders	Total financial assets
Equities	2,801	4,858	7,659	3,180	4,945	8,125
Fixed-interest securities	22,575	2,521	25,096	21,781	2,605	24,386
Loans and receivables	11,468	-	11,468	10,480	-	10,480
Derivatives assets	3,060	10	3,070	2,196	-	2,196
Derivatives liabilities	-577	-2	-579	-377	-	-377
Cash and cash equivalents	3,581	128	3,709	2,629	96	2,725
Investment property	-	193	193	-	205	205
Other	95	37	132	102	73	175
Total	**43,003**	**7,745**	**50,748**	**39,991**	**7,924**	**47,915**

5.5.5.1 Investments available for sale

Investments available for sale

	31 December 2016	31 December 2015 (restated)
Government bonds	12,566	11,962
Corporate bonds	9,817	9,448
Mortgage-backed securities	98	260
Other asset-backed securities	94	110
Equities	2,668	3,047
Other participating interests	2	1
Other investments	95	102
Total investments available for sale	**25,340**	**24,930**

Changes in investments available for sale

	2016	2015
At 1 January	24,930	22,849
Purchases	6,687	8,931
Repayments	-857	-1,395
Disposals	-6,403	-8,542
Realized gains through profit and loss	644	714
Revaluation recognized in equity	404	-877
(Reversals of) Impairments	1	14
Amortization	-88	-79
Exchange rate differences	18	24
Other changes	3	-3
Changes in the composition of the group	1	3,294
Carrying amount at 31 December	**25,340**	**24,930**

The equities consist primarily of listed equities and investments in investment funds.

a.s.r. has equities and bonds that have been transferred, but do not qualify for derecognition amounting to € 5,183 million (2015: € 6,228 million). The majority of these investments are part of a securities lending program whereby the investments are lent in exchange for a fee with collateral obtained as a security. The collateral furnished as security representing a fair value of € 6,447 million (2015: € 8,191 million) consists of mortgage loans and corporate and government bonds. See accounting policy R about securities lending.

Impairment of investments available for sale

Changes in impairments of investments available for sale

	2016	2015
At 1 January	-555	-632
Increase in impairments through profit and loss	-28	-13
Reversal of impairments through profit and loss	29	27
Reversal of impairments due to disposal	37	63
At 31 December	**-517**	**-555**

5.5.5.2 Investments at fair value through profit and loss

Investments at fair value through profit and loss

31 December 2016	Investments	Investments on behalf of Policyholders	Total
Government bonds	-	1,249	1,249
Corporate bonds	-	1,272	1,272
Unlisted equities	64	-	64
Listed equities	67	3,087	3,154
Listed equity funds	-	1,771	1,771
Derivatives assets	-	10	10
Derivatives liabilities	-	-2	-2
Investment property	-	193	193
Other investments	-	165	165
Total investments at fair value through profit and loss	**131**	**7,745**	**7,876**

Changes in investments at fair value through profit and loss

2016	Investments	Investments on behalf of Policyholders	Total
At 1 January	133	7,924	8,057
Purchases	31	1,088	1,119
Disposals	-29	-1,545	-1,574
Revaluation through profit and loss	-6	275	269
Transfer between investments on behalf of policyholders and investment property	2	-4	-2
Exchange rate differences	-	1	1
Other changes	-	6	6
Carrying amount at 31 December	**131**	**7,745**	**7,876**

Investments at fair value through profit and loss

31 December 2015	Investments	Investments on behalf of Policyholders	Total
Government bonds	-	1,215	1,215
Corporate bonds	-	1,390	1,390
Unlisted equities	59	-	59
Listed equities	74	3,469	3,543
Listed equity funds	-	1,476	1,476
Investment property	-	205	205
Other investments	-	169	169
Total investments at fair value through profit and loss	**133**	**7,924**	**8,057**

Changes in investments at fair value through profit and loss

2015	Investments	Investments on behalf of Policyholders	Total
At 1 January	114	7,957	8,071
Purchases	26	808	834
Disposal	-37	-1,365	-1,402
Revaluation through profit and loss	12	505	517
Transfer between investments on behalf of policyholders and investment property	18	-45	-27
Exchange rate differences	-	12	12
Other changes	-	-22	-22
Changes in composition of the group	-	74	74
Carrying amount at 31 December	**133**	**7,924**	**8,057**

All investments at fair value through profit and loss are designated as such by a.s.r. upon initial recognition.

5.5.5.3 Loans and receivables

Loans and receivables measured at amortized cost

	31 December 2016	31 December 2015
Government and public sector	190	205
Mortgage loans	7,210	6,537
Consumer loans	2	5
Other loans	159	121
Total due from customers	**7,561**	**6,868**
Impairments		
Specific credit risks	-41	-45
IBNR	-	-
Due from customers	**7,520**	**6,823**
Interest-bearing deposits	200	-
Loans and advances	3,140	3,112
Other	103	-
Total due from credit institutions	**3,443**	**3,112**
Impairments		
Specific credit risks	-56	-56
IBNR	-	-
Due from banks	**3,387**	**3,056**
Due from policyholders	158	234
Due from intermediaries	89	96
Reinsurance receivables	97	77
Due from Health Insurance Fund	73	97
Other receivables	180	139
Total trade and other receivables	**597**	**643**
Impairments		
Specific credit risks	-35	-40
IBNR	-1	-2
Trade and other receivables	561	601
Total loans and receivables	**11,468**	**10,480**

Total due from credit institutions consist for € 2,845 million (2015: € 2,800 million) out of savings-linked mortgage loans.

Impairments of loans and receivables

Changes in impairments of loans and receivables

	2016	2015
At 1 January	-143	-160
Increase in impairments through profit and loss	-11	-49
Reversal of impairments through profit and loss	22	58
Reversal of impairments due to disposal	5	5
Changes in the composition of the group	-	3
Other	-6	-
At 31 December	**-133**	**-143**

5.5.5.4 Derivatives

Derivatives consist primarily of derivatives used to hedge interest rate and inflation rate movements. In 2016, the limited cash flow hedge accounting ended and therefore at year end 2016, a.s.r. does not apply hedge accounting. Changes in the fair value of derivatives at fair value through profit and loss are recorded in investment income (under 'fair value gains and losses', see chapter 5.6.2).

Both cleared and non-cleared derivatives are traded on the basis of standardized contracts. Cleared derivatives and options do not generally carry significant counterparty risk, as a result of Initial- and variation margin obligations set by the central clearing parties. Bilateral non-cleared derivatives transacted in the over-the-counter (OTC) market also have limited risk as a result of variation margin exchange between a.s.r. and it's counterparties.

Notional amounts are not recognized as assets or liabilities in the balance sheet, however notional amounts are used in determining the fair value of the derivatives. Notional amounts do not reflect the potential gain or loss on a derivative transaction.

a.s.r.'s counterparty risk is limited to the positive net fair value of the OTC contracts.

Derivatives

	31 December 2016			31 December 2015		
	Asset	Liability	Notional amount	Asset	Liability	Notional amount
Foreign exchange contracts	2	3	480	-	2	117
Interest rate contracts						
Swaps	2,288	534	25,995	1,474	369	21,522
Options	752	16	5,810	691	-	8,104
Futures	-	23	1,185	-	-	-
Inflation linked swaps	2	1	235	-	6	235
Equity index contracts	16	-	568	31	-	737
	3,060	**577**	**34,273**	**2,196**	**377**	**30,715**
Derivatives in a cash flow hedging relationship						
Interest rate contracts	-	-	-	-	-	4
Total as at 31 December	**3,060**	**577**	**34,273**	**2,196**	**377**	**30,719**

The 2016 derivatives do not include the derivatives on behalf of policyholders (2016: € 8 million, 2015: nil).

In addition to the use of swaps and options a.s.r. has further mitigated interest rate risk by entering into forward starting swaps in 2016.

The notional amounts of both receiver and payer swaps are included in the total notional amounts of foreign exchange contracts.

The fair value of interest-rate contracts is calculated by first determining the cash flows of the floating leg based on the Euribor-curve corresponding the interest reset period (3 months, 6 months or 12 months) of the swap. Then the net present value of the floating and fixed leg is determinded by discounting the cash flows with the Overnight Indexed Swap (OIS) curve.

The fair value of the interest-rate contracts using the above valuation method form the basis for the amount of collateral that is exchanged between a.s.r. and its counterparties in accordance with the underlying contracts.

For more information, see chapter 5.8 on risk management.

5.5.5.5 Cash and cash equivalents

Cash and cash equivalents

	31 December 2016	31 December 2015 (restated)
Due from banks	1,835	1,445
Due from banks falling due within three months	1,746	1,184
Total cash and cash equivalents	**3,581**	**2,629**

All cash and cash equivalents are freely available, except cash related to cash collateral which is managed separately from other cash equivalents. The cash components include € 2,443 million (2015: € 1,803 million) related to cash collateral received on derivative instruments. The cash components related to cash collateral paid amount to € 32 million (2015: € 6 million).

Debt related to cash collateral received on derivative instruments is included in the amount due to banks (chapter 5.5.15).

Interest expenses on cash collateral is standardized in the ISDA/CSA's and based on EONIA.

5.5.6 Deferred taxes

Deferred taxes

	31 December 2016	31 December 2015
Deferred tax assets	595	511
Deferred tax liabilities	-	-
Net deferred tax	**595**	**511**

Deferred taxes are formed for differences between the carrying amount of assets and liabilities and their tax base at the enacted tax rate, taking into account tax-exempt components. The enacted and current tax rate of 25.0% (2015: 25.0%) is applied when calculating deferred tax.

The deferred tax asset is mainly caused by additions which have been made to the liabilities arising from insurance contracts and have already been recognized in the income tax expense.

Changes in deferred taxes

	1 January 2016	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Changes in the composition of the group	Other changes	31 December 2016
Financial assets held for trading	-405	-183	-	-	-	-588
Investments	-483	2	-105	-	-	-586
Investment property	-507	-42	-	-	-	-549
Property, plant and equipment	3	-1	-2	-	-	-
Intangible assets	-6	-	-	-2	-	-8
Liabilities arising from insurance contracts	1,785	279	87	-	-	2,151
Employee benefits	159	-32	93	-	-	220
Amounts received in advance	-	-20	-	-	11	-9
Other	-35	-2	2	-	-1	-36
Gross deferred tax	**511**	**1**	**75**	**-2**	**10**	**595**
Write-down of deferred tax assets	-	-	-	-	-	-
Net deferred tax	**511**	**1**	**75**	**-2**	**10**	**595**

Changes in deferred taxes

	1 January 2015	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Changes in the composition of the group	Other changes	31 December 2015
Financial assets held for trading	-708	303	-	-	-	-405
Investments	-651	53	221	-	-106	-483
Investment property	-510	2	-	-	1	-507
Property, plant and equipment	6	-2	-1	-	-	3
Intangible assets	-	-	-	-6	-	-6
Liabilities arising from insurance contracts	1,927	-55	-200	-	113	1,785
Employee benefits	223	-11	-53	-	-	159
Provisions	-	4	-	-	-4	-
Amounts received in advance	-12	-6	-	-	18	-
Other	-28	-10	-	-	3	-35
Gross deferred tax	**247**	**278**	**-33**	**-6**	**25**	**511**
Write-down of deferred tax assets	-	-	-	-	-	-
Net deferred tax	**247**	**278**	**-33**	**-6**	**25**	**511**

In 2016, the increase in the deferred tax assets is the result of the increase of the related shadow accounting in the liabilities arising from insurance contracts and the decrease of financial assets held for trading and investments.

5.5.7 Other assets

See accounting policy W.

Composition of other assets

	31 December 2016	31 December 2015
Accrued investment and interest income	428	455
Property developments	38	53
Prepaid costs and other non-financial assets	307	204
Total other assets	**773**	**712**

Interest expenses capitalized related to property developments were € 1 million (2015: nil) and included in property developments. Prepaid costs and other non-financial assets include prepaid commissions Non-life assurance.

5.5.8 Equity

See accounting policy Y.

5.5.8.1 Share capital

Share capital

	31 December 2016		31 December 2015	
	Number of shares	(Amounts in € millions)	Number of shares	(Amounts in € millions)
Ordinary shares:				
- Authorized capital; par value of € 0.16 (2015: € 500)	350,000,000	56	1,000,000	500
- Of which unsubscribed	200,000,000	32	800,000	400
Subscribed and paid-up capital	**150,000,000**	**24**	**200,000**	**100**
Preference shares:				
- Authorized capital; par value of € 0.16	350,000,000	56		
- Of which unsubscribed	350,000,000	56		
Subscribed and paid-up capital	**0**	**0**		

In March 2016, Stichting Administratiekantoor beheer financiële instellingen (NLFI) in its capacity as the sole shareholder issued a resolution that the company's articles of association will be amended to, inter alia, split the ordinary shares in the company's capital, into a higher number of ordinary shares, without impacting the amount of the company's total equity. After the stock split had been effected, the nominal value per ordinary share in the company's capital was decreased to € 0.16. An amount of € 76 million was subsequently transferred from share capital to the share premium reserve.

Following the IPO on 10 June 2016, a total of 52.2 million ordinary shares of ASR Nederland N.V., representing 35% of the outstanding and issued ordinary shares (150 million) were listed on Euronext Amsterdam. An over-allotment option (greenshoe) of 7.8 million shares was granted by NLFI to the Joint Global Coordinators. On 9 July 2016 the over-allotment option was partly exercised and in total a number of 2,249,855 over-allotment shares have been sold. Following the partial excercise of the Over-Allotment Option, the offering comprises 54,449,885 ordinary shares representing approximately 36.3% of the total number of 150 million issued and outstanding ordinary shares in the capital of the company. The remaining shares (63,7%) are held by NLFI on behalf of the Dutch government.
No preference shares were issued.

In January 2017, NLFI sold 20,400,000 shares in a.s.r. at a price of € 22.15 per share. a.s.r. will not receive any proceeds of the sale. a.s.r. repurchased 3,000,000 Shares in the offering, which is the maximum to which a.s.r. is currently authorized to acquire shares in its own capital. After cancellation of the 3,000,000 Shares that a.s.r. acquired in the offering, NLFI's shareholding in a.s.r. is expected to represent 50.1% of a.s.r.'s share capital.

5.5.8.2 Unrealized gains and losses recorded in equity

Unrealized gains and losses recorded in equity

	Investments available for sale	Revaluation of property in own use	Total
31 December 2016			
Gross unrealized gains and losses	2,570	15	2,585
Related tax	-579	-4	-583
Shadow accounting	-1,616	-	-1,616
Tax related to shadow accounting	404	-	404
Unrealized gains and losses related to segregated investment pools	-85	-	-85
Tax related to segregated investment pools	21	-	21
Total	**715**	**11**	**726**
31 December 2015			
Gross unrealized gains and losses	2,166	5	2,171
Related tax	-474	-1	-475
Shadow accounting	-1,278	-	-1,278
Tax related to shadow accounting	319	-	319
Unrealized gains and losses related to segregated investment pools	-68	-	-68
Tax related to segregated investment pools	17	-	17
Total	**682**	**4**	**686**

5.5.8.3 Actuarial gains and losses

The actuarial gains and losses related to the pension obligation increased from € -467 million to € -755 million primairily due to remeasurements as a result of changes in interest rate (see chapter 5.5.11).

5.5.8.4 Other equity instruments

In 2015, a.s.r. neither issued nor redeemed any equity instruments.

Other equity instruments

Position as at 31 December	2016	2015	Coupon date
Hybrid Tier 1 instrument 10% fixed interest	187	187	Annually with effect from 26 October 2010
Hybrid Tier 1 instrument 7.25% fixed interest	17	17	Annually with effect from 30 September 2010
Hybrid Tier 2 instrument 5% fixed interest	497	497	Annually with effect from 30 September 2015
Total	**701**	**701**	

The Tier 1 and Tier 2 instruments bear discretionary interest and have no maturity date, but can be redeemed at the option of a.s.r. on any coupon due date with effect from:

Other equity instruments

	Date
Hybrid Tier 1 instrument 10% fixed interest	26 October 2019
Hybrid Tier 1 instrument 7.25% fixed interest	30 September 2019
Hybrid Tier 2 instrument 5% fixed interest	30 September 2024

If the hybrid Tier 1 instrument at 10% fixed interest is not redeemed on 26 October 2019, the interest rate will be changed to 3-month Euribor plus 9.705%, with a quarterly coupon date with effect from 26 January 2020.

The Tier 1 and Tier 2 instruments have subordination provisions, rank junior to all other liabilities and senior to shareholder's equity only. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and mandatory coupon payment events.

Distributed amounts to holders of equity instruments as discretionary interest

Amounts in € millions	31 December 2016	31 December 2015
Hybrid Tier 1 instrument 10% fixed interest	19	19
Hybrid Tier 1 instrument 7.25% fixed interest	1	1
Hybrid Tier 2 instrument 5% fixed interest	25	25
Total	**45**	**45**

The Tier 1 and Tier 2 instruments are classified as equity as there is no requirement to settle the obligation in cash or another financial asset or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable for a.s.r.

5.5.8.5 Non-controlling interests

Movements in non-controlling interests

	2016	2015
At 1 January	-16	-20
Share of total comprehensive income	-1	3
Dividend paid	-1	-4
Capital investment	8	5
At 31 December	**-10**	**-16**

The negative non-controlling interest relates to property development projects where non-controlling shareholders have committed to increase capital when required.

5.5.8.6 Earnings per share

Earnings per share at year-end

	2016	2015
Net profit from continuing operations	608	612
Net profit from discontinued operations	17	-26
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	**625**	**586**
Weighted average number of ordinary shares in issue [1]	150,000,000	150,000,000
Basic earnings per ordinary share from continuing operations (in euros) [1]	4.05	4.08
Basic earnings per ordinary share from discontinued operations (in euros) [1]	0.12	-0.17
Basic earnings per ordinary share (in euros) [1]	**4.17**	**3.91**

As a.s.r. had no potential shares, basic and diluted earnings per share are equal. Net profit in the table is after tax and non-controlling interests.

For disclosure related to net profit we refer to the income statement (chapter 5.2.2).

5.5.9 Subordinated liabilities

See accounting policy Z.

Subordinated liabilities

	Nominal Amount	Carrying value 2016	Carrying value 2015
Hybrid Tier 2 instrument 5.125% fixed interest	500	497	497

On 22 September 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes, first callable on 29 September 2025, and maturing on 29 September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

The notes were issued in order to strengthen the quality of a.s.r. capital and the net proceeds from the notes were applied by a.s.r. for its general corporate purposes.

These notes are subordinated and ranking equally without any preference amongst themselves and (a) junior to the claims of all senior creditors of a.s.r., (b) equally with any parity obligations and (c) in priority to claims in respect of (i) any equity securities and (ii) any junior obligations.

The subordinated liability is classified as liability given the obligation to settle the loans and pay the coupon. They are considered Tier 2 for regulatory purposes.

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[1] The 2015 earnings per share have been recalculated based on the 150 million issued ordinary shares, after the split of the ordinary shares in March 2016. At year end 2015, the number of issued shares was 200,000. For more information please refer to chapter 5.5.8.1.

5.5.10 Insurance liabilities

See accounting policies I, J, O and V.

5.5.10.1 Liabilities arising from insurance contracts

Insurance contracts with retained exposure

	Gross		Of which reinsurance	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Provision for unearned premiums	345	403	3	4
Provision for claims (including IBNR)	4,266	4,110	439	406
Non-life insurance contracts	**4,611**	**4,513**	**442**	**410**
Life insurance contracts excl. own pension contracts	**27,873**	**26,073**	**193**	**201**
Total liabilities arising from insurance contracts	**32,484**	**30,586**	**635**	**611**

Changes in liabilities arising from non-life insurance contracts

	Gross		Of which reinsurance	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Provision for unearned premiums				
At 1 January	403	419	4	10
Changes in provision for unearned premiums	-58	-16	-1	-6
Provision for unearned premiums as at 31 December	**345**	**403**	**3**	**4**
Provision for claims (including IBNR)				
At 1 January	4,110	4,152	406	409
Benefits paid	-1,826	-1,714	-83	-82
Changes in provision for claims	1,916	1,745	116	79
Changes in shadow accounting through equity	70	-73	-	-
Changes in shadow accounting through P&L	-5	-	-	
Other	1	-	-	-
Provision for claims (including IBNR) as at 31 December	**4,266**	**4,110**	**439**	**406**
Non-life insurance contracts as at 31 December	**4,611**	**4,513**	**442**	**410**

Gross provisions for claims

	31 December 2016	31 December 2015 (restated)
Claims reported	3,486	3,303
IBNR	780	807
Total provisions for claims	**4,266**	**4,110**

Changes in liabilities arising from life insurance contracts

	Gross		Of which reinsurance	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
At 1 January	26,114	23,715	201	-
Premiums received / paid	1,341	1,172	-	201
Regular interest added	677	653	4	-
Realized gains and losses	554	1,178	-	-
Amortization of realized gains	-293	-197	-	-
Benefits	-1,339	-1,357	-	-
Technical result	-58	-62	-	-
Release of cost recovery	-152	-144	-	-
Changes in shadow accounting through equity	268	-713	-	-
Changes in shadow accounting through income	809	-1,179	-	-
Other changes	-23	-133	-8	-
Changes in the composition of the group	-	3,181	-	-
At 31 December	**27,898**	**26,114**	**197**	**201**
Interest margin participations to be written down				-
At 1 January	-49	-67	-	-
Write-down recognized in profit and loss	14	17	-	-
Other changes	-	1	-4	-
At 31 December	**-35**	**-49**	**-4**	**-**
Provision for discretionary profit-sharing, bonuses and discounts				
At 1 January	8	7	-	-
Profit-sharing, bonuses and discounts granted in the financial year	2	-1	-	-
Changes in the composition of the group	-	2	-	-
At 31 December	**10**	**8**	**-**	**-**
Total life insurance contracts at year-end	**27,873**	**26,073**	**193**	**201**

Premiums received in 2016 include the premiums related to the acquired insurance portfolio, NIVO Uitvaartverzekeringen amounting to € 323 million, and a single premium of a pension portfolio amounting to € 195 million. The acquisition has been included as per 18 March 2016. In 2015 premiums received included single premium of a pension portfolio amounting to € 370 million.

The liabilities arising from life insurance contracts have increased as a result of changes in the shadow accounting through equity (€ 268 million; 2015: € -713 million) and shadow accounting through income (€ 809 million; 2015: € -1,179 million) due to interest rate developments which increase the fair value of the investments and the derivatives. For the realized gains and losses of the investments in fixed interest securities and the realized gains and losses on derivatives, we refer to chapter 5.6.3 and 5.6.4.

Changes in the composition of the group in 2015 relate to the acquisition of Axent Nabestaanden Zorg N.V. and De Eendragt Pensioen N.V.

5.5.10.2 Claims development table, non-life

The table below is a ten-year summary of movements in gross cumulative claims in connection with the non-life portfolio for the period from 2007 to 2016.

Ten-year summary of movements in gross cumulative claims

	Claims year										
31 December 2016	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
At year-end:											
1st claims year	1,387	1,575	1,719	1,718	1,771	1,977	1,853	1,770	1,783	1,931	
2008	1,264	-	-	-	-	-	-	-	-	-	
2009	1,231	1,473	-	-	-	-	-	-	-	-	
2010	1,200	1,441	1,669	-	-	-	-	-	-	-	
2011	1,206	1,422	1,634	1,765	-	-	-	-	-	-	
2012	1,216	1,424	1,658	1,684	1,659	-	-	-	-	-	
2013	1,231	1,447	1,680	1,715	1,636	1,873	-	-	-	-	
2014	1,265	1,480	1,708	1,728	1,651	1,855	1,785	-	-	-	
2015	1,266	1,480	1,710	1,728	1,648	1,847	1,769	1,682	-	-	
2016	1,240	1,469	1,711	1,742	1,660	1,852	1,765	1,655	1,706	-	
Gross claims at 31 December 2016	**1,240**	**1,469**	**1,711**	**1,742**	**1,660**	**1,852**	**1,765**	**1,655**	**1,706**	**1,931**	
Cumulative gross paid claims	1,171	1,343	1,509	1,497	1,406	1,553	1,407	1,290	1,243	874	
Gross outstanding claims liabilities (including IBNR)	**69**	**126**	**202**	**245**	**254**	**300**	**358**	**365**	**463**	**1,056**	**3,439**
Claim liabilities prior years											467
Other claim liabilities											38
Shadow accounting											323
Total claims liabilities											**4,266**

	Claims year										
31 December 2015	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At year-end:											
1st claims year	1,201	1,369	1,575	1,719	1,706	1,762	1,969	1,845	1,770	1,776	
2007	1,167	-	-	-	-	-	-	-	-	-	
2008	1,076	1,264	-	-	-	-	-	-	-	-	
2009	1,067	1,231	1,473	-	-	-	-	-	-	-	
2010	1,079	1,200	1,441	1,669	-	-	-	-	-	-	
2011	1,087	1,206	1,422	1,634	1,778	-	-	-	-	-	
2012	1,085	1,216	1,424	1,658	1,684	1,668	-	-	-	-	
2013	1,096	1,231	1,447	1,680	1,715	1,636	1,881	-	-	-	
2014	1,124	1,265	1,480	1,708	1,728	1,650	1,856	1,784	-	-	
2015	1,097	1,266	1,480	1,710	1,735	1,653	1,850	1,777	1,695	-	
Gross claims at 31 December 2015	**1,097**	**1,266**	**1,480**	**1,710**	**1,735**	**1,653**	**1,850**	**1,777**	**1,695**	**1,776**	
Cumulative gross paid claims	1,036	1,153	1,316	1,479	1,461	1,366	1,502	1,354	1,210	759	
Gross outstanding claims liabilities (including IBNR)	**61**	**113**	**164**	**231**	**274**	**287**	**348**	**423**	**485**	**1,015**	**3,401**
Claim liabilities prior years											417
Other claim liabilities											39
Shadow accounting											253
Total claims liabilities											**4,110**

5.5.10.3 Liabilities arising from insurance contracts on behalf of policyholders

Movements in liabilities arising from insurance contracts on behalf of policyholders

	2016	2015
At 1 January	9,997	9,779
Premiums received	584	570
Interest added	129	135
Benefits	-901	-1,057
Effect of fair value changes related to financial assets	262	496
Technical result	-32	-26
Release of cost recovery	-86	-101
Other changes	-25	127
Changes in the composition of the group	-	74
At 31 December	**9,928**	**9,997**

At year-end 2016, the liabilities included a guarantee provision for a carrying amount of € 28 million (2015: € 29 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 139 million (2015: € 163 million). These provisions relate to compensation for the cost of these contracts. Other changes primarily include the effect of the conversion of some insurance contracts amounting to € 10 million (2015: € 128 million) which were previously included in the liabilities arising from insurance contracts.

Liabilities arising from insurance contracts on behalf of policyholders also include liabilities where conversions and switches have occurred in the insurance contract administration. The insurance contract still meets the definition of and continues to be classified as an insurance contracts on behalf of policyholders and therefore continues to be included in the insurance contracts on behalf of policyholders administration. However, as a result of the conversion and switches, liabilities arising from insurance contracts on behalf of policyholder amounting to € 2,157 million (2015: € 2,054 million) are - in the classification and subsequent presentation - not backed directly with investments on behalf of policyholders. The related investments are included and presented in investments (available for sale) and loans and receivables.

5.5.11 Employee benefits

See accounting policy K.

Employee benefits

	31 December 2016	31 December 2015
Post-employment benefits pensions (chapter 5.5.11.1)	3,220	2,922
Post-employment benefits other than pensions (chapter 5.5.11.2)	27	28
Post-employment benefit obligation	**3,247**	**2,950**
Other long-term employee benefits (chapter 5.5.11.3)	10	12
Total	**3,257**	**2,962**
Specified as follows:		
ASR Nederland N.V.	3,254	2,945
Other group companies	3	17

Costs of post-employment and other long-term employee benefits

	2016	2015
Post-employment benefits pensions	-107	-97
Post-employment benefits other than pensions	-	-
Total	**-107**	**-97**
Other long-term employee benefits	-	-
Costs of post-employment benefits	**-107**	**-97**

The costs of the post-employment benefits pensions relate to all members of the a.s.r. post-employment benefit plan.

5.5.11.1 Post-employment benefits pensions

a.s.r. has a number of defined benefit and defined contribution post-employment benefit plans for its employees and former employees. The pension plans of other group companies are disclosed separately in this paragraph.

The majority of employees are formally employed by ASR Nederland N.V. A limited amount of employees are employed by other group companies.

ASR Levensverzekering N.V., an insurance company and a group entity, is the insurer of the majority of the post-employment benefit plans. As this company holds the separated investments that are meant to cover the employee benefit obligation, they do not qualify as plan assets in accordance with IAS 19 and are therefore included in financial assets.

ASR Nederland N.V. employees

The a.s.r. post-employment benefit plans are based on an average-salary pension. All employees who commenced service after 1 January 2006 are included in one post-employment benefit plan ('Basic plan'). All other employees remain active within the existing plan at the date of first employment. Previous plans for former employees are also still active. The methods and techniques used to calculate the defined benefit obligations are based on IAS 19 requirements and calculated by an independent actuary.

a.s.r. pays the contributions except for an own contribution of the employees of 6% of their pensionable salary.

The benefits under these plans are dependent on factors such as years of service and compensation. Pension obligations are determined using mortality tables, the rate of employee turnover, wage drift and economic assumptions for factors such as inflation, and the discount rate.

The post-employment benefit plans for staff that is employed by ASR Nederland N.V. have been insured by ASR Levensverzekering N.V. since 2008.

Developments in 2016

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

The post-employment benefit plans for ASR Nederland N.V. employees is primarily based on the following conditions:

- The accrual rate for old age pensions 1.875% (2015: 1.875%);
- Retirement age 67 years (2015: 67 years);
- Maximum pensionable salary capped at € 101,519 (2015: € 100,000);
- Minimum franchise has changed.

Other group companies employees

The other group companies which have been acquired have defined contribution and defined benefit plans. The defined benefit plans consist primarily of indexed average salary pension plans, taking into account a franchise and are based on the following primary conditions:

- The accrual rate for old age pensions ranging between 1.75% and 1.875% (2015: ranging between 1.75% and 1.875%);
- Retirement age 67 years (2015: 67 years);
- Maximum pensionable salary capped at € 101,519 (2015: € 100,000).

The amount recognized as an expense for the defined contribution plans in 2016 amounts to € 0.4 million of which € 0.3 million one-off costs in relation to pay-off of a defined contribution plan of one of the acquisitions insured with a third party.

Net defined benefit liability

Defined benefit obligation

	2016	2015
Net defined benefit liability at 1 January	**2,922**	**3,087**
Included in income statement		
Current service cost, contributions by employer	38	44
Interest cost	70	61
Past service cost	-100	-
Other	-10	-
Total	**-2**	**105**
Remeasurement of liabilities included in OCI		
Discount rate change	397	-301
Other assumptions change	16	97
Experience adjustments	-33	-14
Total	**380**	**-218**
Current service cost, contributions by employee	7	8
Benefits	-79	-82
Changes in the composition of the group	-	17
Other	-8	5
Net defined benefit liability at 31 December	**3,220**	**2,922**
Specified as follows:		
ASR Nederland N.V.	3,217	2,906
Other group companies	3	16
At 31 December		
Defined benefit obligation	3,243	2,943
Fair value of plan assets	-23	-21
Net defined benefit liability	3,220	2,922

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

Employees account for 26% (2015: 24%) of the DBO, 41% (2015: 38%) of the DBO relates to former employees currently receiving pension benefits, 28% (2015: 33%) of the DBO relates to deferred pensioners and 5% (2015: 5%) of the DBO relates to other members.

The discount rate has decreased by 0.8% point to 1.7% at 31 December 2016 (2015: 2.5%), resulting in a € 397 million increase in the DBO (2015: € 301 million decrease).
As per 31 December 2016 the duration of the defined benefit obligation was 19 years (2015: 18 years).

The change in other assumptions amounts to € -27 million (2015: € 88 million) due to a change in indexation percentage of former employees.

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the defined benefit obligation:

	2016	2015
Experience adjustments to qualifying investments, gain (loss)	5	-2
As % of qualifying investments as at 31 December	23.3%	-10.5%
Experienced adjustments to defined benefit obligation, loss (gain)	28	16
As a % of liabilities as at 31 December	0.9%	0.6%

Assumptions

The principal actuarial assumptions and parameters at year-end

	2016	2015
Discount rate	1.7%	2.5%
Future salary increases (including price inflation and merit)	1.0%	1.4%
Future pension increases (including price inflation)	1.2%	1.9%
Indexation % employees	1.0%	1.4%
Indexation % former employees	1.2%	1.5%
Accrual rate	1.9%	1.9%
Mortality (years)	20.9	20.7
Expected remaining service years	7.7	7.8

In the calculation of the defined benefit obligation the:

- Discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The discount rate methodology is based on the IBoxx € Corporates AA 10+ curve;
- Most recent mortality table 'AG Prognosetafel 2016' is used, in combination with the latest the 'CVS Sterftestatistiek Pensioenen 2006-2015' for experience factors;
- The period of indexation is based on the expected duration of the separate account to fund the future inflation indexation.

All methods used for determining the DBO and assumptions are consistent with those applied in 2015.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase	Decrease
Discount rate (1% movement)	-536	711
Indexation employees (1% movement)	37	-25
Indexation former employees (1% movement)	369	-315
Future salary growth (1% movement)	10	-10
Future pension growth (1% movement)	399	-347
Future mortality (1 year movement)	-112	111

Plan assets

The pensions related to other group companies which have been acquired in 2015, are administered and guaranteed by a number of insurance companies outside of the group. As such the plan assets recognized relate to the insurance contracts and amount to € 23 million (2015: € 21 million).

Non qualifying plan assets

The portfolio of global investments (non-qualifying assets) held by ASR Levensverzekering N.V. to cover the employee benefit expense can be broken down as follows:

Breakdown of global investments held by ASR Levensverzekering N.V.

Asset category	31 December 2016	31 December 2015
Equities	14%	15%
Fixed-interest securities	80%	79%
Real estate	4%	6%
Cash	2%	0%

For the non-qualifying assets backing the post-employment benefit plans, a.s.r. has drawn up general guidelines for the asset mix based on criteria such as geographical location and ratings. To ensure the investment guidelines remain in line with the conditions of the post-employment benefit obligations, a.s.r. regularly performs Asset Liability Management (ALM) studies. Transactions in the non-qualifying assets are done within the guidelines. As the post-employment benefit plans are a liability on group level, the underlying insurance and market risks are in scope of a.s.r.'s risk policies. (see chapter 5.8). The overall interest-rate risk of the group is managed using interest-rate swaps and swaptions. ASR Levensverzekering N.V., manages the interest rate risk through an overlay interest hedging strategy using swaps and swaptions (see chapter 5.8.4.1) for the company as a whole. The swaps and swaptions are not specifically allocated to the a.s.r. post-employment benefit plans. Therefore the (un)realized gains and losses from swaps and swaptions as a whole are accounted for in liabilities arising from insurance contracts, in accordance with the shadow accounting policy, whereas the impact of changes in interest rates on the provisioning for Employee benefits based on IAS19 is part of actuarial gains and losses that are recognized in equity (see note 5.5.8.3).

The non-qualifying assets, which are managed by a group company, are not presented as part of the net defined benefit obligation. At year-end 2016, the fair value of these assets amounted to € 2,498 million (2015: € 2,419 million), which includes the separate account to fund future inflation indexation amounting to € 327 million (31 December 2015: € 306 million). As mentioned above, the swaps and swaptions have not been allocated directly to the post-employment benefit obligations; neither are they included as part of the fair value of the non-qualifying assets managed by the group company.

Under IFRS, assets managed by insurance companies that form part of the group do not qualify as qualifying assets. Investment income from these assets has therefore not been included in the above figures. Actual investment returns for 2016 amounted to € 71 million (2015: € 113 million), which includes the investment income on the separate account to fund future inflation indexation amounting to € 3 million (2015: € 5 million). These returns have been recognized in investment income (chapter 5.6.2).

As an employer, a.s.r. is expected to pay contributions for pension plans and other post-employment benefits in the coming financial year amounting to € 105 million (excluding the positive effect of the investment income) and € 0.1 million respectively.

The separate account to fund future inflation indexation is expected to be utilized in ten years to fund the future inflation indexation for the employees and former employees included in the ASR Nederland N.V. post-employment benefit plans. As such this has been included in the assumption used in calculating the defined benefit obligation.

5.5.11.2 Post-employment benefits other than pensions

The other post-employment benefits defined plans consist of personnel arrangements for financial products (such as mortgages and health insurance), which remain in place after retirement.

Movements in the defined benefit obligation

	2016	2015
Defined benefit obligation at 1 January	**28**	**29**
Included in income statement		
Other	-2	-
Total	**-2**	**-**
Remeasurement of liabilities included in OCI		
Discount rate change	-	-1
Other assumptions change	2	-1
Total	**2**	**-2**
Benefits	-1	-1
Other	-	2
Defined benefit obligation at 31 December	**27**	**28**
Specified as follows:		
ASR Nederland N.V.	27	28

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions.

	2016	2015
Experienced adjustments to defined benefit obligation, loss (gain)	-2	-
As a % of liabilities as at 31 December	-6.6%	1.7%

Principal actuarial assumptions and parameters at year-end

	2016	2015
Discount rate	0.9%	1.4%
Future mortgage interest (in connection with grantable discounts)	2.0%	2.5%

In the calculation of the defined benefit obligation the:

- Discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The discount rate methodology is based on the IBoxx € Corporates AA 10+ curve;
- Most recent mortality table 'AG Prognosetafel 2016' is used, in combination with the latest the 'CVS Sterftestatistiek Pensioenen 2006-2015' for experience factors.

All methods used for determining the DBO and assumptions are consistent with those applied in 2015.
The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amounts of € -1 million increase or € 1 million decrease as a result of a movement of the discount rate by 1%.

5.5.11.3 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-service benefits.

Movement of other long-term employee benefits

	2016	2015
Net liability as at 1 January	**12**	**7**
Total expenses	1	6
Other	-3	-1
Net liability as at 31 December	**10**	**12**
Specified as follows:		
- ASR Nederland N.V.	10	12

Underlying assumptions

Actuarial year-end assumptions	31 December 2016	31 December 2015
Discount rate	0.4%	1.0%
Salary increases	1.0%	1.4%
Expected remaining service years	7.7	7.9

5.5.12 Provisions

Movements in provisions

	2016	2015
At 1 January	50	38
Additional foreseen amounts	41	43
Reversal of unused amounts	-2	-2
Usages in course of year	-40	-17
Other changes	-	-1
Changes in the composition of the group	-	-11
At 31 December	**49**	**50**

The provisions were created for:

- Tax and legal issues;
- Staff restructuring expenses;
- Retention of disability risk instead of insuring it with UWV (Employed Persons Insurance Administration Agency); and
- Other expenses.

The provision for tax and legal issues is based on best estimates available at year-end, making allowance for expert opinions.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and the time required for the settlement of disputes.
The provisions for staff restructuring are based on arrangements agreed in the Collective Bargaining Agreement, restructuring plans, and on decisions made by a.s.r.'s management.
An amount of € 30 million of the provisions is expected to fall due within one year (2015: € 37 million).

5.5.13 Borrowings

See accounting policy Z.
As at year-end 2016, borrowings comprised loans having the following terms to maturity:

Borrowings comprised loans

	31 December 2016	31 December 2015
Falling due within 1 year	26	21
Falling due between 1 and 5 years	73	24
Falling due after 5 years	15	10
Total borrowings	**114**	**55**

At year-end 2016, the fair value of borrowings was € 114 million (2015: € 55 million). See chapter 5.7.1.2. The average interest rate payable on other borrowings was 2.19% (2015: 2.28%).

5.5.14 Due to customers

Amounts due to customers

	31 December 2016	31 December 2015
Debts to policyholders, agents and intermediaries	509	561
Debts to reinsurers	16	29
Savings	883	799
Other deposits	503	371
Total due to customers	**1,911**	**1,760**

For information regarding the fair value, see chapter 5.7.1.2.

5.5.15 Due to banks

The amounts due to banks increased from € 1,804 million to € 2,835 million primarily as a result of cash collateral received under ISDAs concluded with counterparties (see chapter 5.5.5.5 Cash and cash equivalents). There is no significant difference between the carrying amount and the fair value of these liabilities (see chapter 5.7.1.2).

In order to increase its financial flexibility and take advantage of the current favourable market conditions, a.s.r. decided to increase the existing unsecured revolving facility with ABN AMRO by € 100 million to € 350 million with a duration of two years in August 2016. These borrowings are used for investment purposes (property, group pension contracts), for balance sheet management, and for short-term cash flow management.

The average interest rate for the cash collateral received in 2016 is -0.32% (EONIA) (2015: -0.11%). There are no specific terms and conditions, because these depend on the development of the value of the underlying instrument.

a.s.r. has bonds that have been transferred as a result of reverse repurchase agreements, but do not qualify for derecognition amounting to € 103 million (2015: nil).

Cash collateral paid for reverse repurchase agreements is recognized under cash and cash equivalents (see chapter 5.5.5.5). Cash collateral received for repurchase agreements is recognized under due to banks.

5.5.16 Other liabilities

Other liabilities

	31 December 2016	31 December 2015
Deferred income	92	95
Accrued interest	71	94
Other liabilities	432	440
Short-term employee benefits	16	50
Trade payables	86	150
Tax payable	130	141
Total other liabilities	**827**	**970**

The other liabilities of € 432 million (2015: € 440 million) consist amongst others of payables, accruals related to investments and construction depots for rural housing mortgages.

There is no difference between the carrying value of other liabilities and their fair value (see chapter 5.7.1.2).

5.6 Notes to the consolidated income statement

5.6.1 Gross insurance premiums

See accounting policy AA.

Composition of gross insurance premiums

	2016	2015
Non-life insurance contracts – gross earned premiums	**2,491**	**2,366**
Life insurance contracts retained exposure	1,341	1,172
Life insurance contracts on behalf of policyholders	554	570
Total life insurance contracts	**1,895**	**1,742**
Total gross insurance premiums	**4,386**	**4,108**

The table below provides an overview of total gross earned non-life insurance premiums. For further details on the individual business lines, see the segment information in chapter 5.4.

Gross earned premiums Non-life

Premiums non-life	2016	2015
Gross premiums written	2,433	2,350
Changes in provisions for unearned premiums	58	16
Non-life insurance contracts - gross earned premiums	**2,491**	**2,366**

Non-recurring and regular life insurance premiums

Premiums life	2016	2015
Retained exposure Group		
Non-recurring premiums written	237	440
Periodic premiums written	202	181
Group total	**439**	**621**
Retained exposure Individual		
Non-recurring premiums written	417	96
Periodic premiums written	485	455
Individual total	**902**	**551**
Total contracts retained exposure	**1,341**	**1,172**
On behalf of policyholders Group		
Non-recurring premiums written	43	30
Periodic premiums written	257	246
Group total	**300**	**276**
On behalf of policyholders Individual		
Non-recurring premiums written	2	4
Periodic premiums written	252	290
Individual total	**254**	**294**
Total contracts on behalf of policyholders	**554**	**570**
Total life insurance contracts	**1,895**	**1,742**

Total life insurance contract premiums include the elimination of € 88 million in premiums related to the a.s.r. post-employment benefit plans (2015: € 53 million) and the elimination of investment fees amounting to € 30 million (2015: € 34 million). The Non-recurring premiums written Individual increased to € 417 million in 2016, mainly resulting from the increase in the funeral portfolio (single premium of € 323 million).

5.6.2 Investment income

See accounting policy BB.

Breakdown of investment income per category

	2016	2015
Interest income	1,117	1,124
Dividend and other investment income	239	235
Total investment income	**1,356**	**1,359**

Breakdown of interest income per category

	2016	2015
Interest income from receivables due from credit institutions	156	153
Interest income from investments	466	501
Interest income from amounts due from customers	287	255
Interest income from trade receivables and derivatives	198	212
Other interest income	10	3
Total interest income	**1,117**	**1,124**

The effective interest method has been applied to an amount of € 901 million of the interest income from financial assets not classified at fair value through profit and loss (2015: € 893 million). Interest income includes € 16 million (2015: € 15 million) in interest received on impaired fixed-income securities.

Dividend and other investment income per category

	2016	2015
Dividend on equities	62	45
Rentals from investment property	115	124
Other investment income	62	66
Total dividend and other investment income	**239**	**235**

5.6.3 Realized gains and losses

See accounting policy CC.

Realized gains and losses per category

	2016	2015
Group companies, associates and joint ventures		
- Realized gains	-	2
Investments available for sale		
Fixed-interest securities		
- Realized gains	613	504
- Realized losses	-14	-8
Equities		
- Realized gains	78	246
- Realized losses	-33	-28
Loans and receivables		
- Realized losses	-5	-
Total realized gains and losses	**639**	**716**

Reversal of impairments on fixed-interest securities as a result of disposal amounts to € 2 million (2015: € 3 million).

5.6.4 Fair value gains and losses

See accounting policy DD.

Fair value gains and losses per category

	2016	2015
Realized gains and losses on derivatives	-2	747
Unrealized gains and losses on derivatives	796	-1,181
Gains and losses on investment property and property for own use	130	138
Financial assets at fair value through profit and loss	2	40
Other fair value gains and losses	-1	-1
Additions to Insurance liabilities due to shadow accounting (chapter 5.5.10)	-804	1,179
Total fair value gains and losses	**121**	**922**

All changes in fair value presented here are changes to the so-called 'clean fair value'. This is the fair value net of accrued interest recognized in interest income and expense.

5.6.5 Fee and commission income

See accounting policy FF.

Total fee and commission income amounts to € 59 million (2015: € 52 million) of which € 34 million (2015: € 26 million) commission income from reinsurance.

5.6.6 Other income

Other income

	2016	2015
Proceeds from sales of property developments	21	49
Other income	147	36
Total other income	**168**	**85**

In 2016, the item Other income includes a past service cost related to the amendment to the a.s.r. post–employment benefit plans amounting to € 100 million (see chapter 5.5.11.1).

5.6.7 Net insurance claims and benefits

See accounting policy GG.

Net insurance claims and benefits

	2016	2015
Total Non-life and Life		
Insurance claims and benefits	-4,846	-5,527
Insurance claims and benefits recovered from reinsurers	120	291
Net insurance claims and benefits	**-4,726**	**-5,236**
Non-life		
Claims paid	-1,826	-1,714
Change in provision for outstanding claims	-91	-31
Insurance claims and benefits	**-1,917**	**-1,745**
Insurance claims and benefits recovered from reinsurers	116	79
Net insurance claims and benefits, Non-life	**-1,801**	**-1,666**
Life		
Claims paid	-2,240	-2,414
Changes in liabilities arising from insurance contracts	-733	-1,198
Changes in liabilities arising from insurance contracts on behalf of policyholders	56	-156
Amortization of VOBA (chapter 5.5.1)	-12	-14
Insurance claims and benefits	**-2,929**	**-3,782**
Insurance claims and benefits recovered from reinsurers	4	212
Net insurance claims and benefits, Life	**-2,925**	**-3,570**

5.6.8 Operating expenses

See accounting policy HH.

Operating expenses

	2016	2015
Salaries and wages	-220	-213
Social security contributions	-30	-28
Employee benefit charges	-38	-46
Employee discounts	-5	-
Other short-term employee benefits	-8	-6
Total cost of own staff	**-301**	**-293**
Cost of external staff	-74	-79
Consultancy costs and fees	-86	-99
Marketing, advertising and public relations expenses	-14	-16
Technology and system costs	-49	-48
Amortization of other intangible assets (chapter 5.5.1)	-1	-1
Depreciation of property, plant and equipment (chapter 5.5.2)	-10	-10
Other operating expenses	-34	-29
Total other operating expenses	**-268**	**-282**
Total operating expenses	**-569**	**-575**

Operating expenses 2016 decreased to € 569 million (2015: € 575 million), despite increase in costs as a result of acquisitions (see chapter 5.4.5), cost incurred to acquire these business and costs incurred for the preparation of the privatization.

Other operating expenses include travel and subsistence, telephone and personnel training expenses.

The segmentation of a.s.r.'s workforce at 31 December

Segments	2016	2015
Non-life	1,460	1,260
Life	666	620
Banking and Asset Management	268	212
Distribution and Services	390	517
Holding and Other	1,356	1,610
Real Estate Development	20	29
Total employees	**4,160**	**4,248**

The total work force decreased to 4,160 FTE (2015: 4,248 FTE). The 'total work force' consists of the number of internal and external FTEs. The number of internal FTE decreased to 3,461 FTE (2015: 3,650 FTE) as a result of continuing cost-cutting programmes and the sale of B.V. Nederlandse Hulpverleningsorganisatie SOS International per 25 January 2016 within the segment Distribution and Services. The number of external FTE increased to 699 FTE (2015: 598) due to several projects in 2016.

In the presentation of the a.s.r.'s workforce per segment employees related to administrative expenses and overheads are allocated to segment Holding and Other.

5.6.9 Impairments

See accounting policy JJ.

Summary of impairments

	2016	2015
Property, plant and equipment (chapter 5.5.2)	-	5
Associates and joint ventures (chapter 5.5.4)	-	-3
Investments available for sale (chapter 5.5.5.1)	1	14
Loans and receivables (chapter 5.5.5.3)	11	12
Total impairments	**12**	**28**

Changes in impairments of investments available for sale

	2016	2015
Equities	-27	-5
Bonds	-	-7
Reversal of impairments on collateralized debt obligations	9	25
Reversal of impairments on bonds	19	1
Total impairments in investments	**1**	**14**

The impairments of the equities are more than off-set by the reversal of impairments on the collateralized debt obligations and bonds.

5.6.10 Interest expense

Breakdown of the interest expense

	2016	2015
Interest on employee benefits	-70	-61
Interest on derivatives	-125	-150
Interest owed to banks	-14	-9
Interest owed to customers	-16	-14
Interest on subordinated liabilities	-25	-7
Interest on borrowings	-2	-2
Other interest expenses	-6	12
Total interest expenses	**-258**	**-231**

5.6.11 Other expenses

Other expenses

	2016	2015
Costs associated with sale of development property	-23	-134
Operation expenses of investment property	-29	-28
Other expenses	-82	-78
Total other expenses	**-134**	**-240**

The costs associated with sale of development property include an amount of nil (2015: € 91 million) related to impairments on land and property development projects held as other assets.

5.6.12 Income tax expense

See accounting policy KK.

Income tax expense

	2016	2015
Current tax for financial year	-187	-453
Current taxes referring to previous periods	-11	32
Total current tax	**-198**	**-421**
Deferred tax for financial year	1	264
Total deferred tax	**1**	**264**
Income tax expenses	**-197**	**-157**

The table below shows a reconciliation of the expected income tax expense with the actual income tax expense. The expected income tax expense is determined by applying the tax rate in the Netherlands to the profit before tax. In 2016, this rate was 25.0% (2015: 25.0%). The enacted tax rate for 2017 will be 25.0%.

Reconciliation of expected income tax expense with the actual income tax expense

	2016	2015
Profit before tax	838	806
Current tax rates	25%	25%
Expected income tax expense	**-210**	**-202**
Effects of:		
Tax-exempt interest	5	6
Tax-exempt dividends	3	4
Tax-exempt capital gains	5	22
Changes in impairments	-	-1
Adjustments for taxes due on previous financial years	2	36
Other effects	-2	-22
Income tax expenses	**-197**	**-157**

The profit is almost entirely earned and taxable in the Netherlands. The effective income tax rate is 23.5% (2015: 19.5%).

Adjustments for taxes due on previous financial years amounting to € 2 million (2015: € 36 million). The amount of € 36 million in 2015 is mainly related to foreign withholding taxes and a release of a provision relating to income derived from investments on behalf of policyholders to which the participation exemption was applied.

5.7 Other notes

5.7.1 Fair value of assets and liabilities

See accounting policy B.

5.7.1.1 Recurring fair value measurement of financial assets and liabilities

Breakdown of financial assets and liabilities measured at fair value (recurring basis)

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

31 December 2015	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 available for sale				
Government bonds	11,962	-	-	11,962
Corporate bonds	8,867	581	-	9,448
Debt certificates covered by mortgage	260	-	-	260
Debt certificates covered by other assets	110	-	-	110
Equities	2,679	326	42	3,047
Other participating interests	1	-	-	1
Other investments	102	-	-	102
	23,981	**907**	**42**	**24,930**
Investments at fair value through profit and loss				
Unlisted equities	-	-	59	59
Listed equities	74	-	-	74
	74	**-**	**59**	**133**
Derivatives				
Exchange rate contracts	-	-	-	-
Interest rate contracts	-	2,165	-	2,165
Equity index contracts	31	-	-	31
Inflation linked swaps	-	-	-	-
Total assets	**31**	**2,165**	**-**	**2,196**
Exchange rate contracts	-	-2	-	-2
Interest rate contracts	-	-369	-	-369
Futures	-	-	-	-
Inflation linked swaps	-	-6	-	-6
Total liabilities	**-**	**-377**	**-**	**-377**
	31	**1,788**	**-**	**1,819**
Cash and cash equivalents	**2,629**	**-**	**-**	**2,629**
Investments on behalf of policyholders				
Government bonds	1,215	-	-	1,215
Corporate bonds	1,390	-	-	1,390
Derivatives	-	-	-	-
Listed equities	3,469	-	-	3,469
Listed equity funds	1,476	-	-	1,476
Investment property	-	-	205	205
Other investments	-	169	-	169
	7,550	**169**	**205**	**7,924**
Total	**34,265**	**2,864**	**306**	**37,435**

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

Reclassification between categories during 2016

2016	To level 1	To level 2	To level 3	Total
From:				
Level 1: Fair value based on quoted prices in an active market	-	395	-	395
Level 2: Fair value based on observable market data	102	-	8	110
Level 3: Fair value based not based on observable market data	-	1	-	1

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

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

Fair value of financial assets classified as fair value through profit and loss

	2016	2015
At 1 January	264	301
Changes in value of investments, realized/unrealized gains and losses:		
- Fair value gains and losses (see chapter 5.6.4)	-3	-2
Purchases	42	23
Sales	-46	-31
Transfer between investments on behalf of policyholders and investment property	-2	-27
At 31 December	**255**	**264**
Total revaluations of investments, held at year-end, recognized in the income statement	-3	14

Fair value of financial assets classified as Available for Sale

	2016	2015
At 1 January	42	35
Changes in value of investments, realized/unrealized gains and losses:		
- Realized gains and losses (see chapter 5.6.3)	3	14
- Recognized in Other comprehensive income (unrealized gains and losses)	8	-7
Purchases	115	61
Sales	-32	-53
Impairments	-1	-
Reclassification of investments from/to Level 3 valuation technique	8	-8
At 31 December	**143**	**42**

The main non-observable market input for the private equity investments 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.

The sensitivities of the investment property held on behalf of the policyholders have been included in the sensitivities related to investment property included in chapter 5.7.1.3.

5.7.1.2 Financial instruments not measured at fair value for which the fair value is disclosed

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

Fair value of financial assets and liabilities

31 December 2016	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					
Due from customers	-	382	7,987	8,369	7,520
Due from banks	103	5,051	-	5,154	3,387
Trade and other receivables	-	561	-	561	561
Total financial assets	**103**	**5,994**	**7,987**	**14,084**	**11,468**
Financial liabilities					
Subordinated liabilities	531	-	-	531	497
Borrowing	-	114	-	114	114
Due to customers	863	1,080	-	1,943	1,911
Due to banks	2,760	75	-	2,835	2,835
Other liabilities	172	655	-	827	827
Total financial liabilities	**4,326**	**1,924**	**-**	**6,250**	**6,184**

31 December 2015	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					
Due from customers	-	376	7,200[1]	7,576	6,823
Due from banks	-	4,723	-	4,723	3,056
Trade and other receivables	-	601	-	601	601
Total financial assets	**-**	**5,700**	**7,200**	**12,900**	**10,480**
Financial liabilities					
Subordinated liabilities	502	-	-	502	497
Borrowing	-	55	-	55	55
Due to customers	1,170	590	-	1,760	1,760
Due to banks	1,805	-	-	1,805	1,805
Other liabilities	35	935	-	970	970
Total financial liabilities	**3,512**	**1,580**	**-**	**5,092**	**5,087**

Amounts due to customers and due to banks presented as level 1 primarily comprise savings and cash collateral received. The accrued interest included in other liabilities follows the classification of the underlying assets. Level 2 category financial assets relates primarily to savings-linked mortgage loans amounting to a fair value of € 4,514 million (2015: € 4,360 million).

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 spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates and includes assumptions for originating cost, proposal risk, and the options related to early redemption and moving.
The mortgage loan portfolio consists of high quality mortgages with a relatively fixed return, limited impairments and arrears (see chapter 5.5.5.3). The mortgage loan consists only of Dutch mortgages with a limited counterparty default risk in line with the strategic investment plan (see chapter 5.8.4).

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[1] Restated from level 2 to level 3.

5.7.1.3 Property (including land and buildings for own use)

The breakdown of the Investment property and land and buildings for own use in accordance with the fair value hierarchy, as explained in accounting policy B, is as follows:

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

31 December 2016	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
Investment property - Fair value model				
Retail	-	-	564	564
Residential	-	-	715	715
Rural	-	-	1,248	1,248
Offices	-	-	424	424
Development investment property	-	-	56	56
Other	-	-	50	50
	-	**-**	**3,057**	**3,057**
Investments on behalf of policyholders:				
Investment property (chapter 5.5.5.2)	**-**	**-**	**193**	**193**
Land and buildings for own use	-	-	149	149
Total	**-**	**-**	**3,399**	**3,399**

31 December 2015	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
Investment property - Fair value model				
Retail	-	-	605	605
Residential	-	-	677	677
Rural	-	-	1,154	1,154
Offices	-	-	176	176
Development investment property	-	-	14	14
Other	-	-	41	41
	-	**-**	**2,667**	**2,667**
Investments on behalf of policyholders:				
Investment property (chapter 5.5.5.2)	**-**	**-**	**205**	**205**
Land and buildings for own use	-	-	155	155
Total	**-**	**-**	**3,027**	**3,027**

The property portfolio is classified as a 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 fair value measurement is based on valuations by independent professional appraisers. These valuations have been performed for the entire portfolio of investment property and buildings for own use. Independent professional appraisers use reference transactions of comparable properties, in combination with the DCF and income capitalization method, to determine the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register ‘Kadaster’ and the rural land price monitor as published by the Dutch Government ‘Grondprijsmonitor’ in an active property market.

The property has a relatively fixed return (for vacancy levels see chapter 5.5.3.1). The property portfolio is well diversified and consists of residential, retail, offices and rural property, throughout the Netherlands. The retail portfolio focusses on high street locations with relative low vacancy levels. Investment property on behalf of policyholders primarily consist of retail property.

The movements in investment property measured at fair value (recurring basis) that are categorized within level 3 are presented in chapter 5.5.3 Investment property, 5.5.2 Property, plant and equipment and 5.7.1.1 Recurring fair value measurement of financial assets and liabilities.

Significant inputs to the Level 3 values are the net initial yield and market rental value. These inputs are verified with the following market observable data:

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

The table below discloses the sensitivities to non-observable market inputs for the property portfolio (excluding development investment property).

Unobservable and observable inputs used in determination of fair value

						Change in theoretical rental value			
31 December 2016	Fair value	Valuation technique	Gross theoratical rental value (€)		Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model									
Retail	564	DCF	36,912,238	mean	6.5%	-5%	-	30	59
			1,426,007	max	27.0%	0%	-28	-	28
			1,138	min	2.4%	5%	-54	-27	-
Residential	715	DCF	35,918,848	mean	5.6%	-5%	-	38	75
			1,348,890	max	10.2%	0%	-36	-	36
			1,009	min	1.9%	5%	-68	-34	-
Rural	1,248	DCF	28,918,002	mean	2.3%	-5%	-	66	131
			451,637	max	37.0%	0%	-62	-	62
			1,005	min	0.6%	5%	-119	-59	-
Offices	424	DCF	24,855,570	mean	12.8%	-5%	-	22	44
			7,458,561	max	23.3%	0%	-21	-	21
			3,380	min	3.6%	5%	-40	-20	-
Other	50	DCF	3,692,965	mean	8.0%	-5%	-	3	5
			2,516,430	max	13.7%	0%	-2	-	2
			1,261	min	4.0%	5%	-5	-2	-
Investments on behalf of policyholders: investment property	193	DCF	14,755,897	mean	7.5%	-5%	-	10	21
			2,060,915	max	21.7%	0%	-10	-	10
			726	min	2.8%	5%	-19	-9	-
Land and buildings for own use	149	DCF	8,950,000	mean	6.2%	-5%	-	8	15
			8,950,000	max	6.2%	0%	-7	-	7
			8,950,000	min	6.2%	5%	-14	-7	-
Total	**3,343**								

Unobservable and observable inputs used in determination of fair value (continued)

						Change in theoretical rental value			
31 December 2015	Fair value	Valuation technique	Gross theoratical rental value (€)		Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model									
Retail	605	Income capitalization	87,280,237	mean	5.4%	-5%	-	84	169
			1,895,151	max	21.5%	0%	-80	-	80
			3,246	min	3.4%	5%	-153	-76	-
Residential	677	DCF	43,045,384	mean	6.4%	-5%	-	36	71
			1,633,289	max	9.7%	0%	-34	-	34
			1,147	min	2.1%	5%	-64	-32	-
Rural	1,154	DCF	26,943,720	mean	2.3%	-5%	-	61	121
			1,101,872	max	29.8%	0%	-58	-	58
			100	min	1.0%	5%	-110	-55	-
Offices	176	DCF	22,477,252	mean	12.8%	-5%	-0	9	19
			7,839,593	max	23.6%	0%	-9	-	9
			4,651	min	7.7%	5%	-17	-8	-
Other	41	DCF	4,291,890	mean	10.5%	-5%	-	2	4
			2,505,426	max	13.6%	0%	-2	-	2
			7,753	min	4.6%	5%	-4	-2	-
Investments on behalf of policyholders: investment property	205	DCF	18,784,241	mean	9.2%	-5%	-	11	21
			2,234,638	max	23.6%	0%	-10	-	10
			12,959	min	4.0%	5%	-19	-10	-
Land and buildings for own use	155	DCF	13,217,401	mean	8.7%	-5%	-	8	16
			8,714,765	max	15.9%	0%	-8	-	8
			1,772,216	min	15.9%	5%	-14	-7	-
Total	**3,013**								

5.7.2 Related party transactions

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include NLFI and the Dutch State with control, associates, joint ventures, members of the Executive Board, members of the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity. a.s.r. has applied the partial exemption for government-related entities.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits and commissions, and are conducted on terms equivalent to those that prevail in arm's length transactions.

The remuneration of the a.s.r. Executive Board and Supervisory Board are described in chapter 5.7.3 (Remuneration of the a.s.r. Executive Board and Supervisory Board).

Positions and transactions between a.s.r., associates, joint ventures and other related parties.

The table below shows the financial scope of a.s.r.'s related party transactions:

- Associates;
- Joint ventures (and real estate development joint ventures);
- Other related parties.

Financial scope of a.s.r.'s related party transactions

2016	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Loans and receivables	7	-	1	8
Assets held for sale	-	6	-	6
Other assets	4	-	-	4
Transactions in the income statement for the financial year				
Interest income	2	-	-	2

2015	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Loans and receivables	6	4	2	12
Assets held for sale	-	15	-	15
Other assets	14	-	-	14
Other liabilities	17	-	-	17
Transactions in the income statement for the financial year				
Interest income	1	-	-	1

Provisions for impairment amounting to nil (2015: € 1 million) have been recognized on the loans and receivables.

a.s.r. is listed on Euronext Amsterdam since 10 June 2016. NLFI currently holds approximately 50,1% of the shares. As major shareholder of the issued exchangeable depository receipts, the Dutch State holds an equal indirect interest in a.s.r. NLFI is responsible for managing the shares and exercising all rights associated with these shares under Dutch law, including voting rights. However, material or principal decisions require the prior approval of the Dutch Minister of Finance, who will also be able to provide binding voting instructions with respect to such decisions. NLFI's objectives exclude disposing of or encumbering the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

In view of NLFI's position as the owner of a majority or a substantial part of the shares for some period of time after the listing, its special position under the NLFI Act and its intention to divest its shares over time, NLFI and a.s.r. have agreed on certain arrangements which are set forth in a Relationship Agreement.

In addition to the dividend paid in 2016 of € 170 million (2015: € 139 million) and the discretionary interest to holders of equity instruments of € 45 million in 2016 (2015: € 45 million) the Ministry of Finance charged a.s.r. for incurred expenses in relation to NLFI amounting to € 5 million (2015: € 2 million) which includes expenses related to the IPO. These expenses are recognized in the Consolidated income statement.

Mortgage loans to the Executive Board

Amounts in € thousands	Outstanding		Average intrest %		Settlement	
Executive directors	2016	2015	2016	2015	2016	2015
J.P.M. Baeten	-	624	3.2%	3.2%	624	37
M.H. Verwoest	871	878	3.3%	3.3%	7	8
Total	**871**	**1,502**	**-**	**-**	**631**	**45**

These mortgage loans held by the members of the Executive Board have been issued based on current employee conditions. The employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans higher than € 340 thousand arm's length conditions apply.
The insurance contracts held by the members of the Executive Board are subject to the normal employee conditions.

5.7.3 Remuneration of Supervisory Board and Executive Board

The remuneration of the executive and supervisory directors is determined in accordance with the current Articles of Association of ASR Nederland N.V.

5.7.3.1 Remuneration of Supervisory Board members

Annual remuneration for members of the a.s.r. Supervisory Board

Amounts in € thousand	2016			2015		
Supervisory Board member	As a Supervisory Board member	As a committee member	Total	As a Supervisory Board member	As a committee member	Total
C. van der Pol [1]	45	5	50	45	5	50
A.P. Aris [1]	30	15	45	30	5	35
C.H. van den Bos [2]	30	14	44	30	14	44
H.C. Hintzen [2,3]	30	14	44	-	-	-
M. Scheltema [2,4]	-	-	-	20	9	29
Total	**135**	**48**	**183**	**125**	**33**	**158**

5.7.3.2 Remuneration of current and former Executive Board members

The remuneration of the executive board members is in accordance with the 2016 remuneration policy.

In accordance with the remuneration law 'Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen', issued by the Dutch government, no variable remuneration has been disbursed to the executive directors for the period as from the 2011 a.s.r. financial year until the current 2016 a.s.r. financial year. In 2016 the fixed employee benefits of board members only increased with the annual CAO-index.

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[1] The amount as committee member also includes remuneration for services as member of the S&B (Selectie & Benoeming) and R (Remuneratie) committee amounting to € 5,000 per annum per member.

[2] The amount as a committee member also includes remuneration for services as supervisory board member of ASR Bank N.V. amounting to € 4,000 per annum per supervisory board member.

[3] Term of service started on 1 January 2016.

[4] Term of service ended on 1 September 2015.

Annual remuneration for members of the a.s.r. Executive Board

Amounts for 2016 in € thousand

Executive Board member	Fixed employee benefits [1]	Short-term variable employee benefits	Post-employment benefits	Pension benefits [2]	Expense allowance	Termination benefits	Long-term variable remuneration	Total
J.P.M. Baeten	540	-	-	273	3	-	-	816
H.C. Figee	424	-	-	73	3	-	-	500
K.T.V. Bergstein	414	-	-	121	3	-	-	538
M.H. Verwoest	429	-	-	111	3	-	-	543
Total	**1,807**	**-**	**-**	**578**	**12**	**-**	**-**	**2,397**

Amounts for 2015 in € thousand

Executive Board member	Fixed employee benefits [1]	Short-term variable employee benefits	Post-employment benefits	Pension benefits [2]	Expense allowance	Termination benefits	Long-term variable remuneration	Total
J.P.M. Baeten	533	-	-	287	3	-	-	823
H.C. Figee	424	-	-	88	3	-	-	515
K.T.V. Bergstein	405	-	-	139	3	-	-	547
M.H. Verwoest	412	-	-	132	3	-	-	547
Total	**1,774**	**-**	**-**	**646**	**12**	**-**	**-**	**2,432**

5.7.4 Contingent liabilities and assets

5.7.4.1 Claims and disputes

The group is a respondent in a number of claims, disputes and legal proceedings arising from the normal conduct of business.

Provisions are formed for such occurrences if, in management's opinion and after consultation with its legal advisers, a.s.r. is likely to have to make payments and the payable amount can be estimated with sufficient reliability. The costs of the compensation scheme for unit-linked insurance contracts have been fully recognized in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognized in the liabilities arising from insurance contracts and legal provisions (see chapter 5.5.10).

Dutch insurers see an increase in insurance policies complaints/claims based on grounds other than cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However, because the book of policies of a.s.r. dates back many years, contains a variety of products with different features and conditions and because of the current lack of legal precedents, no reliable estimation can be made regarding the timing and the outcome the current and future legal proceedings. Therefore, the potential risks and the effects upon a.s.r.'s financial position and business cannot be reliably estimated or quantified at this time. Currently there are no indications that a provision would be necessary for a.s.r.

As for other claims and legal proceedings, against a.s.r. known to management (and for which, in accordance with the defined principles, no provision has been formed), management believes, after having sought expert advice, that these claims have no chance of success, or that a.s.r. can successfully mount a defence against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r.

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[1] The fixed employee benefits of the three ordinary executive board members are similar and amount to € 410 thousand in 2016. Variations arise as a result of the fiscal treatment of lease cars depending on the price and private use of the car and a change in the fiscal treatment of mortgage related interest benefits.

[2] The decrease in annual pension expenses is caused by an increase of the interest rates. The calculation of the annual pension expenses is based on the total granted pension rights during the term of service at a.s.r. Further changes in the cost of pension benefits are mainly the result of the impact of age, term of service, gender and age differentiated disability, mortality and other actuarial assumptions. The pension costs include pensions based on maximum pensionable salary cap, compensation for maximum pensionable salary cap (at employees discretion to be utilized for pensions) amounting to € 209 thousand (2015: € 205 thousand) in total, and VPL. The 2015 pension benefits of H.C. Figee have been restated as a result of a recalculation of the individual service cost allocation to 2015.The pension costs include pensions and VPL.

5.7.4.2 Investment obligations and guarantees

Investment obligations for an amount of € 245 million (2015: € 133 million) and guarantees to third parties for a total amount of nil (2015: € 330 million) have been assumed / issued for investment property. The guarantees to third parties as of December 2015 expired on 30 June 2016.

Investment obligations and guarantees to third parties for a total amount of € 334 million (2015: € 422 million) have been issued, for real estate development projects and the acquisition of property. Those guarantees were issued by principals for the execution of projects for the benefit of clients.

Furthermore, ASR Nederland N.V. issued a guarantee to Stichting Het nederlandse pensioenfonds. On 31 December 2016, this guarantee amounts to € 4 million (2015: nil).

5.7.4.3 Lease commitments

Commitments for non-cancellable operating leases as at 31 December

Lease commitments	2016	2015
No later than 3 months	1	1
Later than 3 months and no later than 1 year	4	3
Later than 1 year and no later than 5 years	9	9
Later than 5 years	-	-
Total	**14**	**13**

Other commitments have been entered into primarily for facility and ICT contract related to an amount of € 53 million (2015: € 78 million).

Annual lease costs

	2016	2015
Lease payments	7	7

5.7.4.4 Expected future rental income

Expected minimum future rental income on non-cancellable investment property lease as at 31 December

	2016	2015
No later than 1 year	76	67
Later than 1 year and no later than 5 years	205	186
Later than 5 years	118	73
Total	**399**	**326**

The investments properties in the different markets retail, residential, offices and rural are leased to third parties, consisting of various lease terms in a range between shorter than one year and undetermined period with competitive rents mostly indexed to consumer prices.

5.7.5 Events after the balance sheet date

Other than the disclosure related to the share disposal by NLFI in January 2017, as described in chapter 5.5.8.1, there have been no material events after the balance sheet date that would require adjustment to the consolidated financial statements of a.s.r. as at 31 December 2016.

5.7.6 List of principal group companies and associates

Principal group companies and associates

Company name	Equity interest	Rate of control	Seat	Segment
ASR Aanvullende Ziektekostenverzekeringen N.V. [1,2]	100.00	100.00	Amersfoort	Non-life
ASR Basis Ziektekostenverzekeringen N.V. [1,2]	100.00	100.00	Amersfoort	Non-life
ASR Schadeverzekering N.V. [1,2]	100.00	100.00	Utrecht	Non-life
ASR Ziektekostenverzekeringen N.V. [1]	100.00	100.00	Amersfoort	Non-life
ASR Wlz-uitvoerder B.V. [2]	100.00	100.00	Utrecht	Non-life
ASR Nederland Vastgoed Maatschappij N.V. [1]	100.00	100.00	Utrecht	Life / Non-life
ASR Levensverzekering N.V. [1,2]	100.00	100.00	Utrecht	Life
Deltafort Beleggingen I B.V.	50.00	50.00	Amsterdam	Life
Sycamore 5 B.V. [1]	100.00	100.00	Utrecht	Life
Sycamore 6 B.V. [1]	100.00	100.00	Utrecht	Life
ASR Bank N.V. [3]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Hypotheken B.V. [1]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Nederland Beleggingsbeheer N.V. [3]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Vastgoed Vermogensbeheer B.V. [1,3]	100.00	100.00	Utrecht	Banking and Asset Management
Dutch ID B.V.	100.00	100.00	Amsterdam	Distribution and Services
Felison Assuradeuren B.V. [3]	100.00	100.00	Velsen	Distribution and Services
Boval Assurantiën B.V. [3]	100.00	100.00	Badhoevedorp	Distribution and Services
Boval Flexis Pensioen B.V. [3]	50.00	50.00	Zoetermeer	Distribution and Services
Het AssuradeurenHuys B.V. [3]	100.00	100.00	Haarlem	Distribution and Services
PoliService B.V. [3]	100.00	100.00	Zeist	Distribution and Services
Van Kampen Groep Holding B.V. [3]	100.00	100.00	Purmerend	Distribution and Services
Van Kampen Geld B.V. [3]	100.00	100.00	Purmerend	Distribution and Services
Supergarant Verzekeringen B.V. [3]	100.00	100.00	Bilthoven	Distribution and Services
Corins B.V. [3]	100.00	100.00	Amsterdam	Distribution and Services
Brand New Day Premiepensioeninstelling N.V. [3,6]	55.00	55.00	Amsterdam	Holding and Other
ASAM N.V. [1]	100.00	100.00	Utrecht	Holding and Other
ASR Deelnemingen N.V. [1]	100.00	100.00	Rotterdam	Holding and Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Holding and Other
ASR Pension Fund Services N.V. [1]	100.00	100.00	Utrecht	Holding and Other
ASR Service Maatschappij N.V. [1]	100.00	100.00	Rotterdam	Holding and Other
ASR Betalingscentrum B.V. [1]	100.00	100.00	Utrecht	Holding and Other
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V. [1]	100.00	100.00	Amersfoort	Holding and Other
ASR Vermogensbeheer B.V.	100.00	100.00	Utrecht	Holding and Other
ASR Vastgoed Projecten B.V. [4]	100.00	100.00	Utrecht	Real Estate Development
ASR Vastgoed Ontwikkeling N.V. [5]	100.00	100.00	Utrecht	Real Estate Development

The principal group companies and associates are located in the Netherlands.
For notes to equity interests in associates and joint ventures, see chapter 5.5.4. The list of equity interests which are required under Sections 379 and 414, Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

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[1] These are companies for which a statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued.

[2] Registered insurance companies.

[3] Other Wft registered companies.

[4] Activities are divided into continuing activities and discontinuing activities.

[5] Discontinued operations.

[6] Joint venture.

5.7.7 Profit appropriation

The Executive Board will propose to the Annual General Meeting of Shareholders to distribute € 187 million in dividend on ordinary shares for 2016.

5.8 Risk Profile

Risk management is an integral part of our daily business activities. a.s.r applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that obligations towards our stakeholders are met. Risk management supports a.s.r. in the identification, measurement and management of risks and monitors to ensure adequate and immediate actions are taken in the event of changes in a.s.r.'s risk profile.

a.s.r. is exposed to the following types of risks: market risk, counterparty default risk, insurance risk, strategic risk and operational risk. The risk appetite is formulated at both Group and legal entity level and establishes a framework that supports an effective selection of risks.

a.s.r. strives to find an optimal tradeoff between risk and return, also known as value steering. Value steering is applied in decision-making throughout the entire product cycle: from PARP (Product Approval Review Process) to the payment of benefits and claims. At the more strategic level, decision-making takes place through balance sheet management.
A robust solvency position takes precedence over profit, premium income and direct investment income. Risk tolerance levels and limits are captured in the financial risk appetite statements (financial RAS) and monitored by the Financial Risk Committee (FRC). The FRC evaluates financial risk positions against the RAS on a monthly basis. Where appropriate, further mitigating measures are taken. Decisions that may have significant impact are made by the a.s.r. Risk Committee.

As of 1 January 2016 the Solvency II regime is in place. a.s.r. measures its risks based on the standard model as prescribed by the Solvency II regime and therefore the risk management framework and this chapter are fully in aligned with Solvency II. The Solvency Capital Requirement (SCR) is determined as the change in own funds caused by a predetermined shock which is calibrated to a 1-in-200 year event. The basis for these calculations are the Solvency II technical provisions which are calculated as the sum of a best estimate and a risk margin.

5.8.1 Risk management system including the own risk and solvency-assessment Risk Management System

It is of great importance to a.s.r. that risks within all business lines are timely and adequately controlled. In order to do so, a.s.r. has implemented a Risk Management framework based on internationally recognized and accepted standards (such as COSO ERM and ISO 31000:2009 risk management principles and guidelines). With the aid of this framework, material risks that a.s.r. is, or can be, exposed to are identified, measured, managed, monitored and evaluated. The framework is both applicable to a.s.r. Group and the underlying business entities.

5.8.1.1 Enterprise Risk Management Framework

The framework below is the risk management framework as applied within a.s.r.

Enterprise Risk Management Framework

Risk strategy (incl. risk appetite)
a.s.r.'s risk strategy aims to ensure that decisions are made within the boundaries of the risk appetite, as stipulated annually by the Executive Board and the Supervisory Board. The risk appetite is the level of risk that a.s.r. is prepared to take (see 'Risk strategy and risk appetite').

Risk governance
a.s.r. employs a risk governance framework that entails the tasks and responsibilities of the risk management organization and the structure of the Risk committee.

Systems and data
In order to report the correct figures and to apply risk-mitigating measures timely, it is of vital importance to have qualitatively adequate data and systems. To ensure this, a.s.r. had developed policies for data quality in line with Solvency II. Tools, models and systems are implemented to support the risk management process by giving guidance and insight in the key risk indicators, risk tolerance levels, boundaries and actions and remediation plans to mitigate risks.

Risk policies and procedures
The classification of risks within a.s.r. is performed in line with the Solvency II risks. Each risk category consists of a policy that explains how risks are identified, measured and controlled within a.s.r.

Risk culture
Risk culture is an important subject that emphasizes the human side of risk management. The Executive Board has a distinguished role in expressing the appropriate norms and values (tone at the top). a.s.r. employs several measures to increase the risk awareness and, in doing so, the risk culture.

Risk management process

The risk management process explains the central steps for the implementation of the risk strategy. Through five steps the risks within the company can be effectively managed. These steps include: 1) identify risks; 2) measure risks; 3) manage risks; 4) monitor and report on risks; and 5) evaluate the risk profile and risk management framework.

Risk strategy and risk appetite

The risk strategy of a.s.r. aims to ensure that management decisions lead to a risk profile that remains in line with the mission of the organization. The risk strategy entails all processes to manage identified risks and to take advantage of opportunities that come around. In order to achieve this, a risk appetite is established so that the risk profile can be managed within the boundaries as determined by the Executive Board and approved by the Supervisory Board. These risk boundaries are set with the goal of remaining a solid insurance company with the right balance between risk and return. The risk appetite describes the level of risk a.s.r. is prepared to take to realize the strategic goals. Risk exposures are actively managed to ensure that the risks will stay within the defined limits.

The risk appetite represents the level of risk a.s.r. is willing to take for the realization of its strategic goals, with a sound balance between risk and return. Risk appetite is defined at both group level and at legal entity level for financial and non-financial risks. Risk tolerances, limits and targets are set for all risk appetite statements. Objectives of the risk appetite are:

- To serve as an important steering instrument on a daily basis: a pragmatic approach at both group-, legal entity- and business unit level. This helps to develop a vision with respect to risk, which is used in the day-to-day decision-making process;
- To link the risk appetite to the strategic pillars, in order to indicate a.s.r.'s willingness to take risks.

The risk appetite is based on a.s.r.'s mission, vision and strategy, determined by the Executive Board. The overall mission is to offer transparent insurance solutions as a trusted partner to customers, while creating sustainable and stable value for a.s.r's stakeholders. This mission is translated into the prioritization of simple and transparent products, clear communication and fair treatment of customers. The strategy is derived from the mission and is based on four pillars: fulfilling customer needs, pricing discipline and underwriting excellence, cost effectiveness and maintaining a cash generating business model. The Group strives to execute these four strategic pillars within all of the Group's segments.

Meeting customers' needs

The Group aims to offer customers simple, transparent products that fulfil their needs.

Excellence in pricing, underwriting and claims handling

The Group intends to maintain a disciplined pricing strategy focusing on further deepening its knowledge of customer behavior and continuing to enhance and further develop its experience and skills in respect of pricing, underwriting and claims handling.

Cost effectiveness

The Group aims to continuously focus on effectively managing its costs.

Cash-generating business model

The Group's objective is to maintain its operation on a cash-generating business model backed by a sound investment policy and investment mix to deliver robust, high-quality earnings underpinned by strong capital generation.

The strategic pillars are translated in key risk appetite pillars that represent the focus points supporting the realization of the strategic objectives from a risk management perspective. The figure below illustrates the key risk appetite pillars. Consequently, these risk appetite pillars are the basis for the establishment of risk appetite statements.

<table>
<tr><td colspan="2"></td><td colspan="3">Strategic pillars</td><td></td><td colspan="2">Monitoring</td></tr>
<tr><td colspan="2"></td><td>Consumer interests</td><td>Financial solid</td><td>Efficient</td><td></td><td colspan="2">Committee</td></tr>
<tr><td rowspan="5">Risk appetite pillars</td><td>Capital</td><td colspan="3">Adequate solvency
Adequate capital buffers and financial power to facilitate future developments and continuously meet requirements of policy holders, supervisors and rating agencies. Ensuring the capital buffer is suffcient to maintain an ‘A’ rating.</td><td rowspan="5">Risk appetite statements</td><td rowspan="3">Financial Risk Committee
Business Risk Committee</td><td rowspan="5">a.s.r. Risk Committee
a.s.r. Audit & Risk Committee</td></tr>
<tr><td>Value & Return</td><td colspan="3">Value & Return: Adequate profit take priority over turnover
Value creation by efficient allocation of capital resulting in realizing value and return objectives. This will safeguard the efficiency of business operations and continuity of a.s.r. in the long term.</td></tr>
<tr><td>Liquidity</td><td colspan="3">Adequate liquidity
Maintaining financial flexibility through solid liquidity. This liquidity position must ensure that a.s.r. is always able to meet its payment obiligations, also in a situation of stress.</td></tr>
<tr><td>Reputation & Operational</td><td colspan="3">Responsibility towards our stakeholders
Maintaining continuity by accepting only risks that a.s.r. understands and by efficient, controlled and integer business operations. Ensuring customer satisfaction, and offering safety and reliability in the long run while maintaining a good reputation.</td><td rowspan="2">Non-financial Risk Committee
Business Risk Committee</td></tr>
<tr><td>Governance</td><td colspan="3">Sustainability and balanced consideration of all interests of our stakeholders
A balanced governance which ensures that all interests of our stakeholders are taken into account in a sustainable and balanced way.</td></tr>
</table>

Through a top-down strategic risk analysis at group level and bottom-up control risk self assessments from the legal entities the most important strategic risks are identified. For each of these risks an estimation of the probability and impact is made to prioritize the risks. The outcomes of these analyses are input for defining the level of risk the organization is willing to take in order to achieve strategic goals. The risk appetite is formulated to provide steering and direction to the management of the strategic risks. The risk appetite contains a number of qualitative and quantitative risk statements. The statements point out the risk preferences and tolerances of the organization and are viewed as key elements for the realization of our strategy. With the use of hard and soft limits the boundaries for accepting risks are objective and evident. Soft limits are used as early warning signals to prevent risk taking beyond the hard limits. The performance against these statements is monitored in the risk committees. The statements and limits are evaluated regularly to maintain alignment with the strategy.

Risk governance

a.s.r.'s risk governance could be described by:

- Risk ownership;
- The implemented three lines of defense model and associated (clear delimitation of) tasks and responsibilities; and
- The risk committee structure to ensure adequate strategic decision making.

Risk ownership

The Executive Board has the final responsibility for risk exposures and management within the organization. Part of the responsibilities have been delegated to persons that manage the divisions where the actual risk-taking takes place. Risk owners are accountable for one or more risk exposures that are inextricably linked to the department or product line they are responsible for. Through the risk committee structure, risk owners provide accountability on 'their' risk exposures.

Three lines of defense

The risk governance structure is based on the 'three lines of defense' model. The 'three lines of defense' model consists of three defense lines with different responsibilities with respect to the ownership of controlling risks. The model below provides insight in the organisation of the three lines of defense within a.s.r.

Three lines of defense

First line of defense	Second line of defense	Third line of defense
• Executive Board • Management teams of the business lines and their employees • Finance & risk decentral	• Group Risk Management department - Risk management function - Actuarial function • Group Risk Management - Compliance function	• Internal Audit department - Audit function
Ownership and implementation	Policies and monitoring implementation by 1st line	Independent assessment of 1st and 2nd lines
• Responsible for the identification and the risks in the daily business • Has the day-to-day responsibility for operations (sales, pricing, underwritig, claims handling, etc.) and is responsible for implementing risk frameworks and policies.	• Challenges the 1st line and supports the 1st line to acheive their business objectives in accordance with the risk appetite • Has sufficient countervailing power to prevent risk concentrations and other forms of excessive risk taking • Responsible for developing risk policies and monitoring the compliance with these policies	• Responsible for providing dedicated assurance services and oversees and assesses the functionng and the effectiveness of the first two lines of defense

Positioning of key functions

Within the risk governance, the key functions (compliance, risk, actuarial and audit) are organised in accordance with Solvency II regulation and play an important role as countervailing power of management in the decision making process. The four key functions are independently positioned within a.s.r. The risk and actuarial function are positioned under responsibility of the CFO; the compliance and audit function under the responsibility of the CEO. All functions take place in the central risk committees. None of the functions has voting rights in the committees, in order to remain fully independent as countervailing power. All functions have direct communication lines with the Executive Board and can escalate to the chairman of the Audit & Risk Committee of the Supervisory Board.

Group Risk Management

Group Risk Management is responsible for the execution of the risk management function and the actuarial function. The department is led by the CRO. Group Risk Management consists of the following sub-departments:

- Enterprise Risk Management;
- Financial Risk Management.

Enterprise Risk Management

Enterprise Risk Management is responsible for the second line strategic risk and operational (including IT) risk management and the enhancement of the risk awareness within the organisation. The responsibilities with regard to strategic risk management include the development of risk policies, the annual update of the risk strategy (risk appetite), the coordination of the CRSA process, the monitoring of the non-financial risk profile and risk priorities of a.s.r. For the management of operational risks, a.s.r has a solid Risk-Control framework in place that contributes to its long-term solidity. The quality of our framework is continuously enhanced by the analysis of operational incidents and periodic assessments. Enterprise Risk Management actively promotes risk awareness at all levels to contribute to the vision of staying a socially relevant insurer.

Financial Risk Management

Financial Risk Management (FRM) is responsible for the second line market risk, counterparty risk, underwriting risk and liquidity risk management at a.s.r. and its legal entities. Other responsibilities are model validation and policies on valuation and risk. FRM is also responsible for the actuarial function. As part of the actuarial function, FRM reviews the technical provisions, monitors methodologies, assumptions and models used in these calculations, and assesses the adequacy and quality of data used in the calculations. Furthermore, the actuarial function monitors the profitability of new business and determines if risks related to the profitability of new products are sufficiently addressed in the product development process.

Compliance

Compliance is responsible for the execution of the compliance function. An important task of Compliance is to be the countervailing power to the Executive Board and management in managing compliance risks for a.s.r. and its subsidiaries. The mission of the compliance function is to enhance and ensure a controlled and sound business operations and to safeguard a.s.r.'s reputation.

As second line of defense, Compliance encourages the organization to comply with relevant rules and regulations, ethical standards and the internal standards derived from them ('rules') by providing advice and devising policy. Compliance supports the first line in the identification of compliance risks and assess the effectiveness of risk management on which Compliance reports to the relevant risk committees. In doing so, Compliance uses a compliance risk and monitoring framework. In line with risk management, Compliance also creates further awareness in order to promote a culture of integrity. Compliance coordinates contacts with regulators in order to maintain an effective relationship and keeps oversight of the current topics.

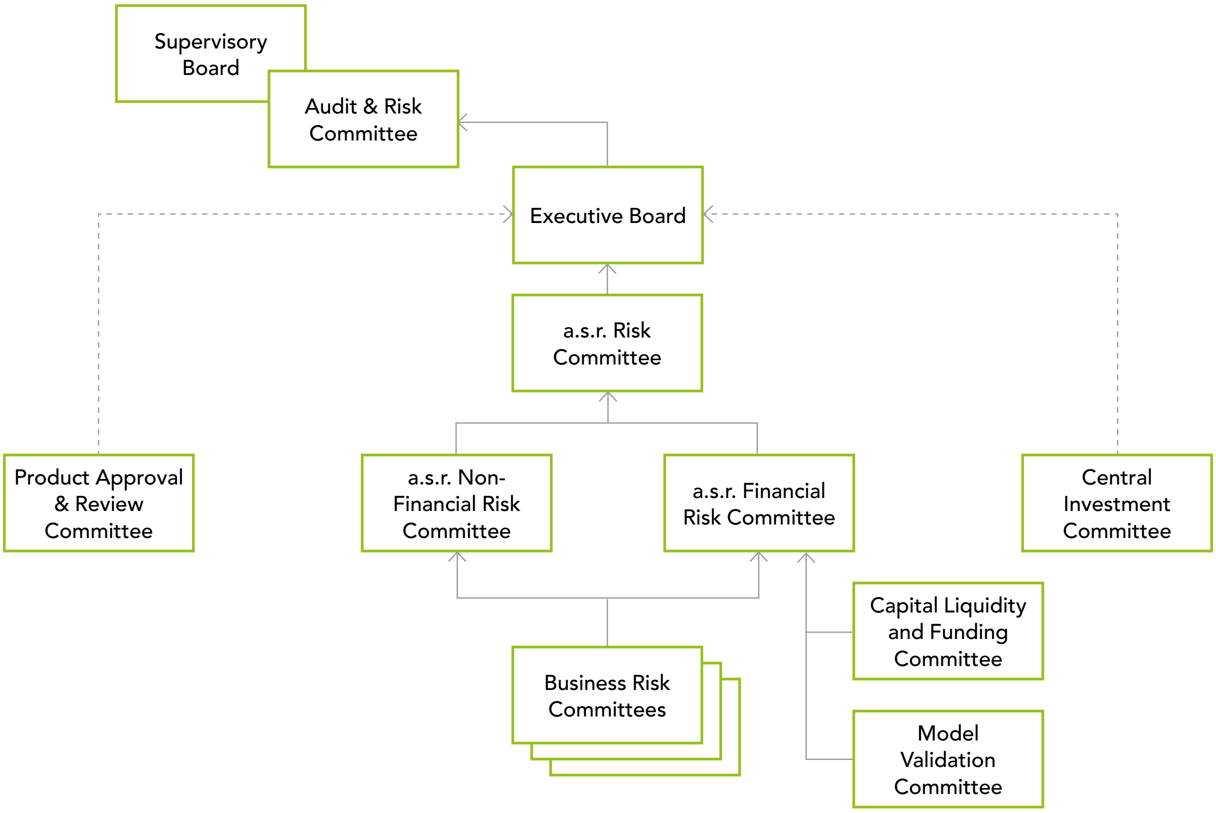
Audit

The Audit department, the third line of defense, provides an independent opinion on governance, risk and management processes, with the goal of supporting the Executive Board and the other management of a.s.r. in achieving the corporate objectives. To that end, Audit evaluates the effectiveness of governance, risk and management processes, and provides pragmatic advice that can be implemented to further optimize these processes. In addition, senior management can engage Audit for specific advisory projects.

Risk committee structure

a.s.r. has established a structure of risk committees with the objective to monitor the risk profile for a.s.r., its legal entities and its business lines in order to ensure that it remains within the risk appetite and the underlying risk tolerances and risk limits. When triggers are hit or likely to be hit, risk committees can decide to take measures and to increase the frequency of their meetings. For each of the risk committees a statute is drawn up in which the tasks, composition and responsibilities of the committee are defined.

Risk committee structure



Audit & Risk Committee

The Audit & Risk Committee was established by the Supervisory Board to gain support in the following matters:

- Assessment of the risk appetite proposal based on the financial and non-financial risk reports, among other documents;
- Assessment of the annual report, including the financial statements of ASR Nederland N.V.;
- The relationship with the independent external auditor, including the assessment of the qualities and independence of the independent external auditor and the proposal by the Supervisory Board to the AGM to appoint the independent external auditor;
- The performance of the audit function, compliance function and the risk management function;
- Compliance with rules and regulations; and
- The financial position.

The Audit & Risk Committee has three members, one of whom acts as its chair.

a.s.r. Risk Committee

The a.s.r. Risk Committee is a sub-committee of the Executive Board and monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the a.s.r. Risk Committee determines the risk appetite statements, limits and targets for a.s.r. This relates to the overall a.s.r. risk appetite and the subdivision of risk appetite by financial and non-financial risks. The risk appetite is then submitted to the a.s.r. Audit & Risk Committee, which advises the Supervisory Board on the approval of the risk appetite. The a.s.r. Risk Committee also monitors the progress achieved in managing risks included in the Risk Priorities of the Executive Board.

All members of the Executive Board participate in the a.s.r. Risk Committee, which is chaired by the CEO. The involvement of the Executive Board ensures that risk decisions are being addressed at the appropriate level within the organization. In addition to the Executive Board, the CRO, Director of Audit and Director of Compliance are members of the Committee.

Non-Financial Risk Committee

The Non-Financial Risk Committee discusses, advises and decides upon non-financial risk policies. The most relevant risk policies are approved by the a.s.r. Risk Committee. The Non-Financial Risk Committee monitors that non-financial risks are adequately managed and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the Non-Financial Risk Committee takes mitigating actions. The Non-Financial Risk Committee reports to the a.s.r. Risk Committee. The Chairman of the Non-Financial Risk Committee is the COO (who is also a member of the Executive Board).

Financial Risk Committee

The Financial Risk Committee discusses and decides upon financial risk policies. The most relevant risk policies are approved by the a.s.r. Risk Committee. The Financial Risk Committee monitors and controls financial risks (market, underwriting (life and non-life) and counterparty default risk). The Financial Risk Committee also monitors whether the risk profile stays within the risk limits. If the risk profile exceeds these limits, the Financial Risk Committee takes mitigating actions. The Financial Risk Committee reports to the a.s.r. Risk Committee. The Chairman of the Financial Risk Committee is the CFO.

Capital, Liquidity & Funding Committee

The Capital, Liquidity and Funding Committee is a subcommittee of the Financial Risk Committee. As such, the Capital, Liquidity and Funding Committee prepares and assesses the technical analysis of capital, liquidity and funding positions, rating policy, rating model reporting, and treasury activities. The Chairman of the Capital, Liquidity and Funding Committee is the Director of Group Asset Management.

Model Validation Committee

The model validation committee is a subcommittee of the Financial Risk Committee and is responsible for the execution and update of the model validation policy and for the approval of existing or newly developed validated models before taken into use. The Model Validation Committee receives all required information for the validation of models (for instance model documentation and validation reports), which information is prepared by the validation board that assures the quality of the validation process. The chairman of the Model Validation Committee is the CRO.

Business Risk Committees

The business lines manage and control their risk profile through the Business Risk Committees. The Business Risk Committees monitor that the risk profile of the business line stays within the risk appetite, limits and targets, as formulated by the Executive Board. The Business Risk Committee reports to the Financial Risk Committee and the Non-Financial Risk Committee. The Chairman of the Business Risk Committee is the Managing Director of the business line.

Central Investment Committee

In addition to the risk committee structure, the Central Investment Committee monitors tactical decisions and the execution of the investment policy. It takes investment decisions within the boundaries of the strategic asset allocation as agreed upon in the Financial Risk Committee. The Central Investment Committee bears particular responsibility for investment decisions exceeding the mandate of the investment department. The Central Investment Committee is chaired by the COO (member of the Executive Board).

Product Approval & Review Committee

The Product Approval & Review Committee is responsible for the final decision-making process around the introduction of new products and adjustments in existing products. The Director Marketing is the chairman. The committee evaluates if risks in newly developed products are sufficiently addressed. New products need to be developed in such a way that they are cost efficient, reliable, useful and secure. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. In addition, the risks of existing products are evaluated, as requested by the product approval and review process as a result of product reviews.

Systems and data

Tools, models and systems are implemented to support the risk management process by giving guidance and insight in the key risk indicators, risk tolerance levels, boundaries and actions and remediation plans to mitigate risks. The availability, adequacy and quality of data and IT systems is important in order to ensure that correct figures are reported and risk mitigating measures can be taken in time. It is important to establish under which conditions the management information that is submitted to the risk committees has been prepared and which quality safeguards were applied in the process of creating this information. This allows the risk committees to ascertain whether the information is sufficient to base further decisions on. a.s.r. has a Data Governance and Quality policy in place to support the availability of sound management information. This policy is evaluated on an annual basis and revised at least every three years to keep the standards in line with the latest developments on information management. The quality of the information is reviewed on the basis of the following aspects, based on Solvency II:

- Completeness (including documentation of accuracy of results);
- Adequacy;
- Reliability;
- Timeliness.

The integrity, i.e. reliability, of information is the degree to which it is up-to-date, complete and error-free. The preparatory body or department also checks the assumptions made and the plausibility of the results, and ensures coordination with relevant parties. When a preparatory body has established that the information is reliable and complete, it approves and formally submits the document(s) to a risk committee.

The information involved tends to be sensitive. To prevent unauthorized persons from accessing it, it is disseminated using a secure channel or protected files. a.s.r.'s information security policy contains guidelines in this respect.

The aim of the information security policy is to take measures to ensure that the requirements for the availability, reliability and confidential use of systems and data are met.
- Information availability refers to the degree to which the information is at hand as soon as the organization needs it, meaning, for instance, that the information should be retrievable on demand and that it can be consulted and used at the right time;
- Information reliability refers to the degree of the accuracy and completeness of computer-processed data, given the uses they are intended for;
- 'Confidential use' refers to the degree to which the information is available to authorized persons only and the degree to which it is not available to unauthorized persons.

There are technical solutions for accomplishing this, by enforcing a layered approach (defense-in-depth) of technical measures to avoid unauthorized persons (i.e. hackers) to compromise a.s.r. corporate data and systems. In this perspective, one may think of methods of logical access management, intrusion detection techniques, in combination with firewalls that are aimed at preventing hackers and other unauthorized persons from accessing information stored on a.s.r. systems. Nevertheless, confidential information can also have been committed to paper. In addition to technical measures the physical measures, such as the lock-down of a certain room, can also form part of the information security environment. a.s.r.'s information security policy is based on ISO 27002 'Code of practice for information security management'. This Code describes best practices for the implementation of information security.

Risk procedures & policies

a.s.r. has established policies for each of the main risk categories (market, counterparty default, underwriting, strategic and operational). These policies address the accountabilities and responsibilities for the management of the different risk types. Also the methodology for risk measurement is included in the policies. The content of the policies is aligned to create a consistent and complete set. The risk policy landscape is maintained by Group Risk Management and Compliance. These departments also monitor the correct implementation of the policies in the business. New risk policies or updates of existing risk policies, are approved by the risk committees as mentioned in the previous section.

Risk culture

Risk awareness is a vital component of building a sound risk culture within a.s.r. that emphasizes the human aspect in the management of risks. In addition to gaining sufficient knowledge, skills, capabilities and experience in risk management, it is of importance that an organization enables objective and transparent risk reporting in order to manage them more effectively.

The Executive Board clearly recognizes the importance of risk management and is therefore represented in all of the major group level risk committees. Risk Management is involved in the strategic decision-making process, where the company's risk appetite is always considered. The awareness of risks during decision-making is continually addressed when making business decisions, for example by discussing and reviewing risk scenarios and the positive and/or negative impact of risks before finalizing decisions.

It is very important that this risk awareness trickles down to all parts of the organization, and therefore management actively encourages personnel to be aware of risks during their tasks and projects, in order to avoid risks or mitigate them when required. The execution of risk analyses is embedded in daily business in, for example, projects, product design and outsourcing.

In doing so, a.s.r. aims to create a solid risk culture in which ethical values, desired behaviors and understanding of risk in the entity are fully embedded. Integrity is of the utmost importance at a.s.r.: this is translated into a code of conduct and strict application policies for new and existing personnel, such as taking an oath or promise when entering the company, and the 'fit and proper' aspect of the Solvency II regulation, ensuring that a.s.r. is overseen and managed in a professional manner.

Furthermore, a.s.r. believes it is important that a culture is created in which risks can be discussed openly and where risks are not merely perceived to be negative: risks can also present a.s.r. with opportunities. Risk Management (both centralized and decentralized) is positioned as such, that it can communicate and report on risks independently and transparently, which also contributes to creating a proper risk culture.

Risk management process

The risk management process typically comprises of five important steps: 1) identifying; 2) measuring; 3) managing; 4) monitoring and reporting; and 5) evaluating. a.s.r. has defined a procedure for performing risk analyses and standards for specific assessments.

Identifying

Management should endeavor to identify all possible risks that may impact the strategic objectives of a.s.r., ranging from the larger and/or more significant risks posed on the overall business, down to the smaller risks associated with individual projects or smaller business lines. Risk identification comprises of the process of identifying and describing risk sources, events, and the causes and effects of those events.

Measuring

After risks have been identified, quantitative and/or qualitative assessments of these risks take place to estimate the likelihood and impact associated with them. Methods applicable to the assessment of risks are:
- Sensitivity analysis;
- Stress testing;
- Scenario analysis;
- Expert judgments (regarding likelihood and impact); and
- Portfolio analysis.

Managing

Typically, there are five strategies to manage risk:
- *Accept:* risk acceptance means accepting that a risk might have consequences, without taking any further mitigating measures;
- *Avoid*: risk avoidance is the elimination of activities that cause the risk;
- *Transfer*: risk transference is transferring the impact of the risk to a third party;
- *Mitigate*: risk mitigation involves the mitigation of the risk likelihood and/or impact.
- *Exploit*: risk exploitation revolves around the maximization of the risk likelihood and/or increasing the impact if the risk does happen.

Risk management strategies are chosen in a way that ensures that a.s.r. remains within the risk appetite tolerance levels and limits.

Monitoring and reporting

The risk identification process is not a continuous exercise. Therefore, risk monitoring and reporting are required to capture changes in environments and conditions. This also means that risk management strategies could, or perhaps should, be adapted in accordance with risk appetite tolerance levels and limits.

Evaluating

The evaluation step is twofold. On the one hand, evaluation means risk exposures are evaluated against risk appetite tolerance levels and limits, taking (the effectiveness of) existing mitigation measures into account. The outcome of the evaluation could lead to a decision regarding further mitigating measures or changes in risk management strategies. On the other hand, the risk management framework (including the risk management processes) is evaluated by the risk management function, in order to continuously improve the effectiveness of the risk management framework as a whole.

5.8.1.2 a.s.r.'s risk categories

There are six main risk categories at a.s.r., these are: insurance risk, market risk, counterparty default risk, liquidity risk, operational risk and strategic risk.

Insurance risk

Insurance risk is the risk that premium and/or investment income will not be sufficient to cover current or future payment obligations, owing to the application of inaccurate technical or other assumptions and principles when developing and pricing products. a.s.r. recognizes the following Insurance risks:
- Non-life insurance risk;
- Life insurance risk;
- Health.

Market risk

Market risk is the risk of a change in value due to movements in market variables.
The following market risks have been identified:
- Interest rate risk;
- Equity risk;
- Property risk;
- Spread risk;
- Currency risk;
- Concentration risk/market concentration risk.

Counterparty default risk

Counterparty default risk is the risk of losses due to the unexpected failure to pay or credit rating downgrade of counterparties and debtors. Counterparty default risk exists in respect of the following counterparties:
- Reinsurers;
- Consumers;
- Intermediaries;
- Counterparties that offer cash facilities;
- Counterparties with which derivatives contracts have been concluded.

Liquidity risk

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner.

Operational risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. The following subcategories of operational risk are used:
- Compliance;
- Business process;
- Information technology;
- Outsourcing;
- Financial reporting.

Strategic risk

Strategic risk is the risk that a.s.r. or its business lines fail to achieve the objectives owing to incorrect decision-making, incorrect implementation and/or an inadequate response to changes in the environment.

Such changes may arise in the following areas:
- Demographics;
- Competitive conditions;
- Technology;
- Macroeconomic conditions;
- Laws and regulations and ethical standards;
- Stakeholders;
- Group structure (for product lines only).

Strategic risk may arise due to a mismatch between two or more of the following components: the objectives (resulting from the strategy), the resources used to achieve the objectives, the quality of implementation, the economic climate and/or the market in which a.s.r. and/or its business lines operate.

5.8.2 Insurance risk

Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and/or investment income, or that insurance liabilities are not sufficient, because future expenses, claims and benefits differ from the assumptions used in determining the best estimate liability. Insurance risk manifests itself in both the non-life and the life portfolio. The non-life portfolio covers the property and casualty, disability and healthcare sectors. The life portfolio consists of funeral, individual life and group-pension business.

Risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Proper pricing, underwriting, reinsurance, claims management, and diversification are the main risk mitigating actions for insurance risks. By offering a range of different insurance products, with various product benefits and contract lengths, and across life, disability and health and P&C insurance risk, a.s.r. reduces the likelihood that a single risk event will have a material impact on a.s.r.'s financial condition.

The solvency buffer is held by a.s.r. to cover the risk that claims may exceed the available insurance provisions and to ensure its solidity. The solvency position of a.s.r. is determined and continuously monitored in order to assess if a.s.r. meets the regulatory requirements.

As of 1 January 2016 the Solvency II regime is in place. a.s.r. measures its risks based on the standard model as prescribed by the Solvency II regime. The Solvency Capital Requirement (SCR) for each insurance risk is determined as the change in own funds caused by a predetermined shock which is calibrated to a 1-in-200 year event. The basis for these calculations are the Solvency II technical provisions which are calculated as the sum of a best estimate and a risk margin.

Insurance risk arising from the insurance portfolios of a.s.r.

Insurance risk	31 December 2016
Life insurance risk	1,366
Health insurance risk	634
Non-life insurance risk	362
Total excluding diversification between Lines of Business	**2,362**

SCR sensitivities

a.s.r. has assessed the impact of various sensitivities on the solvency ratio. The sensitivities as at 31 December 2016, expressed as impact on the Group solvency ratio (in percentage points) are as follows:

Solvency II sensitivities

31 December 2016			Effect on:
Type of risk (%-points)	Available capital	Required capital	Ratio
Expenses +10%	+6	+1	+7
Mortality rates all products -5%	-3	-	-3
Lapse rates +10%	+1	-	+1

Solvency II sensitivities - explanation

Risk	Scenario
Expense risk	Measured as the impact of a 10% increase in expense levels.
Mortality risk	Measured as the impact of a 5% decrease in all mortality rates. A mitigating effect will occur between mortality and longevity rates.
Lapse risk	Measured as the risk of a 10% increase in lapse rates

These scenario's would have no impact on the 2016 and 2015 total equity, or on the profit for these years, because a.s.r. still passed the IFRS Liability Adequacy Test (LAT). While the sensitivities result in a decrease of the surplus in the Liability Adequacy Test, the outcome is still positive.

5.8.2.1 Life Insurance risk

The life portfolio can be divided into funeral, individual life and group pension. The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The products are sold as insurance products in cash or unit-linked contracts. With respect to products in cash, the investment risk is fully borne by the insurer whereas, in the case of unit-linked products, the majority of the investment risk is for the policyholder's account. The following life insurance risks are involved:

Mortality risk

Mortality risk is associated with (re)insurance obligations, such as endowment or term assurance policies, where a payment or payments are made in case of the policyholder's death during the contract term. The increase in mortality rates is applied to (re)insurance obligations which are contingent on mortality risk. The required capital for this risk is calculated as the change in own funds of a permanent increase of mortality rates by 15% for all ages and each policy.

Longevity risk

Longevity risk is associated with (re)insurance obligations where payments are made until the death of the policyholder and where a decrease in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent decrease of mortality rates by 20%. The decrease in mortality rates is applied to portfolio's where payments are contingent on longevity risk.

Disability-morbidity risk

Morbidity or disability risk is associated with all types of insurance compensating or reimbursing losses (e.g. loss of income, adverse changes in the best estimate of the liabilities) caused by changes in the morbidity or disability rates. The scenario consists of a 35% increase in disability rates over the next year and 25% in subsequent years, combined with a decrease in recovery rates of 20%.

Expense risk

A calculation is made of the effect on own funds of a permanent increase in costs used for determining the best estimate. The scenario analysis contains an increase in the costs of 10% and an increase in the cost inflation of 1 percentage point per year. Realistic management decisions are taken into account for policies with adjustable costs.

Lapse risk

Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders. The effect of the lapse risk is equal to the highest result of a permanent increase in lapse rates of 50%, a permanent decrease in lapse rates of 50% or a mass lapse event (70% of insurance policies in collective pension funds or 40% of the remaining insurance policies). The mass lapse event is only applied to portfolios where this leads to a higher best estimate.

The required capital for a mass lapse event is reduced by the proceeds that are to be expected from a reinsurance arrangement (Mass Lapse Cover).

Life catastrophe risk

Catastrophe risk arises from extreme events which are not captured in the other life insurance risks, such as pandemics. The capital requirement for this risk is calculated as a 1.5 per mille increase of mortality rates for (re)insurance obligations where the increase in mortality rates lead to an increase in technical provisions.

Employee benefits

ASR Nederland N.V. has insured the post-employment benefit plans for a.s.r.'s employees with ASR Levensverzekering N.V., an insurance company within the a.s.r. Group. Though the liability of this plan is classified as employee benefits on the balance sheet and determined according to IFRS principles, the required capitals for the life insurance risks are fully taken into account and based on Solvency II principles. The risk margin at ASR group level equals the sum of risk margins of all underlying OTSO's. No correction is made for the elimination of post-employment benefit plans for a.s.r.'s employees with ASR Levensverzekering N.V.

Within a.s.r., life the longevity risk is dominant and arises from group pension business and individual annuities. The longevity risk is partly offset by mortality risk that arises from the funeral portfolio and individual policies with mortality risk. In addition to longevity, a.s.r. life is exposed to expense risk and lapse risk, though lapse risk is reduced due to the aforementioned Mass Lapse reinsurance arrangement.

Life insurance risk - required capital

	31 December 2016
Mortality risk	250
Longevity risk	873
Disability-morbidity risk	8
Lapse risk	343
Expense risk	567
Revision risk	-
Catastrophe risk (subtotal)	66
Diversification	-741
Life insurance risk	**1,366**

For the life portfolio, the provision at year-end 2016 can be broken down as follows under Solvency II:

Life - Solvency II technical provision

Segment	31 December 2016
Insurance with profit participation	
Best estimate	18,177
Risk margin	1,129
Technical provision	**19,305**
Other life insurance	
Best estimate	7,336
Risk margin	368
Technical provision	**7,704**
Index-linked and unit-linked insurance	
Best estimate	11,085
Risk margin	164
Technical provision	**11,249**
Total	
Best estimate	**36,598**
Risk margin	**1,660**
Technical provision	**38,258**

5.8.2.1.1 Managing life insurance risk

Life insurance risk is mitigated by pricing, underwriting policies and reinsurance.

Pricing is based on profit capacity calculations. A calculation is made of the price required to cover the risks.
A calculation is made of the price required to cover the insurance liabilities, expenses and risks.
Underwriting policies describe the types of risks and the extent of risk a.s.r. is willing to accept. Policyholders may be subjected to medical screening for individual life insurance.

Reinsurance

Reinsurance and other risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative to the capital requirement. Reinsurance arrangements have been set up to mitigate the effects of catastrophes on earnings.

The level of retention in different reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios. This includes taking account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

Buy out reinsurance

The Group enters into reinsurance contracts to minimize insurance risks. Reinsurance may be in place for a separate contract or for all or part of the portfolio. In order to optimise its balance sheet risks, ASR Levensverzekering N.V. entered into a reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer) in 2015. The agreement entailed the transfer of € 209 million in pension obligations to Legal and General Re.

Mass lapse cover

The required capital (SCR) for a mass lapse event is reduced by the proceeds that are to be expected from a reinsurance arrangement (Mass Lapse Cover) with RGA, Münich Re and some other reinsurers. This arrangement covers the risks of a mass lapse event of parts of the portfolio to the extent that the mass lapse is more than 25% and less than 40%.

5.8.2.2 Health Insurance risk and non-life insurance risk

5.8.2.2.1 Health Insurance risk

The Health insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types:

- SLT Health portfolio (Similar to Life Techniques) Income Protection, which can be divided in
  - Individual Disability (Zelfstandigen);
  - Group Disability (WIA);
- NSLT Health portfolio (Similar to Non-Life Techniques), which can be divided in
  - Income Protection (Sickness and Individual and Group Accident);
  - Medical Expenses (Basis and Aanvullend).

The insurance contracts are sold primarily to retail, wholesale and private clients through intermediaries and proxies and direct to private clients.

The Health insurance portfolio of a.s.r. contains the following insurance risks:

- SLT Health risk
  - This risk is applicable to the SLT Health portfolio. The calculation is scenario-based. The scenarios are similar to the scenarios that are used to calculate the Life insurance risk;
- NSLT Health risk
  - This risk is applicable to the NSLT Health portfolio. The calculation is factor-based. The risk is calculated similarly to the Non-Life insurance risk;
- Health Catastrophe risk
  - This risk is applicable to the entire Health portfolio. The calculation is scenario-based.

SLT Health Risk

Mortality risk

Mortality risk is associated with (re)insurance obligations, such as endowment or term assurance policies, where a payment or payments are made in case of the policyholder's death during the contract term. The increase in mortality rates is applied to (re)insurance obligations which are contingent on mortality risk. The required capital for this risk is calculated as the change in own funds of a permanent 15% increase in mortality rates for all ages and each policy.

Longevity risk

Longevity risk is associated with (re)insurance obligations where payments are made until the death of the policyholder and where a decrease in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent 20% decrease in mortality rates. The decrease in mortality rates is applied to portfolios where payments are contingent on longevity risk.

Disability-morbidity risk

Morbidity or disability risk is the main risk to the SLT Health portfolio. The scenario analysis consists of a 35% increase in disability rates over the next year, combined with a decrease in revalidation rates of 25%.

Expense risk

The effect of a permanent increase in costs is calculated, which is used for determining the best estimate. The scenario analysis contains an increase in the costs of 10% and an increase in the cost inflation of 1pp per year.

Lapse risk

Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders. The effect of the lapse risk is equal to the highest result of a permanent 50% increase in lapse rates, a permanent 50% decrease in lapse rates or a mass lapse event (70% of insurance policies in collective pension funds or 40% of the remaining insurance policies). For the SLT Health portfolio, the mass lapse event is dominant.

Future Management Action

According to the insurance conditions, a.s.r. has the ability to adjust the premiums and insurance conditions in the future. Therefore, a.s.r. applies a future management action, as noted in Article 23 of the Delegated Acts, when calculating the SLT Health risk for the portfolios with contract boundaries exceeding three years.

NSLT Health Risk

Premium and Reserve risk

The premium risk is the risk that the premium is not adequate for the underwritten risk. The premium risk is calculated over the maximum of the expected written premium of the next year, and the written premium of the current year.

NSLT Lapse risk

The basic and additional health insurance are compulsory insurance contracts for one year without intermediate possibility of termination and therefore lapse risk is negligible for the basic health insurance.

Health Catastrophe risk

Medical Expense

A health catastrophe for NSLT Health portfolio is an unexpected future event with a duration of one year. The risk is determined ultimo year. The amount of catastrophe risk is apparent from the number of insured and parameters for mass accident scenario and pandemic scenario that have been approved by Dutch Central Bank in consultation with Health Insurers Netherlands. Accident concentration is not applicable for NSLT Health. The catastrophe risk has a projection of one year (T) following from the contract boundary of one year in accordance with the Dutch Health Insurance Act. After year T the risk is ‘zero’. Catastrophe risk for AV equals zero.

Income Protection

This component is calculated for policies for which an increase in mortality rates or morbidity rates or disability rates leads to an increase in the best estimate. There are three scenarios, which are calculated for all SLT Health and portfolios.

- Mass accident scenario
  In this scenario, an accident takes place during a major public event. The risk is that 10% of the attendees are killed, 1.5% are permanently disabled, 5% are disabled for 10 years, 13.5% are disabled for 12 months and 30% need medical attention;
- Accident concentration scenario
  In this scenario, an accident takes place on site, with the most of our insured at the same location. The risk is that 10% of those present are killed, 1.5% are permanently disabled, 5% are disabled for ten years, 13.5% are disabled for 12 months and 30% need medical attention;
- Pandemic scenario
  In this scenario, there is a pandemic, which causes 1% of those affected to be hospitalized and 20% to see a local practitioner.

Health insurance risk - required capital

	31 December 2016
Health SLT	494
Health Non-SLT	202
Catastrophe Risk	44
Diversification	-106
Health	**634**
Mortality risk	-
Longevity risk	10
Disability-morbidity risk	414
Expense risk	67
Revision risk	52
Lapse risk	151
Diversification	-200
Health SLT	**494**
Medical expenses insurance and proportional reinsurance	71
Income protection insurance and proportional reinsurance	131
Diversification	-
Health Non-SLT	**202**
Mass accident risk	8
Accident concentration risk	42
Pandemic risk	8
Diversification	-14
Catastrophe Risk	**44**

For the SLT Health portfolio, the provision at year-end 2016 can be broken down as follows under Solvency II:

Similar to Life Techniques - Solvency II technical provision

Segment	31 December 2016
Best estimate	2,451
Risk margin	239
Technical provision	**2,690**

For the NSLT Health portfolio, the provision at year-end 2016 can be broken down as follows under Solvency II:

Similar to Non-Life techniques - Solvency II technical provision

Segment	31 December 2016
Best estimate	464
Risk margin	23
Technical provision	**487**

5.8.2.2.2 Non-Life Insurance risk

Non-Life Insurance risk is divided in:
- Premium- and reserve risk;
- Non-Life Catastrophe risk;
- Lapse risk.

Premium- and reserve risk

The premium risk is the risk that the premium is not adequate for the underwritten risk. The premium risk is calculated over the maximum of the expected written premium for the next year, and the written premium for the current year. The Premium and reserve risk is derived at the level of a legal entity based on the Standard Model. For the calculation of the Premium and reserve risk, several input data and parameters are necessary, as described in the Standard

Model. The geographical spread, when a (re)insurer underwrites products in different countries, is not relevant for ASR Schadeverzekering N.V. as there is no material exposure outside the Netherlands.

Non-Life Catastrophe Risk Module

Catastrophe risk is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events. The Non-Life SCR Catastrophic Risk Module used consists of natural catastrophe risk (Windstorm and Hail), man-made catastrophe risk (Fire, Motor and Liability) and other Non-Life catastrophe risk. The Non-Life Catastrophe Risk Module is derived at the level of a legal entity based on the Standard Model.

Lapse risk

The lapse risk is the loss of basic own funds, caused by the discontinuance of 40% of the policies for which discontinuation would result in an increase in the basic own funds. The lapse risk is calculated as follows:

- Effect of expired future profits on existing contracts (which are already taken into account in the Best Estimate calculation of premium provision) by:
    - Deriving the level of (Solvency II) Line of Business (LOB) based on the assumption of a 40% lapse;
    - Solvency II LOB contains a group of products with the same risk profile which are modelled together;
    - Taking (Solvency II) LOBs into account in case of lapse with an increase in the provision.
- Effect of continuous fixed costs is not taken into account.

Non-life insurance risk - required capital

	31 December 2016
Premium and reserve risk	317
Lapse risk	29
Catastrophe risk	111
Diversification	-95
Non-life insurance risk	**362**

For the non-life portfolio, the provision at year-end 2016 can be broken down as follows under Solvency II:

Non-life - Solvency II technical provision

Segment	31 December 2016
Best estimate	813
Risk margin	46
Technical provision	**859**

5.8.2.2.3 Managing health and non-life insurance risk

Health and non-life insurance risk is managed by monitoring claims frequency, the size of claims, inflation, handling time, benefit and claims handling costs, and biometrical risks (disability, recovery, illness, death). Concentration risk also qualifies as an insurance risk.

In recent years, measures have been taken to improve profitability and reduce risk. Examples are: premium increases, stricter acceptance criteria, shorter claims filing terms and making use of the claims reassessment arrangement between the Dutch Association of insurers and social security institute UWV. Effects are being monitored closely and assessed to be effective. New legislation, in force from 1 January 2017, will invoke market-wide changes to the product design, pricing and conditions, thereby creating both additional market opportunities and additional risks for a.s.r.

Claims frequency, size of claim and inflation

To mitigate the risk of claims, a.s.r. bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. In order to limit claims and/or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and specific risk transfer contracts (e.g. reinsurance).

An overview of the claim development at a.s.r. can be found in chapter 5.5.10.2.

Handling time
The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as liability claims, can take many years. Analyses are performed regularly and based on a.s.r.'s experience in similar cases, historical trends – such as the pattern of liabilities – increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

Benefit and claims handling costs
Taking estimated future inflation into account, benefit and claims handling costs are managed on the basis of regular reviews and related actions.

Disability risk
Disability risk is controlled by means of regular evaluation of historical claims patterns, expected future developments and price adjustments. Disability risk is mitigated by a.s.r. through underwriting criteria and a proactive reintegration policy. a.s.r. also mitigates its disability risk through suitable reinsurance.

Concentration risk
Geographically, the risk exposure of a.s.r. on its health and non-life portfolio is almost entirely concentrated in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (i.e. home and content, with storm risk forming the most important factor). Storm risk is managed by means of suitable reinsurance (see also 'Reinsurance').

There is also a concentration of risk in group disability schemes. Group disability contracts are underwritten within the scope of disability cover for employees in the Netherlands (WIA).

Reinsurance
When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements to mitigate non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand, and the risk that is retained on the other. By determining the retention, the impact on the statement of financial position is taken into account as well. The difference in the retention of disability depends on the structure of the contract (basic coverage or indexed).

To limit risk concentration, reinsurance contracts are placed with various reinsurance companies. a.s.r. requires the counterparties to be rated at least single A. The reinsurance programme has remained largely the same as in previous years in terms of cover and limits. The most significant reinsured risks are windstorm and individual disability. In 2015, a.s.r. purchased excess of loss reinsurance for accident year 2016 for windstorm in excess of € 30 million with a limit of € 344 million. For individual disability for self-employed policyholders, approximately 30% of the inception risk is reinsured.

5.8.3 Market risk

Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as equity prices, interest rates and property prices. The various types of market risk which are discussed in this section, are:

- Interest rate risk;
- Equity risk;
- Property risk;
- Currency risk;
- Spread risk;
- Concentration risk.

Market risk reports are submitted to the FRC at least once a month. Key reports on market risk include the Solvency II and economic capital report, the interest rate risk report and the report on risk budgets related to the strategic asset mix.

A summary of sensitivities to market risks for the regulatory solvency, total equity and profit for the year is presented in the tables below.

Market risk - required capital

	31 December 2016
Interest-rate	423
Equity	548
Property	826
Currency	280
Spread	1,105
Concentration	9
Diversification	-658
Total	**2,533**

5.8.3.1 Main Market Risk

The main market risks of a.s.r. are spread, property and equity risk. This is in line with the risk budgets based on the strategic asset allocation study.

The value of investment funds at year-end 2016 was € 1,704 million. a.s.r. applies the look-through approach for investment funds to assess the market risk.

The interest rate risk is the maximum loss of (i) an upward shock or (ii) a downward shock of the yield curve. For a.s.r. the downward shock is dominant.

a.s.r. applies the transitional measure for equity risk for shares in portfolio at 31 December 2015. The SCR equity shock was 22% at 31 December 2015 and linear, increasing to (i) 39% + equity dampener for type I shares and (ii) 49% + equity dampener for type II shares. The equity dampener has a value between -10% and 10%. In the event of increasing equity prices, the equity dampener will have a smaller dampening effect.

The diversification effect shows the effect of having a well-diversified investment portfolio.

Solvency ratio in 2016

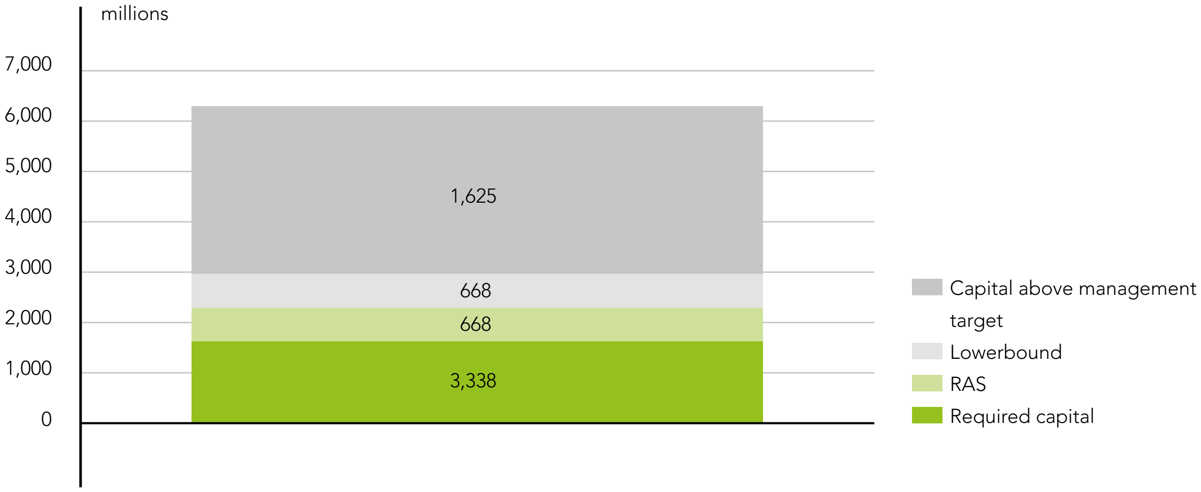
The solvency ratio per 31 December 2016 is 189% excluding a.s.r. Bank (after deduction of the proposed dividend) at year end.

Referring to Solvency, 2015 figures are not presented here, as Solvency II replaced Solvency I as at 1 January 2016, which makes a comparison of these two years not useful.

Own funds

The capital management section describes the capital targets related to the risk appetite statements and dividend payments. The table below shows how the eligible funds of a.s.r. relate to the different capital targets.

Market value own funds under Solvency II



The amount under Risk Appetite Statement is the minimal free surplus (€ 668 million), such that the RAS is met. The additional required capital relative to the Risk Appetite Statement is stated below the lower limit target.

Capital requirement

The required capital stood at € 3,338 million per 31 December 2016. The required capital (before diversification) consists for € 2,533 million out of market risk and the insurance risk amounted to € 2,362 million as per 31 December 2016.
2015 figures are not presented here, as Solvency II replaced Solvency I as at 1 January 2016, which makes a comparison of these two years not useful.

SCR sensitivities

Also for sensitivities 2015 figures are not presented here, as Solvency II replaced Solvency I as at 1 January 2016, which makes a comparison of these two years not useful.

The sensitivities of the solvency ratio as at 31 December 2016, expressed as the impact on the Group solvency ratio (in percentage points) are as presented in the table below. The total impact is split between the impact on the solvency ratio related to movement in SCR requirement and the impact on Solvency II ratio related to movement in EOF.

Solvency II sensitivities

31 December 2016

Type of risk (%-points)	Effect on: Available capital	Required capital	Ratio
UFR -1%	-20	-3	-23
Interest rate +1% (incl. UFR 4.2%)	-9	+11	+1
Interest rate -1% (incl. UFR 4.2%)	+14	-14	-1
Volatility Adjustment -10bp	-9	-2	-11
Equity prices -20%	-10	+8	-2
Property values -10%	-7	+3	-5
Spread +75bps/VA +21bps	+8	+5	+14

Risk	Scenario
Interest rate risk – UFR	Measured as the impact of a lower UFR. For the valuation of liabilities, the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged.
Interest rate risk (incl. UFR 4.2%)	Measured as the impact of a parallel 1% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR of 4.2% after the last liquid point of 20 years remained unchanged.
Volatility Adjustment	Measured as the impact of a 10 bps decrease in the Volatility Adjustment.
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 21 bps.

IFRS sensitivities

The next table shows sensitivities of total equity and profit for the year, including insurance liabilities discounted with a fixed interest-rate, shadow accounting, investments valued at amortised cost (part of it), and post-employment benefits.

IFRS sensitivities

Scenario	Total Equity 31 December 2016	Profit for the year 2016	Total Equity 31 December 2015	Profit for the year 2015
Interest-rate +1%	11	-1	134	-
Interest-rate -1%	-67	-	-197	-
Equities +20%	346	-7	432	-17
Equities -20%	-331	-12	-397	5
Property +10%	247	234	220	208
Property -10%	-247	-247	-220	-220
Foreign Currency +10%	90	-21	103	-8
Foreign Currency -10%	-90	21	-103	8
Spread +75bps	-61	-	-39	-
Spread -75 bps	61	-	39	-

The sensitivities of total equity to equities decreased in 2016 in line with the lower exposure to equities. The sensitivity of profit in the equity down scenario is due to the impact of the put options (€ 22 million) and impairments of shares (€ -34 million). The sensitivity of profit in the equity up scenario is due to the impact of the put options (€ -7 million).

The sensitivities to interest rates did not change much compared to the previous years. The sensitivity of profit is limited due to shadow accounting. A small impact on profit is due to put options.
The sensitivity of total equity to spread remained limited due to the mitigating effect of shadow accounting.
The sensitivity slightly increased due to the lower interest rates.

The sensitivities to property increased in 2016 in line with the higher exposure to property. Property held for own use is not taken into account in the sensitivity of profit In the property up scenario.
The sensitivity of total equity to foreign currency increased due to improvements of look through data quality, therefore the currency hedges in investments funds are taken into account.

5.8.3.2 Interest rate risk

Interest rate risk is the risk that the value of assets, liabilities or financial instruments will change due to fluctuations in interest rates. Many insurance products are exposed to interest rate risk; the value of the products is closely related to the applicable interest rate curve. The interest rate risk of insurance products depends on the term to maturity, interest rate guarantees and profit-sharing features. Life insurance contracts are particularly sensitive to interest rate risk.

The required capital for interest rate risk is determined by calculating the impact on the available capital due to changes in the yield curve. Both assets and liabilities are taken into account. The interest rate risk is the maximum loss of (i) an upward shock or (ii) a downward shock of the yield curve according to the prescribed methodology. a.s.r. applies a look-through approach for investment funds to assess the interest rate risk.

SCR interest rate risk

	31 December 2016
SCR interest rate risk up	-126
SCR interest rate risk down	-423
SCR interest rate risk	**423**

a.s.r. has assessed various scenarios to determine the sensitivity to interest rate risk. The impact on the solvency ratio is calculated by determining the difference in the change in available and required capital.

Interest rate sensitivity

31 December 2016	Effect on:		
Scenario	Available capital	Required capital	Ratio
UFR -1%	-20	-3	-23
Interest rate +1% (incl. UFR 4.2%)	-9	+11	+1
Interest rate -1% (incl. UFR 4.2%)	+14	-14	-1
Volatility Adjustment -10bp	-9	-2	-11

Interest rate risk is managed by aligning fixed-income investments to the profile of the liabilities. Among other instruments, swaptions and interest rate swaps are used for hedging the specific interest rate risk arising from interest rate guarantees and profit-sharing features in life insurance products.

An interest rate risk policy is in place for the Group as well as for the registered insurance companies. All interest rate-sensitive balance sheet items are in scope, including the employee benefit obligations of the Group. In principle, the sensitivity of the solvency ratio to interest rates is minimized. In addition, the exposure to interest rate risk for various term buckets is subject to maximum amounts.

5.8.3.3 Equity risk

The equity risk depends on the total exposure to equities. In order to maintain a good understanding of the actual equity risk, a.s.r. applies the look-through approach for investment funds to assess the equity risk.

The required capital for equity risk is determined by calculating the impact on the available capital due to an immediate drop in share prices. Both assets and liabilities are taken into account. Stocks listed in regulated markets in countries in the EEA or OECD are shocked by 39% together with the symmetric adjustment of the equity capital charge (type I). Stocks in countries that are not members of the EEA or OECD, unlisted equities, alternative investments, or investment funds in which the look-through principle is not possible, are shocked by 49% together with the symmetric adjustment of the equity capital charge (type II). The basic shock for strategic participations is 22%.

a.s.r. applies the transitional measure for equity risk for shares in portfolio at 31 December 2015. The SCR equity shock was 22% at 31 December 2015 and linear increasing in 7 years to (i) 39% + equity dampener for type I shares and (ii) 49% + equity dampener for type II shares. This resulted in a reduction of the average risk charge of equity risk of about 13% per 31 December 2016.

SCR equity risk

	31 December 2016
SCR equity risk - required capital	548

The sensitivity of the solvency ratio to changes in equity prices is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency II) to changes in equity prices is shown in the following table.

Solvency II sensitivity

31 December 2016	Effect on:		
Scenario	Available capital	Required capital	Ratio
Equity prices -20%	-10	+8	-2

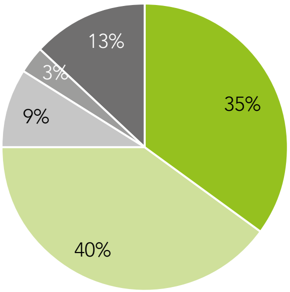
Composition Equity Portfolio

The fair value of equities and similar investments at year-end 2016 was € 2,215 million (2015: € 2,803 million). The decrease in 2016 was a result selling shares due to de-risking. Part of the downside risk of the equities is hedged. A portfolio of put options with an underlying value of € 16 million is in place.

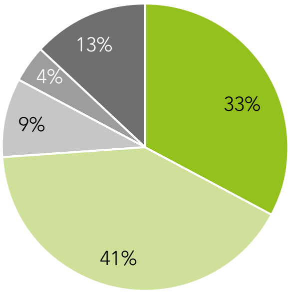
The equities are diversified across the Netherlands (including participating interests), other European countries and the United States. A limited part of the portfolio consists of investments in emerging markets and alternatives.

The table below shows the exposure of the equity portfolio to sectors. Externally managed funds are excluded; the total value in scope is € 1,120 million (2015: € 1,570 million). The external funds typically use a representative market index as benchmark with a limited tracking error. The difference between the fund and the general market index will therefore be limited and the funds will have a diversified sector allocation.

Sector Equity portfolio



Sector equity portfolio
(excl. funds) 2016



Sector equity portfolio
(excl. funds) 2015

		2016	2015
🟩	Industrials, materials and energy	35%	33%
▧	Consumer goods, services and healthcare	40%	41%
░	Technology and telecoms	9%	9%
▒	Utilities	3%	4%
▓	Financials	13%	13%

5.8.3.4 Property risk

The property risk depends on the total exposure to real estate. In order to maintain a good understanding of the actual property risk, a.s.r. applies the look-through approach for investment funds to assess the property risk.

The required capital for property risk is determined by calculating the impact on the available capital due to an immediate drop in property prices by 25%.

SCR property risk

	31 December 2016
SCR property risk - required capital	826

The sensitivity of the solvency ratio to changes in property value is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency II) to changes in property prices is shown in the following table.

Solvency II sensitivity

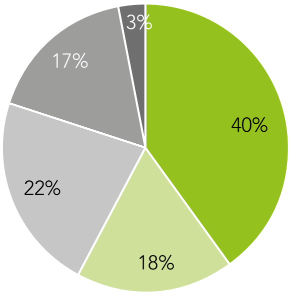
31 December 2016		Effect on:	
Scenario	Available capital	Required capital	Ratio
Property values -10%	-7	+3	-5

Composition of property portfolio

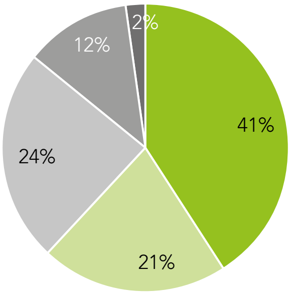
The property risk depends on the total exposure to property, which includes both property investments and property held for own use. The fair value of property was € 3,298 million at year-end 2016 (2015: € 2,939). The increase in 2016 was a result of both transactions and increases in property prices.

The property investments are diversified across the Netherlands. A limited part of the portfolio consists of indirect in property investment funds.

Composition property portfolio



Composition
property portfolio 2016



Composition
property portfolio 2015

		2016	2015
🟩	Rural	40%	41%
🟩	Retail	18%	21%
⬜	Residential	22%	24%
▨	Other	17%	12%
⬛	Offices	3%	2%

5.8.3.5 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates. The table below provides an overview of the largest currency exposures in the portfolio.

The policy of a.s.r. is primarily to hedge the currency risks of these insurance liabilities and related fixed-income investments. a.s.r. has currency risk to insurance product in American dollars (USD), Australian dollars (AUD) and South African Rand (ZAR). The policy of a.s.r. is primarily to hedge currency risks these insurance liabilities and of the fixed-income investments. However, certain currency exposures are permitted from a tactical perspective within a specific risk budget. The currency risk of equities is generally not hedged.

The required capital for currency risk is determined by calculating the impact on the available capital due to a change in exchange rates. Both assets and liabilities are taken into account. For each currency, the maximum loss due to an upward and a downward shock of 25% is determined, where lower shocks are applied to several currencies (Danish crown; Bulgarian lev). For SCR currency risk, the look-through approach is applied for investment funds.

SCR currency risk

	31 December 2016
SCR currency risk - required capital	280

Specification currencies with largest exposure

The foreign currency position is monitored on a quarterly basis. The total net exposure in foreign currency is € 1,202 million (2015: € 1,342 million). The largest net-exposure is in USD, which mainly consists investment in equities and bonds. The majority of the net currency exposure is related to equities. The following tables show the currencies with the largest exposures:

Currencies

31 December 2016 - in € million	Total	USD	GBP	CHF	AUD	HKD	ZAR	Other
Assets	1,455	804	143	87	208	49	17	148
Liabilites	253	84	-	-	155	-	14	-
Net exposure	1,202	720	143	87	53	49	3	148

31 December 2015 - in € million	Total	USD	GBP	CHF	AUD	HKD	ZAR	Other
Assets	1,603	885	211	118	198	54	30	107
Liabilites	261	87	-	-	163	-	11	-
Net exposure	1,342	798	211	118	35	54	19	107

5.8.3.6 Spread risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level of credit spreads on the relevant risk-free interest rates. a.s.r. has a policy of maintaining a well-diversified high-quality investment grade portfolio while avoiding large risk concentrations. Going forward, the volatility in spreads will continue to have possible short-term effects on the market value of the fixed income portfolio. In the long run, the credit spreads are expected to be realized and to contribute to the growth of the own funds.

The required capital for spread risk is determined by calculating the impact on the available capital due to the volatility of credit spreads over the term structure of the risk-free rate. The required capital for spread risk is equal to the sum of the capital requirements for bonds, structured products and credit derivatives. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

SCR spread risk

	31 December 2016
SCR spread risk - required capital	1,105

The sensitivity to spread risk is 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 which is applied to the liabilities will increase by 21 bps.

Solvency II sensitivity

31 December 2016	Effect on:		
Scenario	Available capital	Required capital	Ratio
Spread +75bps/VA +21bps	+8	+5	+14

Composition of fixed income portfolio

Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have an external rating. These investments are generally assigned an internal rating. Internal ratings are based on methodologies and rating classifications similar to those used by external agencies. The following tables provide a detailed breakdown of fixed-income exposure by rating class, sector, and country of risk and level of subordination for the financial sector.

Assets in scope of spread risk are, by definition, not in scope of counterparty default risk. The tables include all bond, fixed income funds, preference shares and loans subject to spread risk according to our risk models.

Composition fixed income portfolio by rating

Rating	2016 Exposure	2016 Percentage	2015 Exposure	2015 Percentage
AAA	8,935	38%	10,121	44%
AA	5,062	21%	3,719	16%
A	4,658	20%	4,463	20%
BBB	3,817	16%	3,367	15%
Lower than BBB	366	2%	393	2%
Not rated	663	3%	640	3%
Total	**23,501**	**100%**	**22,703**	**100%**

In 2016 a.s.r. has sold AAA rated government bonds (mainly German bonds) and bought non-AAA government bonds (mainly French and Belgium bonds) with a shorter duration. Interest rate risk is kept stable with interest rate swaps.

Composition fixed income portfolio by category

	31 December 2016	31 December 2015
Governments	13,032	12,390
Financials	4,792	4,897
Corporates	5,472	5,014
Structured Instruments	205	402
Total	**23,501**	**22,703**

The composition of the fixed income portfolio showed no material changes over the different bond categories. In general the exposures increased due to the lower yield curve. The financial bond portfolio slightly decreased due to the reduction of covered bonds. a.s.r. don’t invest in new Structured Instruments, redemptions therefore lead to the decrease in this portfolio.

Governments

	31 December 2016	31 December 2015
The Netherlands	3,672	3,584
Germany	4,150	5,205
Austria	693	606
Belgium	1,233	653
France	1,391	830
Supranationals	288	333
Periphery	1,061	636
Other	544	543
Total	**13,032**	**12,390**

Above differences can be explained by the previously mentioned transactions in AAA rated government bonds (mainly German bonds) and non-AAA government bonds (mainly French and Belgium bonds). Moreover, a.s.r. bought Spanish and Irish government bonds in 2016, which explains the increase in Periphery.

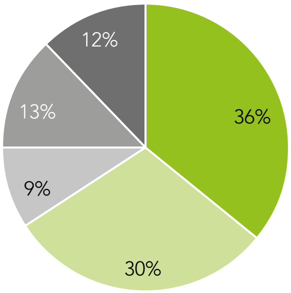
Financial institutions

	31 December 2016	31 December 2015
Senior	2,006	1,821
Tier 1	185	328
Tier 2	1,825	1,772
Tier 3	2	-
Covered	625	817
Other	149	159
Total	**4,792**	**4,897**

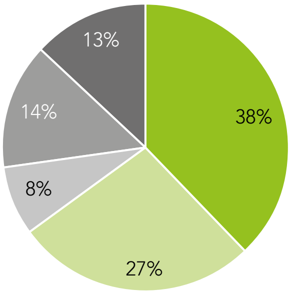
The financial bond portfolio slightly decreased due to the reduction of covered bonds. a.s.r. don't invest in new Tier 1 financial bonds, redemptions therefore lead to the decrease in the Tier 1 portfolio.

The composition of the portfolio Financials showed no material changes over the different bond categories:

Sector corporates



Sector corporates 2016



Sector corporates 2015

	2016	2015
🟩 Industrials, transportation and energy	36%	38%
🟩 Consumer goods, services and healthcare	30%	27%
▨ Media, technology and telecoms	9%	8%
▨ Utilities	13%	14%
■ Other	12%	13%

Structured instruments

	31 December 2016	31 December 2015
ABS	17	36
CDO	80	95
MBS	95	257
Structures financial instruments	13	14
Total	**205**	**402**

Redemptions are responsible for the decrease in the market value of the Structured Entities and occurred mainly in the MBS portfolios. The revaluations on the structured products portfolio decreased slightly in the course of 2016.

As a.s.r. participates in structured entities solely for investment purposes, no other commitments or guarantees have been made to the entities concerned. The maximum exposure is therefore limited to the fair value of the structured entity and amounts to € 205 million (2015: € 402 million).

Asset-backed securities (ABSs)

An ABS is a financial security backed by a portfolio of loans, leases or receivables against assets other than real estate and mortgage-backed securities. The majority of this portfolio consists of a bond issued by a ring-fenced entity of a large UK airport.

Collateralized debt obligation (CDO)

CDOs are securities backed by a pool of bonds, loans or other assets. CDOs do not specialize in one type of debt, but are often non-mortgage loans or bonds. CDOs are unique in that they represent different types of debt and counterparty default risk. In the case of CDOs, these different types of debt are often referred to as 'tranches' or 'slices'. Each slice has a different maturity and risk associated with it. The CDO portfolio of a.s.r. currently consists mainly of senior tranches in collateralized loan obligations (CLOs), which are CDOs backed by a portfolio of European bank loans. The portfolio also contains various CDOs with several types of collateral, such as loans to smaller financial institutions and ABS.

Mortgage-backed securities (MBSs)

MBSs are a type of asset-backed security that is secured by a portfolio of mortgages. The MBS portfolio of a.s.r. consists of mainly AAA tranches in Dutch residential mortgage-backed securities (58%). The rest of the portfolio consists of investments in the senior tranches of UK RMBS (around 8%) and some peripheral exposure, mostly in Spain (18%).

Other structured financial instruments (SFI)

This part of the portfolio consists of equity tranches of CDOs, i.e. the most high-risk tranche in the CDO structure. These first-loss tranches will be the first to fall in value if losses occur in the assets that back the CDO and are not rated.

Distribution of the total fixed income portfolio over ratings and sectors

	Governance		Financial institutions	
Rating	31 December 2016	31 December 2015	31 December 2016	31 December 2015
AAA	8,247	9,228	514	625
AA	3,570	2,327	536	535
A	502	427	1,779	1,672
BBB	702	406	1,696	1,755
Lower than BBB	11	2	267	310
Not rated	-	-	-	-
Total	**13,032**	**12,390**	**4,792**	**4,897**

Distribution of the total fixed income portfolio over ratings and sectors

	Corporates		Structured entities	
Rating	31 December 2016	31 December 2015	31 December 2016	31 December 2015
AAA	101	44	73	224
AA	939	821	17	35
A	2,337	2,317	40	48
BBB	1,419	1,193	-	14
Lower than BBB	26	10	62	71
Not rated	650	629	13	10
Total	**5,472**	**5,014**	**205**	**402**

The non-rated category corporates includes predominantly externally managed fixed-income funds and loans issued to intermediaries. The group applies stringent application and approval procedures to these loans. Following an intermediary's application, their credit quality is determined based on an internal risk-rating model. The loan application is then submitted for approval to the Credit Committee.

Loans to intermediaries

	31 December 2016 Amount	31 December 2016 Percentage	31 December 2015 Amount	31 December 2015 Percentage
Loan < 75% collateral value	15	33%	19	35%
Loan > 75% collateral value	30	67%	35	65%
Total	**45**	**100%**	**54**	**100%**

Loans to intermediaries form a relatively small risk for a.s.r. At year-end 2016, the value of outstanding loans to intermediaries was € 45 million (2015: € 54 million). The loans are generally secured by collateralizing an insurance portfolio.

5.8.3.7 Market risk concentrations

Concentration risk is the risk of an accumulation of exposures with the same counterparty.

In order to avoid concentrations in a single obligor, a.s.r. applies a limit on maximum exposure of € 700 million for issuers with a single A rating and higher and € 350 million for issuers with a BBB rating. The limits apply to the total investment portfolio, where government bonds are not included, which is consistent with Solvency II. The CLFC monitors concentration risk on a quarterly basis. All exposures were within the limits at year-end 2016.

5.8.4 Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:

- Mortgages;
- Savings-linked mortgage loans;
- Derivatives;
- Reinsurance;
- Receivables;
- Cash and deposits.

Assets that are in scope of spread risk are, by definition, not in scope of counterparty default risk and vice versa.

The Solvency II regime makes a distinction between two types of exposures:

- Type 1: These counterparties generally have a rating (reinsurance, derivatives, current account balances, deposits with ceding companies and issued guarantee (letter of credit). The exposures are not diversified;
- Type 2: These counterparties are normally unrated (receivables from intermediaries and policyholders, mortgages with private individuals or SMEs). The exposures are generally diversified.

The total capital requirement for counterparty risk is an aggregation of the capital requirement for type 1 exposure and the capital requirement for type 2 exposure by taking 75% correlation.

Counterparty default risk - required capital

	31 December 2016
Type 1	171
Type 2	415
Diversification	-31
Total	**555**

5.8.4.1 Mortgages

Mortgages are granted for the account and risk of third parties and for a.s.r.'s own account. The a.s.r. portfolio consists only of Dutch mortgages with a limited counterparty default risk. In line with the strategic investment plan, the mortgage portfolio increased by € 680 million in 2016.

Mortgage: loan to collateral value

	31 December 2016 Amount	31 December 2016 Percentage	31 December 2015 Amount	31 December 2015 Percentage
NHG	3,869	54%	4,041	62%
Loan to Foreclosure Value < 75%	1,561	22%	1,160	18%
Loan to Foreclosure Value < 100%	753	10%	574	9%
Loan to Foreclosure Value < 125%	925	13%	675	10%
Loan to Foreclosure Value > 125%	94	1%	72	1%
Total	**7,202**	**100%**	**6,522**	**100%**

5.8.4.2 Savings-linked mortgage loans

The counterparty default risk of the savings-linked mortgage loans depends on the counterparty. For 56% of the portfolio, the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching. a.s.r. has a cession-retrocession agreement with the counterparty for 42% of the portfolio, for which the risk is limited. Effectively, a.s.r. receives the underlying mortgage loans as collateral, mitigating the counterparty default risk of the savings-linked mortgage loans.

Savings-linked mortgage loans

	31 December 2016	31 December 2015
Counterparty SPV	1,595	1,763
Agreement cession-retrocession	1,201	697
Other	49	340
Total	**2,845**	**2,800**

Due to a new cession-retrocession agreement in 2016, the remaining savings-linked mortgage loans is reduced to only 2% of the portfolio. The credit rating of the counterparty is shown below.

Savings-linked mortgage loans: other

	31 December 2016	31 December 2015
AAA	14	14
AA	-	-
A	35	326
Total	**49**	**340**

5.8.4.3 Derivatives

OTC derivatives are primarily used by a.s.r. to manage the interest-rate risks incorporated into the insurance liabilities. Interest-rate derivatives are traded with a well-diversified and qualitative dealer panel with whom there is an established International Swaps and Derivatives Association (ISDA) contract and a Credit Support Annex (CSA) in place. These CSAs include specific agreements on the exchange of collateral limiting market and counterparty risk. The outstanding value of the interest rate derivative positions is matched by collateral received from eligible counterparties, minimizing the net counterparty default risk.

5.8.4.4 Reinsurance

When entering into reinsurance contracts for fire and catastrophe, a.s.r. requires the counterparty to be rated at least single A. With respect to long-tail business and other sectors, the minimum permitted rating is single A.

Reinsurance

	31 December 2016	31 December 2015
AA	95%	80%
A	5%	20%
NR	0%	0%

The table above shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2016 was € 656 million (2015: € 611million).

5.8.4.5 Receivables

Receivables

	31 December 2016	31 December 2015
Policyholders	158	208
Intermediaries	89	159
Reinsurance operations	97	77
Health insurance fund	73	97
Other	155	84
Total	**572**	**625**

5.8.4.6 Cash and deposits

The current accounts amounted € 1,799 million in 2016 (2015: € 1,444 million).

Current accounts

	31 December 2016	31 December 2015
AAA	0%	1%
A	97%	99%
Lower than A	3%	0%

Total deposits amounted to € 1,000 million (2015: € 1,178 million).

Deposits

	31 December 2016	31 December 2015
Secured deposits	1,000	1,178
AAA	-	-
A	-	6
Total	**1,000**	**1,184**

5.8.5 Liquidity risk

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner. Liquidity risk is not quantified in the Solvency Capital Requirement of a.s.r, and is therefore separately discussed here.

a.s.r. recognizes different levels of liquidity management. Short-term liquidity, or daily cash management, covers the day-to-day cash requirements under normal business conditions and targets funding liquidity risk. Long-term liquidity management considers business conditions in which market liquidity risk materialises. Stress liquidity management looks at the ability to respond to a potential crisis situation as a result of a market event and an a.s.r.-specific event. Unexpected cash outflows could occur as result of lapses in the insurance portfolio, savings withdrawals or cash variation margin payments related to the ISDA/CSA agreements of derivatives. a.s.r. monitors its liquidity risk scenarios via different risk reporting and monitoring processes including daily cash management reports, cash flow forecasts and stress scenario liquidity reports.

a.s.r.'s liquidity management principle consists of three components. First, a well-diversified funding base is necessary in order to provide liquidity for cash management purposes. A portion of assets must be invested in unencumbered marketable securities that can be used for collateralized borrowing or asset sales. Second, the strategic asset allocation should reflect the expected and contingent liquidity needs of liabilities. Finally, an adequate and up-to-date contingency liquidity plan is in place to enable management to act effectively and efficiently in times of crisis.

As at 31 December 2016, a.s.r. had cash (€ 1,834 million), short-term deposits (€ 1,702 million), liquid government bonds (€ 13,302 million) and other bonds and shares.

The following table shows the contractual cash flows of assets and liabilities (excluding investments on behalf of policyholders and insurance contracts on behalf of policyholders). For liabilities arising from insurance contracts, expected lapses and mortality risk are taken into account. Profit-sharing cash flow of insurance contracts is not taken into account, nor are equities, property and swaptions.

Liquidity risk - required capital

31 December 2016	< 1 year	1-5 year	5-10 year	10-20 year	> 20 year
Fixed Income Assets	6,981	7,260	9,460	12,242	14,499
Liabilities	-5,635	-7,646	-7,538	-12,694	-21,883
Total	**1,346**	**-386**	**1,922**	**-452**	**-7,384**

31 December 2015	< 1 year	1-5 year	5-10 year	10-20 year	> 20 year
Fixed Income Assets	6,083	7,121	7,892	9,873	15,664
Liabilities	-3,985	-7,539	-7,663	-13,290	-24,965
Total	**2,098**	**-418**	**229**	**-3,417**	**-9,301**

5.8.6 Operational risk

Operational Risk Management involves the management of all possible risks that may influence the achievement of the company targets and that can cause financial or reputational damage. Operational risk management includes the identification, analysis, prioritization and management of these risks in line with the risk appetite. The policy on operational risk management is drafted and periodically evaluated under the coordination of Enterprise Risk Management. The policy is implemented in the decentralized business entities under the responsibility of the management boards. A great number of risks is encountered with the operational risk management policy: IT risk, outsourcing, data quality, claim handling etc.

The required capital for operational risk, based on the standard model, is presented below.

SCR operational risk

	31 December 2016
SCR operational risk - required capital	184

Identifying

With the operational targets as a starting point, each business entity performs risk assessments to identify events that could influence these targets. In each business entity the business risk manager facilitates the periodic identification of the key operational risks. All business processes are taken into account to identify the risks. All identified risks are prioritized and recorded in a risk-control framework.

In some areas, the risk policies prescribe specific risk analyses to be performed to identify and analyze the risks. For important IT systems, SPRINT analyses have to be performed and also for large outsourcing projects a specific risk analysis is required.

Measuring

All risks in the risk-control frameworks are assessed on probability of defaults and impact. Where possible, the variables are quantified, but often judgments of subject matter experts are required. Based on the estimation of the variables, each risk is labeled with a specific level of concern. Risks with a high level of concern are considered 'key'.

Managing

For each risk, identified controls are implemented into the processes to keep the level of risk within the agreed risk appetite. In general, risks can be accepted, mitigated, avoided or transferred. A large range of options is available to mitigate operational risks, depending on the type. For each control an estimation is made of the net risk, after implementing the control.

Monitoring and reporting

The effectiveness of operational risk management is periodically monitored by the business risk manager at each business entity. For each control in the risk-control framework a testing calendar is established, based on accounting standards. Each control is tested regular and the outcomes on the effectiveness to manage the key risks are reported to the management board. Outcomes are also reported to the Non Financial Risk Comite (NFRC) and a.s.r. Risk Committee.

Evaluating

Periodically, at least every year, the risk-control frameworks and operational risk management policies are evaluated to see if adjustments are desirable. The risk management function also challenges the business entities on their risk-control frameworks.

Operational incidents

Operational incidents with operational losses in excess of € 5,000 are reported to Group Risk Management, in accordance with the operational risk policy. The causes of losses are evaluated in order to learn from these experiences. An overview of main losses is reported to the NFRC. Actions are defined and implemented to avoid repetition of operational losses.

ICT

Through IT risk management, a.s.r. devotes attention to the efficiency, effectiveness and integrity of ICT. The logical access control for key applications used in the financial reporting process remains a high priority in order to enhance the integrity of applications of data. The logical access control procedures also prevent fraud by improving segregation of duties and by conducting regular checks of actual access levels within the applications. Proper understanding of information, security and cyber risks is essential, and this is why actions are carried out to create awareness among employees and business lines.

Business Continuity Management

Operational management can be disrupted significantly by unforeseen circumstances or calamities which could ultimately disrupt the execution of critical and operational processes. Business Continuity Management enables a.s.r. to continue its daily business uninterruptedly and to react quickly and effectively during such situations.

Critical processes and activities and the tools necessary to use for these processes, are identified during the Business Impact Analysis. This includes the resources required to establish similar activities at a remote location. The factors that can threaten the availability of those tools necessary for the critical processes are identified in the Threat Analysis.

a.s.r. considers something a crisis when one or more business lines are (in danger of being) disrupted in the operational management, due to a calamity, or when there is a reputational threat. In order to reduce the impact of the crisis, to stabilize the crisis, and to be able to react timely, efficiently and effectively, a.s.r. has assigned a crisis organization.

Each business line has their own crisis team led by the director of the management team. The continuity of activities and the recovery systems supporting critical activities are regularly tested and crisis teams are trained annually. The objective of the training is to give the teams insights into how they function during emergencies and to help them perform their duties more effectively during those situations. The training also sets out to clarify the roles, duties and responsibilities of the crisis teams.

Recovery Planning

a.s.r.'s Recovery Plan helps to be prepared and have the capacity to act in various forms of extreme financial stress. To this end, the Recovery plan describes and quantifies the measures that can be used to get through a crisis situation. These measures are tested in the scenario analysis, in which the effects of each recovery measure on a.s.r.'s financial position (solvency and liquidity) are quantified. The required preparations for implementing the measures, their implementation time and effectiveness, potential obstacles and operational effects are also assessed. The main purpose of the Recovery Plan is to increase the likelihood of successful early intervention during a financial crisis situation and to further guarantee that the interest of policyholders and other stakeholders are protected.

Reasonable assurance and model validation

a.s.r aims to obtain reasonable assurance regarding the adequacy and accuracy of the outcomes of models that are used to provide best estimate values and solvency capital requirements. To this end, multiple instruments are applied, including model validation. The validation of models is prioritized based on materiality, which is determined by means of an assessment of impact and complexity. Impact and complexity is expressed in terms of High (H), Medium (M), or Low (L). In the pursuit of reasonable assurance, model risk is mitigated and unpleasant surprises are avoided.

5.8.7 Strategic Risk Management

Strategic risk is defined as the risk that a.s.r. will not reach its strategic objectives, because risk considerations are not or incorrectly addressed in decision-making processes, incorrect implementation of decisions and/or failure to respond adequately to market developments. Strategic risk management aims to identify and manage the most significant risks that may impact a.s.r.'s strategic objectives. Subsequently, the aim is to identify and analyze the risk profile as a whole, including risk interdependencies. The ORSA process is designed to identify, measure, manage and evaluate those risks that are of strategic importance to a.s.r.:

Identifying

Through the ORSA process a Control Risk Self-Assessment (CRSA) is conducted annually for all a.s.r. business entities to identify risks that have an impact on the achievement of the organization's strategic objectives. At group level a Strategic Risk Analysis is performed based on all available internal and external information and developments. This approach combines a bottom up (CRSA's) and top Down (SRA) method to identify risks. The outcomes of the CRSA's and SRA are jointly translated into risk scenarios and 'risk priorities', in which the most significant risks for a.s.r. are represented. The Executive Board of a.s.r. decides annually on the most important risk priorities.

Measuring

a.s.r. conducts an own risk and solvency assessment (ORSA) at both group and legal entity level each year or more frequently if required by significant changes in a.s.r.'s risk profile. The ORSA is a tool for risk and capital management. Through the ORSA process, the likelihood and impact of the identified risks are assessed, by transposing the risks into scenarios, taking into account (the effectiveness of) risk mitigating measures and planned improvement actions. Information from other processes is used to gain additional insights into the likelihood and impact.

One single risk scenario takes multiple risks into account. In this manner, the risk scenarios provide (further) insights into risk interdependencies. In these scenario's the impact on the balance sheet, the solvency position and the income statement is simulated.

Managing

As part of the CRSA processes, the effectiveness of risk mitigating measures and planned improvement actions is assessed. This means risk management strategies are discussed, resulting in refined risk management strategies.

Monitoring and reporting

The output of the ORSA process is translated into day-to-day risk management and monitoring and reporting, both at group level and product line levels. At group level, the risk priorities are discussed on a quarterly basis in the a.s.r. Risk Committee. At the level of the product lines, risks are discussed in the Business Risk Committees.

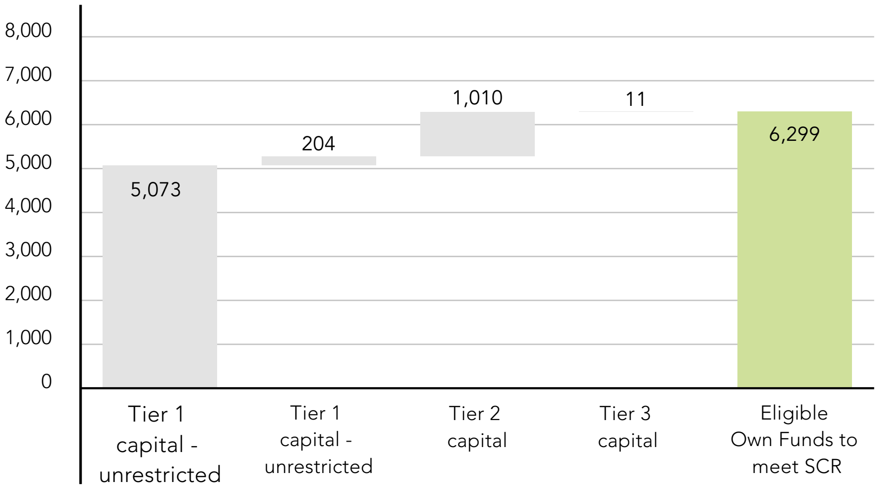
Evaluating

Insights regarding likelihood and impact are evaluated against solvency targets. Based on this evaluation, conclusions are formulated regarding the adequacy of solvency objectives at group and individual legal entity level.

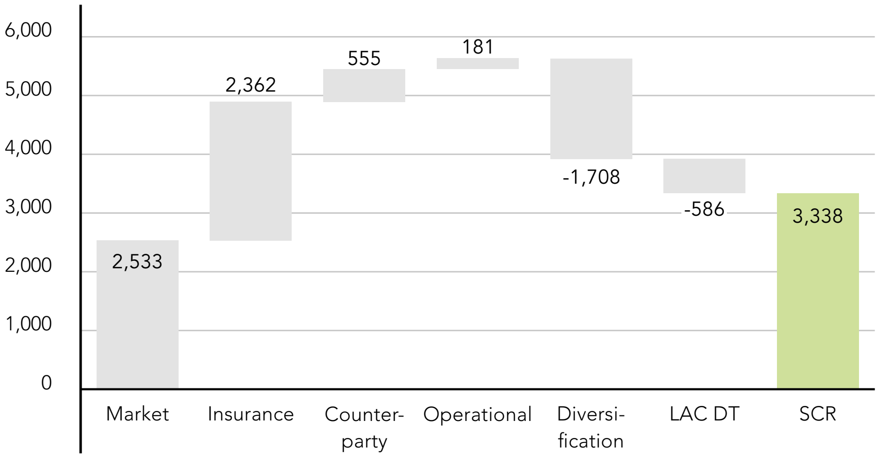
5.9 Capital Management

Key figures 2016

Eligible own funds - drill down

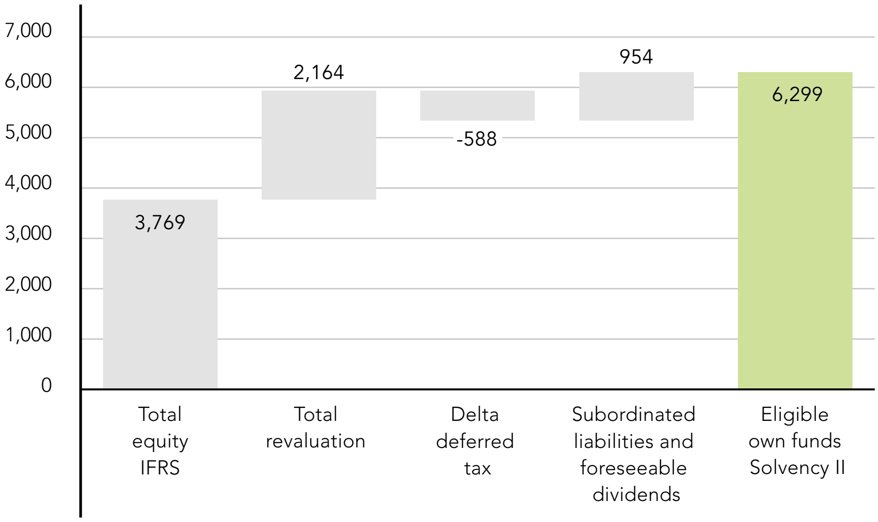


Solvency Capital Requirement - drill down



The solvency ratio stood at 189% as at 31 December 2016 after distribution of the proposed dividend of € 187 million and is based on the standard formula as a result of € 6,299 eligible own funds and € 3,338 million SCR.

Reconciliation total equity IFRS vs eligible own funds Solvency II



Referring to Solvency, 2015 figures are not presented here, as Solvency II replaced Solvency I as at 1 January 2016, which makes a comparison of these two years not useful.

After introduction of Solvency II legislation more internal measures are based on Solvency II. For example management targets or soft limits based on UFR scenario's.

5.9.1 Capital Management Objectives

Management

Overall capital management is administered at Group level. Capital generated by operating units and future capital releases will be allocated to profitable growth of new business or repatriated to shareholders, beyond the capital that is needed to sustain commercial capital levels at management's targets. a.s.r. actively manages its in-force business, which is expected to result in substantial 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 capitalised separately, and excess capital over management's targets are intended to be up-streamed to the holding company to the extent local regulations allow and within the internal risk appetite statement.

Objectives

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

a.s.r. uses an Economic Capital (ECAP) model for the allocation of market risk budgets. This model applies a full look-through principle to the assets and the relevant risks.

The SCR is reported on a quarterly basis and proxies are made on a monthly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The management target for the solvency ratio is above 160%. The solvency ratio stood at 189% at 31 December 2016, which was comfortably higher than the internal requirement of 120% and the management target of above 160%.

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 recognized in the capital position of the group, since a.s.r. has the ability to realize the capital of this OTSO, for example by selling the entity. Specifically regarding Basis Ziektekostenverzekering N.V. in 2016, no dividend or capital withdrawals have taken place.

5.9.2 Solvency Capital Requirement and Minimum Capital Requirement

Legal entities (including a.s.r. Bank) complied during 2016 with the applicable externaly imposed capital requirement. The table below presents the solvency ratio at Group level as at the date indicated.

Solvency ratio

	31 December 2016
Eligible Own Funds Solvency II	6,299
Required capital	3,338
Solvency ratio	**189%**

Under Solvency II it is permitted to reduce the required capital with the mitigating tax effects resulting from a 1 in 200 year loss ('Shock loss'). There is a mitigating tax effect to the extent that the Shock loss is deductible for tax purposes and can be compensated with taxable profits. This positive tax effect can only be taken into account when it is probable that sufficient future taxable profits are available. a.s.r. included a beneficial effect on its solvency ratio(s) due to the application of the LAC DT. The LAC DT volume is € 585 million.

Relevant regulation and current guidance (Delegated Acts, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

The a.s.r. solvency ratio does not include any contingent liability potentially arising from compensation schemes for unit-linked insurance contracts or for other products sold, issued or advised on by a.s.r.'s insurance subsidiaries in the past, the reason being that it is impossible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings.

Standard & Poor's confirmed the single A rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. on August 8, 2016.

Ratings per legal entity

Ratings Standard & Poor's	Type	Rating	Outlook	Date
ASR Nederland N.V.	CCR	BBB+	Stable	August 8, 2016
ASR Levensverzekering N.V.	CCR	A	Stable	August 8, 2016
ASR Levensverzekering N.V.	FSR	A	Stable	August 8, 2016
ASR Schadeverzekering N.V.	CCR	A	Stable	August 8, 2016
ASR Schadeverzekering N.V.	FSR	A	Stable	August 8, 2016

Rating reports can be found on the a.s.r. website: http://asrnl.com/investor-relations/ratings.

5.9.3 Dividend policy and capital actions

The Group has formulated its dividend policy in line with its current strategy. The Company intends to pay an annual dividend that creates sustainable long-term value for its shareholders. The Company aims to operate at a solvency ratio, calculated according to the standard formula, above a management threshold level. This management threshold level is currently defined as above 160% of the Solvency Capital Requirement ('SCR'). In general, it expects to not pay cash dividends if the Group level solvency ratio (calculated according to the standard formula) falls below 140%. The Company currently intends to consider investing capital above the solvency ratio (calculated according to the standard formula) of 160% with the objective of creating value for its shareholders. If and when the Company operates at a certain level safely above 160%, and the Company assesses that it cannot invest this capital in value creating opportunities for a prolonged period of time, the Company may decide to return (part of this) capital to shareholders. If the Company elects to return capital, it intends to do so in the form that is efficient for shareholders at that time. a.s.r. intends to pay € 187 million dividends over full year 2017 and to purchase 3% of its own shares in the first quarter of 2017.

5.10 Company financial statements

5.10.1 Company balance sheet

Company balance sheet

(Before profit appropriation)	Note	31 December 2016	31 December 2015
Non-current assets			
Intangible assets	5.10.3.2	27	23
Subsidiaries	5.10.3.3	5,120	4,816
Loans to group companies	5.10.3.4	92	34
Loans and deposits	5.10.3.5	21	64
Deferred tax assets	5.10.3.6	94	54
Total non-current assets		**5,354**	**4,991**
Current assets			
Other receivables	5.10.3.7	2,811	2,774
Cash and cash equivalents	5.10.3.8	355	202
Total current assets		**3,166**	**2,976**
Total assets		**8,520**	**7,967**
Equity			
Share capital	5.10.3.9	24	100
Share premium reserve	5.10.3.9	1,038	962
Statutory reserves	5.10.3.9	1,438	1,384
Actuarial gains and losses	5.10.3.9	-755	-467
Retained earnings	5.10.3.9	2,035	1,595
Total equity attributable to shareholders		**3,780**	**3,574**
Other equity instruments	5.10.3.9	701	701
Equity attributable to holders of equity instruments		**4,481**	**4,275**
Provisions			
Employee benefits	5.10.3.10	3,254	2,945
Other provisions	5.10.3.11	25	23
Total Provisions		**3,279**	**2,968**
Long-term liabilities			
Subordinated liabilities	5.10.3.12	497	497
Debts to group companies	5.10.3.13	10	20
Total long-term liabilities		**507**	**517**
Current liabilities			
Due to banks	5.10.3.14	75	-
Other liabilities	5.10.3.15	178	207
Total current liabilities		**253**	**207**
Total equity and liabilities		**8,520**	**7,967**

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

5.10.2 Company income statement

Company income statement

(in € millions)	Note	2016	2015
Operating expenses	5.10.3.16	-86	-105
Other expenses		-11	-1
Other income		108	-
Income from subsidiaries and investments			
Share of profit/(loss) in subsidiaries	5.10.3.3	668	621
Investment income		8	59
Fair value gains and losses		1	2
Interest expense	5.10.3.17	-30	-9
Profit before tax		**658**	**567**
Income tax (expense) / gain		1	53
Profit for the year		**659**	**620**

The share of profit/(loss) in subsidiaries is non-taxable as a result of the participation exemption under Dutch tax law.

5.10.3 Notes to the company financial statements

5.10.3.1 Accounting policies

The company financial statements are prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. The consolidated financial statements of a.s.r. for 2016 have been prepared in accordance with IFRS – including the International Accounting Standards (IAS) and Interpretations – as accepted within the European Union and with part 9 of the book of the Netherland Civil Code. In accordance with Section 362(8), Book 2 of the Netherlands Civil Code, the ASR Nederland N.V. Executive Board has decided to apply the same accounting policies to the company financial statements as applied to the consolidated financial statements. This has been the practice since 2005.

Investments in group companies are recognized, using the equity method, in accordance with the accounting policies used in a.s.r.'s consolidated financial statements. The share of profit of group companies is reported in conformity with the accounting policies used in a.s.r.'s consolidated financial statements.

Unless stated otherwise, all amounts presented in these financial statements are in millions of €.

5.10.3.2 Intangible fixed assets

The goodwill amounting to € 27 million as at 31 December 2016 (2015: € 23 million) relates for € 23 million to the 2015 acquisition of De Eendragt Pensioen N.V. (2015: € 23 million) and for € 4 million to the 2016 acquisition of BNG Vermogensbeheer B.V.

5.10.3.3 Subsidiaries

Subsidiaries

	2016	2015
At 1 January	4,816	4,487
Additions to capital	22	169
Share of profit	668	621
Dividend received	-377	-436
Revaluations	-9	-11
Other changes	-	-14
At 31 December	**5,120**	**4,816**

5.10.3.4 Loans to group companies

Loans to group companies

	2016	2015
At 1 January	34	75
Issues	77	19
Repayments	-19	-60
At 31 December	**92**	**34**

The loans to group companies consist primarily of deposits with group companies of € 77 million with an average interest rate of 1.8% (2015: € 20 million) repayable within one year, no loans with a maturity term within 3 years (2015: nil) and loans of € 15 million (2015: € 14 million) with a maturity term longer than 3 years and an average interest rate of 4.3 % (2015: 4.3%).

Interest income on loans to group companies amount to € 2 million (2015: € 0.7 million).

5.10.3.5 Loans and deposits

Loans and deposits

	2016	2015
At 1 January	64	54
Repayments	-3	-3
Other changes	-40	13
At 31 December	**21**	**64**

5.10.3.6 Deferred tax assets

The deferred tax assets primarily to employee benefits (including the asset resulting from the insurance contracts which is administered by ASR Levensverzekering N.V. amounting to € 150 million (2015: € 106 million) off set by the equalization reserve of € 53 million (2015: € 39 million).

5.10.3.7 Other receivables

The other receivables are including receivables from group companies. The receivables from group companies includes the receivable with respect to non-qualifying plan assets (see chapter 5.5.11) administered by ASR Levensverzekering N.V. amounting to € 2,669 million (2015: € 2,525 million) including the separate account to fund future inflation indexation amounting to € 327 million as at 31 December 2016 (2015: € 306 million). The remaining portion of the receivables from group companies is payable on demand.

5.10.3.8 Cash and cash equivalents

Cash and cash equivalents are stated at face value. They are fully and freely available to the company.

5.10.3.9 Equity

Equity

(in € millions)	Share capital	Share premium reserve	Actuarial gains and losses	Statutory reserves	Retained earnings	Equity attributable to shareholders	Other equity instruments	Equity
At 1 January 2015	100	962	-634	1,352	1,248	3,028	701	3,729
Changes in accounting policies	-	-	-	-	-6	-6	-	-6
At 1 January 2015 restated	**100**	**962**	**-634**	**1,352**	**1,242**	**3,022**	**701**	**3,723**
Profit for the year	-	-	-	-	620	620	-	620
Remeasurement of post employment benefit obligation	-	-	167	-	-	167	-	167
Unrealized change in value	-	-	-	-11	-40	-51	-	-51
Dividend paid	-	-	-	-	-139	-139	-	-139
Discretionary interest on other equity instruments	-	-	-	-	-45	-45	-	-45
Change in reserves required by law	-	-	-	43	-43	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	11
Other	-	-	-	-	-11	-11	-	-11
At 31 December 2015	**100**	**962**	**-467**	**1,384**	**1,595**	**3,574**	**701**	**4,275**
At 1 January 2016	100	962	-467	1,384	1,595	3,574	701	4,275
Profit for the year	-	-	-	-	659	659	-	659
Remeasurement of post employment benefit obligation	-	-	-288	-	-	-288	-	-288
Unrealized change in value	-	-	-	-9	49	40	-	40
Dividend paid	-	-	-	-	-170	-170	-	-170
Change in reserves required by law	-	-	-	63	-63	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-45	-45	-	-45
Increase (decrease) in capital	-76	76	-	-	-	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	11
Other	-	-	-	-	-1	-1	-	-1
At 31 December 2016	**24**	**1,038**	**-755**	**1,438**	**2,035**	**3,780**	**701**	**4,481**

Share capital

For a breakdown of the share capital, see chapter 5.5.8.1.

Statutory reserves

The statutory reserves relate to the revaluation of investments in group companies. The statutory reserves are maintained in relation to the (not yet received as dividend) share in the result (and other additions to equity) of group companies accounted for using the equity method since initial recognition reduced with the amount of dividend that a.s.r. is able to distribute without restrictions. The statutory reserves are not freely distributable. Refer to chapter 5.9 for more information on the regulatory restrictions.

Other equity instruments

The other equity instruments relate to three (2015: three) different hybrid Tier 1 and Tier 2 instruments classified as equity (see chapter 5.5.8.4). Of the three different equity instruments that were issued, two instrument (issue date 2009) are guaranteed by ASR Levensverzekering N.V. The third instrument (issue date 2014) does not contain guarantees from operating entities.

5.10.3.10 Employee benefits

Employee benefits can be broken down as follows (see chapter 5.5.11 for further details):

Employee benefits

	31 December 2016	31 December 2015
Post-employment benefits pensions	3,217	2,905
Post-employment benefits other than pensions	27	28
Other long-term employee benefits	10	12
Total employee benefits	**3,254**	**2,945**

5.10.3.11 Other provisions

Movements in provisions

	2016	2015
At 1 January	23	13
Additional provisions	22	19
Utilized in course of year	-20	-9
At 31 December	**25**	**23**

Provisions primarily relate to provisions for staff restructuring and retained disability risk.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and time required for the settlement of disputes.

5.10.3.12 Subordinated liabilities

Subordinated liabilities can be broken down as follows (see chapter 5.5.9 for further details).

Subordinated liabilities

	Nominal Amount	Carrying value 2016	Carrying value 2015
Hybrid Tier 2 instrument 5.125% fixed interest	500	497	497

On 22 September 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 Notes, first callable on 29 September 2025 and maturing on September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

5.10.3.13 Debts to group companies

The debts to group companies of € 10 million (2015: € 20 million) contains a deposit due to group companies with an interest-rate of 1.05%. The maturity of the deposit is 12 months.

There is no significant difference between the carrying amount of € 10 million (2015: € 20 million) debt to group companies and the fair value of these liabilities.

Interest expense on debts to group companies in 2016 is € 0.2 million (2015: less than € 0.1 million).

5.10.3.14 Due to banks

In 2016 due to banks contained € 75 million (2015: nil).

In order to increase its financial flexibility and take advantage of the current favourable market conditions, a.s.r. decided to increase the existing unsecured revolving facility with ABN AMRO by € 100 million to € 350 million with a duration of two years in August 2016. These borrowings are used for investment purposes (property, group pension contracts), for balance sheet management, and for short-term cash flow management.

The interest rate is 1-month Euribor + 0.65%.
There is no significant difference between the carrying amount of € 75 million (2015: nil) due to banks and the fair value of these liabilities.

5.10.3.15 Other liabilities

Other liabilities

	31 December 2016	31 December 2015
Other liabilities	32	51
Accrued interest	7	7
Short-term employee benefits	12	10
Tax payables	127	139
Total other liabilities	**178**	**207**

There is no significant difference between the carrying amount of € 178 million (2015: € 207 million) other liabilities and the fair value of these liabilities.

5.10.3.16 Operating expenses

The operating expenses of € 86 million (2015: € 105 million) consist of the part of the total operating expenses related to Holding – activities. Please refer to chapter 5.6.8 for the total operating expenses of the group.

5.10.3.17 Interest expenses

The interest expenses relate primarily to the interest on the Hybrid and interest on the employee benefits obligation, allocated to the Holding.

5.10.3.18 Auditor's fees

- With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial years have been charged by EY Accountants LLP (2016) and KPMG Accountants N.V. (2015) to the Company, its subsidiaries and other consolidated entities;
- Fees for audit engagements: these include fees paid for the audit of the consolidated and company financial statements, quarterly reports and other reports;
- Fees for non-audit services: these include fees for support and advisory services provided during acquisitions.

Auditor's fees

Amounts in € thousand	2016	2015
Audit of the financial statements	3,340	2,318
Other audit engagements	630	684
Total audit fees	**3,970**	**3,002**

In the above mentioned years no fees were paid for tax-related advisory services to EY Accountants LLP (2016), KPMG Accountants N.V. (2015), and no fees were paid to other EY or KPMG networks, other than EY Accountants LLP and KPMG Accountants N.V.

5.10.3.19 Contingent liabilities

Joint and several liability

ASR Nederland N.V. forms a fiscal unity for corporate income tax and VAT with nearly all of its subsidiaries. The company and its subsidiaries that form part of the fiscal unity are jointly and separately liable for taxation payable by the fiscal entity.

A statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued by ASR Nederland N.V. for the companies identified in chapter 5.7.6 List of principal group companies and associates.

Investment obligations and guarantees

ASR Nederland N.V. has issued guarantees to third parties for a total amount of € 271 million (2015: € 314 million) for real estate development projects.

Lease commitments

For the table with the breakdown of the commitments for non-cancellable operating leases, see chapter 5.7.4.

Commitments to group companies

ASR Nederland N.V has committed to a capital increase of ASR Bank N.V. amounting to € 35 million for the period until 2018. The amount will be paid in tranches when required by ASR Bank N.V. depending on its required solvency. As a consequence of the growing business, capital tranches amounting to € 19 million have already been made until end of 2016 (2015: € 5.8 million).

5.10.3.20 Related parties

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include NLFI and the Dutch State, subsidiaries and group companies, associates, joint ventures, members of the Executive Board, members of the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity. a.s.r. has applied the partial exemption for government-related entities. The company regularly enters into transactions with related parties during the conduct of its business.

These transactions mainly consist of dividends, discretionary interest, loans and related interest, and operating expenses and are conducted on terms equivalent to those that prevail in arm's length transactions. These disclosures related to these transactions are included in the relevant note in the company financial statements and in the consolidated financial statements (see primarily chapters 5.7.2 and 5.7.6).

Utrecht, 28 March 2017

Supervisory Board
Kick van der Pol
Annet Aris
Cor van den Bos
Herman Hintzen

Executive Board
Jos Baeten
Karin Bergstein
Chris Figee
Michel Verwoest

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Other

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6.1 Report on the audit of the financial statements 2016 included in the Annual Report

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

Our opinion

We have audited the financial statements 2016 of ASR Nederland N.V. (the company), based in Utrecht, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- The company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The company balance sheet as at 31 December 2016;
- The company income statement for 2016; and
- The notes comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2016;
- The company income statement for 2016; and
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Planning Materiality	€ 30 million.
Benchmark used	Approximately 5% of a three year average of profit before tax, excluding one-offs/special items.
Rationale for the benchmark applied	We evaluated the income before tax amounts for 2016 and prior years noting significant fluctuations from year to year. As a result, we used the average of 2016, 2015 and 2014 income before tax for purposes of determining our group materiality. Using an average helps to maintain an appropriate materiality level giving more consideration to the users' view of the scale of the financial position and operations rather than volatile circumstances. Also, we excluded one-offs/special items in those years. For ASR Nederland N.V as listed company, financial performance and thus profit before tax is a key IFRS metric for its stakeholders and therefore selected as basis for the calculation.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 1.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ASR Nederland N.V. is at the head of a group of entities, including the principal subsidiaries as set out in note 5.7.6 of the annual accounts. The financial information of this group is included in the consolidated annual accounts of ASR Nederland N.V.

We are responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the reporting units based on their size and or the risk profile. We included all insurance entities, real estate entities, bank entity and distribution and services entities in the audit scope for consolidation purposes, resulting in a coverage of 99.5% of total assets and 99% of profit before tax.
We have:

- Used the work of non-EY auditors in the Netherlands when performing audit procedures regarding the investments in mortgages;
- Performed audit procedures ourselves at group level and at other group entities.

We performed for the remaining entities, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatement.

For the entities were we have used the work of other EY auditors, we provided detailed instructions to each component team including areas of audit emphasis. We also executed oversight procedures and engaged in regular communication to confirm that the audit progress and findings for each of the in-scope locations were discussed between the group audit team and the component teams.

The group consolidation, financial disclosures and a number of complex items were audited by the group engagement team at the ASR Nederland N.V. level. These included taxation, pension, Solvency and goodwill impairment testing. We involved several EY specialists to assist the audit team, including specialists from our tax, valuations, actuarial and treasury departments.

By performing the procedures mentioned above at group entities, together with additional procedures at ASR Nederland N.V. level, we have been able to obtain sufficient and appropriate audit evidence regarding ASR Nederland N.V.'s financial information as a whole to provide a basis for our opinion on the consolidated annual accounts.

Our key audit matters

After being appointed as the Company's auditors effective for the year 2016, we developed a comprehensive transition plan in December 2015, which included specific planning activities to ensure an effective transition from the predecessor auditor. The specific planning activities included, but were not limited to, obtaining an initial understanding of the Company and its business, including background information, strategy, business risks, IT-landscape and its financial reporting and internal controls framework, to assist us in performing our risk assessment procedures. We have assessed the opening balances and the selection and consistent application of accounting policies by discussing the audit with the predecessor auditor and reviewing the predecessor auditor's file. Furthermore, in December 2015 and January, February and March 2016, we attended closing meetings and Audit Committee meetings related to the 2015 audit. The foregoing has been used as a basis for our 2016 audit plan. We discussed and agreed our 2016 audit plan with the

Audit Committee in 2016 and have provided status updates, progress reports and key findings from our audit process on a regular basis, including the key audit matters.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit approach
Adequacy of insurance contract liabilities (including shadow accounting) due to the complexity and use of assumptions	
ASR Nederland N.V. has insurance and investment contract liabilities of € 42.4 billion representing 81% of its total liabilities. The calculation of the Liabilities arising from insurance contracts and the related Liability Adequacy Test (LAT) is complex and highly judgmental and is based on assumptions that are subject to uncertainties regarding future outcomes. Various economic and non-economic assumptions are being used to estimate these long-term liabilities, both in the insurance contract liabilities as reported in the balance sheet and in the LAT. The assumptions for life contracts used relate to risks regarding interest, mortality, longevity, morbidity, catastrophe, lapse and expense and for non-life contracts liabilities these are the disability, claims and recovery rate assumptions. Also the cost compensation for unit-linked insurance contracts impacts the valuation of the Liabilities arising from insurance contracts and the related LAT as disclosed in note 5.9.2. and 5.3.5. (J). Furthermore, the valuation of the Liabilities arising from insurance contracts is affected by and sensitive to government regulations, in particular regarding the claims from workers' compensations insurance (WGA-ER) and in the healthcare insurance domain. The company applies shadow accounting in its financial reporting as disclosed in note 5.5.10 and 5.5.11.1. The company has comprehensive procedures and internal controls in place to determine the shadow accounting. ASR Nederland's LAT is performed in order to confirm that insurance contract liabilities, net of deferred acquisition cost, are adequate in the context of expected future cash outflows. The company has comprehensive procedures and internal controls in place to determine the value of the Liabilities arising from insurance contracts and the related LAT (see notes 5.8.3). The LAT discount rate is based on Solvency II guidance. As disclosed in note 5.8.4 the UFR has a significant impact on the LAT and the available solvency of the company.	We involved internal actuarial specialists in performing the audit procedures in this area. This includes assessing the appropriateness of assumptions used in the valuation of the individual life and pension contracts, non-life contracts and healthcare insurance contracts by reference to company and industry data and expectations of investment returns, future longevity and expense developments. Furthermore key audit procedures included assessing ASR Nederland N.V.'s methodology for calculating the insurance liabilities, assessing the changes in the company's approach to liability adequacy testing and an assessment of internal controls in this respect, including the analyses of the movements in insurance contracts liabilities and technical provisions adequacy surplus during the year. We assessed whether the movements are in line with the changes in assumptions adopted by ASR Nederland N.V., our understanding of developments in the business and our expectations derived from market experience. We assessed the main assumptions used for the determinations of the insurance liabilities, LAT and Solvency II calculations. We tested the design and operating effectiveness of the controls used for the determinations of the insurance liabilities, LAT and Solvency II calculations. Shadow accounting is complex, requires judgment regarding results that apply for shadow accounting and has a significant impact on the Liabilities arising from insurance contracts. We tested the internal controls regarding the accounting of the (un)realized results on the fixed income investments, interest derivatives and inflation rate swaps, held to reduce the interest risk and inflation risk in the Liabilities arising from insurance contracts and relating shadow accounting adjustments. Furthermore we tested the application of shadow accounting by checking the reconciliations between (un)realized results on swaps and swaptions and the related shadow accounting adjustment in the Liabilities arising from insurance contracts.

Risk	Our audit approach
Fair value measurement of investments and related disclosures	
ASR Nederland N.V. invests in various asset classes, of which 69% is carried at fair value in the balance sheet. Fair value measurement can be subjective, and more so for areas of the market reliant on model based valuation or with weak liquidity. Valuation techniques for real estate, private equity investments and for non-listed bonds, equities and derivatives involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Associated risk management disclosure is complex and dependent on high quality data. Specific areas of focus include the valuation of fair value Level 2 assets, and Level 3 assets where valuation techniques are applied in which unobservable inputs are used. The company has comprehensive procedures and internal controls in place to determine the valuation of the investments.	We assessed and tested the design and operating effectiveness of the controls over valuation, independent price verification and model approval. We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists. This included, where relevant, comparison of judgements made to current and emerging market practice and re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal. Finally, we assessed and tested the design and operating effectiveness of the controls over related disclosures including the disclosures in note 5.8.
Solvency	
In the Capital management section of the annual accounts included in note 5.9, ASR Nederland N.V. provides disclosures on its capital position in accordance with Solvency II, which is effective since 1 January 2016. As disclosed in the Capital management paragraph in section 5.9.2. all relevant regulations and guidance have been taken into account in the development of the ASR Nederland N.V. loss absorbing capacity of deferred taxes methodology. Further, in the calculation of the Solvency II ratio, ASR Nederland N.V. has not provided for a contingent liability in respect of the unit-linked issue in the Netherlands. ASR Nederland N.V assessed that it is impossible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. Changes to the interpretation of the Solvency II requirements of the loss absorbing capacity of deferred taxes and the accounting for contingent liability for the unit linked issue can materially impact the Solvency II ratio disclosed.	As part of our audit procedures, we assessed the design and operating effectiveness of the internal controls over the solvency calculations, including ASR Nederland N.V.'s methodology, model and assumption approval processes and management review controls. Also, where relevant, comparison of judgements was made to current and emerging market practice and re-performance of calculations on a sample basis.
Reliability and continuity of electronic data processing	
ASR Nederland N.V. is highly dependent on its IT infrastructure for the continuity of the operations. ASR Nederland N.V. continues to invest in its IT infrastructure and processes to meet clients' needs and business requirements. ASR Nederland is continuously improving the efficiency and effectiveness of its IT infrastructure and the reliability and continuity of the electronic data processing, including its defense against cyber-attacks.	As part of our audit procedures we assessed the changes in the IT-infrastructure and have tested the reliability and continuity of electronic data processing within the scope of the audit of the financial statements. For that purpose we have included IT-auditors in our team. Our procedures included testing of controls with regards to business and IT-processes relevant for financial reporting.

Report on other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information that consists of:

- Management report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- CR Performance Statements.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

Following the appointment by the annual general meeting of shareholders on 16 April 2015, we were engaged by the supervisory board on 31 March 2016 as auditor of ASR Nederland N.V. as of the audit for the year 2016 and have operated as statutory auditor since that date.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

The Hague, 28 March 2017

Ernst & Young Accountants LLP
signed by R.J.W. Lelieveld

6.2 Provisions of the Articles of Association regarding profit appropriation

Article 35, 36 and 37 of the Articles of Association:

Distributions – General

Article 35

35.1 A distribution can only be made to the exten that the Company's equity exceeds the Non-Distributable Equity.

35.2 The Executive Board may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) DCC that the requirement referred to in Article 35.1 has been met and, if this pertains to an interim distribution of profits, taking into account the order priority described in Article 37.1.

35.3 Subject to Article 19.10, the Executive Board may adopt and from time to time amend a dividend and reservation policy for the Company. Amendments to such policy shall be discussed in the General Meeting.

35.4 The preferred shares do not carry any entitlement to distributions other than as described in Articles 12.2, 37.1 and 38.3.

Distributions - Reserves

Article 36

36.1 All reserves maintained by the Company shall be attached exclusively to the ordinary shares. The Company shall not attach any reserve to the preferred shares.

36.2 Subject to Article 31.1, the General Meeting is authorized to resolve to make a distribution from the Company's reserves.

36.3 Without prejudice to Articles 36.4 and 37.2, distributions from a reserve shall be made exclusively to the holders of ordinary shares.

36.4 The Executive Board may resolve to charge amounts to be paid up on any class of shares against the Company's reserves, irrespective of whether those shares are issued to existing shareholders.

Distributions – Profits

Article 37

37.1 The profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in order of priority:

a. To the extent that any preferred shares have been cancelled without the payment described in Article 12.2 paragraph b. having been made in full on those preferred shares and without any such deficit subsequently having been paid in full as described in this Article 37.1 or Article 37.2, any such deficit shall be paid to those who held those preferred shares immediately before such cancellation became effective;

b. To the extent that any Preferred Distribution (or part thereof) related to previous financial years has not yet been paid in full as described in this Article 37.1 or Article 37.2, any such deficit shall be paid on the preferred shares;

c. The Preferred Distribution shall be paid on the preferred shares in respect of the financial year to which the annual accounts pertain;

d. Subject to Article 19.10, the Executive Board shall determine which part of the remaining profits shall be added to the Company's reserves; and

e. Any remaining profits hall be at the disposal of the General Meeting for distribution to the holders of ordinary shares.

37.2 To the extent that the distributions described in Article 37.1 sections a. through c. (or any part thereof) cannot be paid out of the profits shown in the annual accounts, the deficit shall be paid out of the Company's reserves, subjet to Articles 35.1 and 35.2.

37.3 Without prejudice to Article 35.1, a distribution of profits shall be made only after the adoption of the annual accounts that show that such distribution is justified.

7

Report of Stichting Continuïteit ASR Nederland

7 Report of Stichting Continuïteit ASR Nederland

The Stichting Continuïteit ASR Nederland (the 'Foundation') was established on 26 May 2016 in connection with a.s.r.'s listing on Euronext Amsterdam.

The Foundation has been formed under Dutch law. Its objects are to promote and protect the interests of a.s.r., its business and its stakeholders, and to counter possible influences that might threaten the continuity, independence, strategy and/or identity of a.s.r. or its business to such an extent that this could be considered contrary to the aforementioned interests.

a.s.r. has granted a call option to the Foundation under an agreement dated 27 May 2016; this agreement outlines the conditions under which the call option can be exercised. The call option is a continuous and repeatedly exercisable right, pursuant to which the Foundation is entitled to subscribe for preference shares, up to the lower of (a) the total number of shares that form a.s.r.'s issued capital at the time of the call option is exercised, less the number of preferred shares already held by the Foundation at that time (if any) and less one, or (b) the maximum number of preferred shares that may be issued under the authorized share capital as included in the Articles of Association of a.s.r. at the time of the call option is exercised. The Foundation has the right to exercise the call option at any time, either fully or in part. If and for as long as NLFI holds more than one-third of the shares that form part of the company's issued share capital, the Foundation cannot exercise the call option without NLFI's prior consent. The exercise price of preference shares issuable under the call option is equal to 25% of the nominal amount of those preference shares.

The call option is continuous in nature and can be exercised repeatedly and on more than one occasion, each time that the Foundation considers, or reasonably expects, there to be an act or occurrence that is, in the opinion of the Foundation, materially contrary to the interests of a.s.r., its business and its stakeholders, which may include the following (to the extent materially contrary to the aforementioned interests), (i) the announcement of a public offer for shares in the capital of a.s.r., or the legitimate expectation that such a public offer will be announced, without agreement on the offer having been reached with a.s.r. or the offer being supported by a.s.r., (ii) an activist shareholder (or group of activist shareholders acting in concert) in a.s.r. directly or indirectly representing at least 25% of the ordinary shares forming part of a.s.r.'s issued share capital.

After the Foundation has held preference shares for a period of 20 months (or such later date as the Foundation deems appropriate given the facts and circumstances at hand), the Foundation may ultimately request, by means of a notice to that effect, that a.s.r. consider submitting, as soon as practicable, a motion to the General Meeting for a resolution to cancel all preference shares. a.s.r. is free to propose such a resolution without this being requested by the Foundation if non-cancellation of the preference shares in a timely fashion were to result in the Foundation being required to make a mandatory public offer in respect of a.s.r. In addition, if and when a.s.r. has issued preference shares to the Foundation, a.s.r. will convene a General Meeting within 20 months following such issuance, for the purposes of adopting a resolution on the cancellation of any such preference shares.
The Foundation has not exercised the call option and did not acquire any preference shares during the year under review.

The Foundation has an independent board. The composition of the board of the Foundation is as follows:
- Mr H.J. Hazewinkel (Chairman);
- Mr A.A.M. Deterink;
- Ms M.E. Groothuis.

The board of the Foundation met twice in 2016. At one of these meetings, the entire Executive Board of a.s.r. gave an account of the company's general affairs, financial reporting and relationship with its shareholders. In addition, attention was given to the Foundation's financial housekeeping and the documentation of procedures and processes. The board of the Foundation also followed the developments of the company outside of board meetings, for instance through the board member's receipt of the company's press releases.

The Foundation is an independent legal entity for the purposes of Section 5:71(1)(c) of the Dutch Financial Markets Supervision Act.

Stichting Continuïteit ASR Nederland
Mr H.J. Hazewinkel (Chairman)
Mr A.A.M. Deterink
Ms M.E. Groothuis

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Appendix A

Glossary

Absenteeism due to illness
Average number of days an employee is unfit for work due to illness.

Amortized cost
The amount at which a financial asset or financial liability is measured on initial recognition net of principal repayments, plus or minus accumulated amortization using the effective interest method or any difference between that initial amount and the amount at maturity, and minus any reduction for impairments or uncollectibility.

Associate
An entity over which a.s.r. has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Basis point (bp)
One-hundredth of one percent (0.01%).

Branded content publications
Branded content is a form of advertising in which a brand message is blended with content that adds value in the form of entertainment or information.

Building Research Establishment Environmental Assessment Methodology (BREEAM)
BREEAM, which was first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method for assessing, rating, and certifying the sustainability of buildings.

Business
A business is a legal entity that offers one (or more) projects on the Doorgaan.nl platform. If the owner of the business is a natural person, he or she is referred to as a business owner. The business or business owner must be located, or resident, in the Netherlands. The platform is designed for business loans only. A business owner (i.e. a natural person) can basically raise funding through the platform for business purposes only.

Business Process Outsourcing (BPO)
BPO involves the contracting out a knowledge-intensive process to a third-party service provider. The key differences between BPO and 'standard' outsourcing are that BPO entails the outsourcing of the entire process and that the process in question is characterized by in-depth technical expertise.

Carbon footprint
An organization's carbon footprint is determined by converting its consumption of natural gas, electricity and fossil fuels into carbon emissions. The carbon footprint gives the organization an idea of the greenhouse gas emissions caused by its operations and products. All relevant organizational processes affecting the climate are included in the carbon footprint.

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Circular economy
Also referred to as cradle-to-cradle. A circular economy is an economic and industrial system that does not exhaust any final natural resources and that feeds back any residual materials into the system. The energy used in a purely circular economy must be generated from renewable sources, the main resources being solar and wind energy.

Claims ratio
The cost of claims, net of reinsurance in non-life, excluding the internal costs of handling non-life claims, less interest accrual on reserves, and a margin of prudence for health, expressed as a percentage of net earned premiums.

Clean fair value
The fair value of an asset or liability, exclusive of the unrealized portion of accrued interest.

Commission ratio
Net commissions charged for the year, expressed as a percentage of net earned premiums.

Core capital
Equity capital and disclosed reserves available at group level, based on the definition of the Tier 1 ratio (core equity capital expressed as a percentage of total risk-weighted assets).

Crowd funding
When projects are funded by the crowd, the project initiator describes the rewards he or she will provide to the crowd funders in return for the investments they will make.

Customer-Oriented Insurance Quality Mark
The Customer-Oriented Insurance Quality Mark is a quality mark that is awarded for the quality of service provision and customer focus of an insurance company. For more information, please visit keurmerkverzekeraars.nl
(in Dutch only).

Deferred acquisition costs
Deferral of costs of acquiring new and renewal customers, mainly involving commissions and expenditure relating to underwriting, intermediaries and the issue of new contracts, over the duration of the insurance contract. These costs vary and relate mainly to acquiring new customers.

Derivative
A financial instrument with all three of the following characteristics:

(a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, where a non-financial variable is concerned, that the variable is not specific to a party to the contract (sometimes referred to as the 'underlying');
(b) it requires no initial net investment or an initial net investment that is lower than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
(c) it is settled at a future date.

Digital alternative
A tool that can be used in digital form to replace paper-based communication with the intermediary channel or the consumer.

Discounted cash flow method
A valuation technique whereby expected future cash flows are discounted at a rate that expresses the time value of money and a risk premium that reflects the extra return that investors demand as compensation for the risk that the cash flows may not materialize.

Discretionary Participation Feature (DPF)
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, the amount or timing of which is contractually at the discretion of the issuer, that are contractually based on the performance of a specified pool of contracts or type of contract, realized and/or unrealized investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A component of a hybrid instrument that also includes a non-derivative host. The host contract may be a bond or equity, a lease, an insurance contract or a contract of purchase and sale.

Embedded value
The present value of future profits plus adjusted net asset value.

Employee benefits
All forms of consideration given by an entity in exchange for service rendered by employees.

Engagement
Engagement is a constructive dialogue designed to increase the level of sustainability. a.s.r. uses three types of engagement: (1) monitoring, (2) influencing, and (3) public engagement.

ESG
Environmental, social and governance (ESG) refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a company. These areas cover a broad set of concerns increasingly included in the non-financial factors that feature in the valuation of investments in equities, property, and corporate and fixed-income bonds. ESG is the catch-all term for the criteria used in what has become known as socially responsible investment.

Expense ratio
Expenses, including internal costs of handling non-life claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing partners in an arm's length transaction.

Fair value hedge
A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, on an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The title to the asset may or may not eventually be transferred.

FIRA
FIRA is a Dutch sustainability platform that verifies the corporate social responsibility disclosures of businesses and modifies them to allow benchmarking based on reliable information.

Fraud
Wrongful conduct or abuse of facilities and/or resources with deceit as the main component, resulting in enrichment or another gain for the perpetrator, for another party or for a.s.r.

Forestry code of conduct
A code of conduct that is designed to give managers a tool for treating nature respectfully with due observance of the law. It was written by Bosschap, the product

board of land and nature owners in the Netherlands, in partnership with Federatie Particulier Grondbezit, the federation of private land owners, SBNL, an organization for private and agricultural nature management, the Society for the Preservation of Nature in the Netherlands, 12 Landschappen, an organization for landscape management, and others.

Geothermal energy
Thermal energy generated and stored in the earth.

Global Reporting Initiative (GRI)
The Global Reporting Initiative (GRI) is an international organization that defines standards for sustainability reporting.

Goodwill
An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

GPR municipal sustainability rating
The GPR sustainability rating looks at energy efficiency, environmental impact, health issues in the home and high user quality in residential construction.

GRESB
The Global Real Estate Survey Benchmark (GRESB) is a benchmark that looks at the sustainability performance of more than 700 institutional investment funds worldwide.

Gross written premiums
Total revenues (earned or otherwise) expected to be received for insurance contracts over the life of the contract, including reinsurance premiums.

Hedge accounting
Hedge accounting recognizes the offsetting on profit or loss of changes in the fair value of the hedging instrument and the hedged item.

IFRS
Acronym of International Financial Reporting Standards (previously International Accounting Standards, IAS). As of 1 January 2005, these standards have been the generally accepted international accounting policies that apply to all listed companies in the European Union. They make annual results easier to compare and offer a better understanding of a company's financial position and performance.

Impact investments
Investments made in companies, organizations and/or funds with a view to having a beneficial impact on society and the environment while achieving an acceptable financial return.

Impairment
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognized through profit and loss.

Industrial accident
An industrial accident is an accident that happens in the course or as a result of work performed for a.s.r., causing injury to an employee and resulting in absenteeism, permanent disability or death. Accidents happening during an employee's travel to or from work do not qualify as industrial accidents, although they can at times be regarded as industrial accidents if vehicles owned by a.s.r. are involved.

Institution for Occupational Retirement Provision (IORP)
IORP is a pension vehicle in the form of a separate legal entity that can operate a defined contribution pension scheme on a separate account basis during the pension accrual phase. When an employee reaches his or her retirement age, the IORP transfers the accrued capital to a pension insurer of the employee's choice to pay the pension benefits. Employers wishing to insure any additional risks (such as survivors' pensions) can do so through an IORP.

Insurance contracts
A contract under which one party (a.s.r.) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Internal employee
An employee on an employment contract of definite or indefinite duration with a.s.r. or one of its subsidiaries.

Investment contract
A life insurance contract that transfers financial risk with no significant insurance risk.

Investment property
Property held to earn rentals or for capital appreciation or both.

ISAE 3000
ISAE 3000 is the standard for assurance on non-financial information. ISAE 3000 is issued by the International Federation of Accountants (IFAC). The standard lays down guidelines for the ethics, quality management and performance of an ISAE 3000 engagement. Generally speaking, ISAE 3000 is applied to audits of internal control, sustainability and regulatory compliance.

ISAE 3402 type II assurance report
Statutory provisions (Section 4.16 of the Dutch Financial Supervision Act) dictate that financial institutions are required to demonstrate that their outsourced processes are properly managed. As a result, a financial institution will always require a supplier to provide a Service Organization Control (SOC) report before this supplier

can provide services to the financial institution. ISAE 3402 is the global standard for SOC reports. The ISAE 3402 report demonstrates that all of the financial institution's outsourced processes are properly managed.

Joint venture

A contractual arrangement under which two or more parties undertake an economic activity that is subject to joint control.

Lease car fuel consumption

Fuel consumption is expressed in litres (petrol, diesel, electricity and GHC). This is converted into joule.

Long-Term Energy Storage (LTES)

Long-Term Energy Storage is a system for capturing energy from the earth. The underground storage of energy is used to heat and cool office buildings. In summer, ground water with a temperature of 10 to 12 degrees Centigrade is pumped up from a 50-metre deep cold well. In the heat exchanger in the building, the air for the air conditioning system meets the cold water and the air loses its heat to the groundwater, which warms up. The reverse applies in winter.

Market capitalization

Market capitalization is the total market value of the outstanding shares of a publicly traded company and is equal to the share price times the number of outstanding shares.

Materiality

An aspect is considered material if it is relevant to the stakeholders and can have a major impact on the development of a.s.r. The greater the impact of the aspect on both society and a.s.r.'s business operations, results and strategy, the greater its materiality.

MYA3

MYA3 refers to multi-year energy efficiency agreements between the public and private sectors, institutions and local authorities. The Dutch Ministries of Economic Affairs, Foreign Affairs and Kingdom Relations, and Infrastructure and the Environment support these agreements to encourage a more effective and efficient use of energy.

Net Promoter Score (NPS)

A management tool that can be used to gauge the loyalty of an organization's customers. The NPS is the outcome of the answer to the following question: 'How likely is it that you would recommend [type of policy] offered by [insurer] to your family, friends or colleagues?'

Non-participating life insurance contracts

In non-participating life insurance contracts, all values related to the policy (death benefits, cash surrender values, premiums) are usually determined at policy issue, for the life of the contract, and usually cannot be altered after issue.

Notional amount

An amount of currency, a number of shares, a number of units of weight or volume or other units specified in a derivatives contract.

Operating lease

A lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset.

Option

A financial instrument that conveys the right to buy (call option) or sell (put option) a security at a reference price during a specified time frame.

Order in Council

An Order in Council is a decision taken by the Dutch government with respect to statutory provisions.

Paper-based output

The total amount of paper used for communicating with the intermediary channel and consumers, such as for policies, guidelines, newsletters, mail.

People

How does the organization meet the needs of people and how does it protect their interests? In this context, people are taken to include employees, consumers, suppliers and society at large. Common issues in the People domain are occupational health and safety, attracting and retaining employees, sustainable mobility, compliance with labour and human rights law, education and training, internship policy, occupational health and safety at outsourcing or insourcing partners, corporate social responsibility, discrimination, diversity in the workplace, etc.

Planet

How does the organization address its environmental impact? Common issues in the Planet domain are the effects of products, processes and services for the quality of air, water, soil and biodiversity, as well as such themes as cradle-to-cradle, carbon offset, waste and recycling, sustainable transport, sustainable products and services, etc.

Principles for Responsible Investments

The United Nations Principles for Responsible Investments are a framework for institutional investors. The principles, which were launched in April 2006, pertain to the integration of environmental, social and governance aspects into investment policies. For more information, see unpri.org.

Principles for Sustainable Insurance (PSI)

The United Nations Principles for Sustainable Insurance are a set of standards designed to serve as a global framework for the insurance industry to address environmental, social, transparency, customer focus and governance aspects. The PSI were launched in 2012. For more information, see unepfi.org/psi.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange. The transfer of private equity is strictly regulated. In the absence of a marketplace, any investor looking to sell their stake in a private company personally has to find a buyer.

Profit
The goal is to have in place a sustainability policy that is appropriate to the organization and focuses on social return in combination with financial return. Energy efficiency and reducing the cost of waste are examples of this. In this context, profit is a multi-faceted concept: it is not just about the bottom line, but also about pride, trust, commitment, innovation, quality, loyalty, job creation, productivity, positioning, reputation and engaging with a growing group of customers and organizations who demand sustainable products. Common issues in the Profit domain are sustainable investment, sustainability reporting, transparency, cooperation and partnerships, risk management and stakeholder dialogue, etc.

Provision
A liability of uncertain timing or amount. Provisions are recognized as liabilities if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations (assuming that a reliable estimate can be made).

Recoverable amount
The recoverable amount of an asset or a cash-generating unit is its fair value less costs to sell or its value in use, whichever is higher

Seasonal Thermal Energy Storage (STES)
Method for underground storage of heat or cold. The technology is used to heat and/or cool buildings.

Securities lending
This refers to the lending of securities by one party to another, with the latter agreeing to return the securities on a specified future date. The borrower usually provides the lender with collateral. Securities lending allows the owner of the securities to generate extra income.

Shadow accounting
Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities.

Sickness frequency
Average number of times one employee calls in sick in a particular period.

Solvency II
Solvency II is an EU regulatory regime that has been in force in all Member States since 1 January 2016. It has introduced a new, harmonized Europe-wide regime for insurance companies and sets regulatory requirements for solvency and risk governance.

Stakeholders
Stakeholders are persons or organizations that have an interest of whatever nature in an organization. They have a link with its activities, share in its earnings, influence its performance and assess its economic, social and environmental effects. a.s.r.'s main stakeholder groups are its employees (internal), customers and suppliers, and the financial authorities, government and public organizations.

Subordinated debt
Loans (or securities) that rank lower than other debts should the company fall into receivership or be discontinued.

Subsidiary
An entity that is controlled by ASR Nederland N.V. (the parent company) or a subsidiary of ASR Nederland N.V.

Sustainability sheet
An appendix to a contract that sets out the sustainability agreements between the parties.

Sustainable investment
Sustainable investment is a form of investment by which an investor weighs the implications for people and planet in their investment decisions.

Test margin
The test margin for the regulatory solvency available is the excess of the liability arising from the insurance contract and the outcome of the DNB liability adequacy test (DNB LAT).

Transaction date
The date at which a.s.r. enters into the contractual terms of an instrument.

Transparency Benchmark
The Transparency Benchmark is an annual survey of the subject matter and quality of sustainability reports published by Dutch companies. EY has been engaged by the Dutch Ministry of Economic Affairs to conduct the survey.

Vacancy
A job opening for which Recruitment (HR Development) has effectively initiated a recruitment and selection process. Vacancies can be for full-time or part-time positions.

Value in use
Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value Of Business Acquired (VOBA)
The present value of future profits embedded in acquired insurance contracts. VOBA is recognized as an intangible asset and amortized over the effective life of the acquired contracts.

Volunteering

Volunteer activities undertaken by a.s.r. employees, partly during work hours (eight hours per year) and partly during their own free time, to contribute to community initiatives/ social projects that are developed or supported by a.s.r. as part of its financial literacy drive.

Appendix B

List of acronyms

AFM	Netherlands Authority for the Financial Markets
AIFMD	Alternative Investment Fund Managers Directive
ALM	Asset Liability Management
APF	General Pension Fund
a.s.r. GAM	a.s.r. Group Asset Management
a.s.r. REIM	a.s.r. Real Estate Investment Management
ASRH	ASR Hypotheken B.V.
ASR DCRF	ASR Dutch Core Residential Fund
ASR DPRF	ASR Dutch Prime Retail Fund
a.s.r. RED	a.s.r. Real Estate Development
ATP	insurance intermediary
AuM	Assets under Management
BeZaVa	Liability for temporary employees
BPO	Business Process Outsourcing
BREEAM	Building Research Establishment Environmental Assessment Methodology
CAGR	Compound Annual Growth Rate
CCR	Counterparty Credit rating (Standards and Poor's)
CDO	Collateralized Debt Obligation
CDS	Credit Default Swap
CRSA	Control Risk Self-Assessment
CoC	Cost of Capital
CoE	Cost of Equity
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSA	Credit Support Annex
DAC	Deferred Acquisition Costs
DB	Defined Benefit
DC	Defined Contribution
DBO	Defined Benefit Obligation
DNB	Dutch Central Bank (De Nederlandsche Bank)
DNB LAT	Dutch DNB (regulatory) Liability Adequacy Test
DPF	Discretionary Participation Features
ECAP	Economic Capital
EPA	Energy Performance Advisory
Eonia	Euro overnight index average
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EUR	Euro
Euribor	Euro interbank offered rate
FIG	Fair Insurance Guide
FIRM	Financial Institutions Risk Assessment Method
FTE	Full-time equivalent
GDP	Gross Domestic Product
GRESB	Global Real Estate Survey Benchmark
GRI	Global Reporting Initiative
IAS	International Accounting Standards
IBNR	Incurred But Not Reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFSR	Insurer Financial Strength Rating (Standard & Poor's)
INREV	European Association for Investors in Non-Listed Real Estate Vehicles
IORP	Institution of Occupational Retirement Provision
ISDA	International Swaps and Derivatives Association
IVBN	Dutch Association of Institutional Property Investors
Kifid	Financial Services Complaints Authority
KKV	Dutch label for a customer oriented insurance
KPI	Key Performance Indicator
LAC DT	Loss Absorbing Capacity Deferred Tax
LAT	Liability Adequacy Test
LTEO	Long-Term Energy Storage
LTGA	Long-Term Guarantee Assessment
MVI	Socially Responsible Procurement and Business Practices
MYP3	Multi-Year Energy Efficiency Plan 3
NEPROM	Association of Dutch Property Developers
NPS	Net Promoter Score
NRW	Dutch Council of Shopping Centres
OIS	Overnight Index Swap
ORSA	Own Risk and Solvency Assessment
OTC	Over The Counter
PARP	Product Approval and Review Process
P&C	Property and Casualty
QIS	Quantitative Impact Studies (Solvency II)
RICS	Royal Institution of Chartered Surveyors
SaaS	Software as a Service
SCR	Solvency Capital Requirement
SME	Small and Medium-sized Enterprises
SRI	Socially Responsible Investment
TVOG	Time Value of Financial Options and Guarantees
UCITS	Undertakings for Collective Investment in Transferable Securities
UFR	Ultimate Forward Rate
USD	United States Dollar
VBDO	Dutch Association of Investors for Sustainable Development
VEB	Dutch Shareholders' Association
VEH	Dutch Home Owners' Association
VNG	Association of Netherlands Municipalities
VOBA	Value Of Business Acquired
VPL	Early retirement and life cycle 'VUT' (Vervroegd UitTreden), Prepensioen en Levensloop
Wft	Dutch Financial Supervision Act

Appendix C

Standards, covenants and memberships

a.s.r. has undertaken a public commitment to act as a responsible insurer and investor. In evidence of this, it has signed the following national and international standards and covenants:

- **United Nations Environment Programme Finance Initiative (UNEP FI)**
  a.s.r. signed this covenant in August 2013. This is a public-private partnership between UNEP and the financial sector. The goal is to promote the integration of sustainability principles at all operational levels of financial institutions. This is achieved by integrating environmental, social and governance factors into an institution's risk assessment procedures (unepfi.org).
- **UN Global Compact (UNGC)**
  a.s.r. signed the United Nations Global Compact in 2011. By signing the UNGC, a.s.r. has undertaken to embrace, support and implement within its sphere of influence these principles relating to human rights, labour standards, the environment and the fight against corruption. For a status report on 2016, see asrnl.com and unglobalcompact.org.
- **Call to Action: Anti-Corruption and the Global Development Agenda**
  As part of the UN Global Compact, a.s.r. signed the Call to Action: Anti-Corruption and the Global Development Agenda in 2014 (unglobalcompact.org). Through this initiative, the private sector calls upon governments to promote anti-corruption measures and to implement good governance practices.
- **Paris Pledge for Action**
  a.s.r. signed the Paris Pledge for Action on 11 December 2015. In it, the signatories express their firm support for the new climate agreement that was signed during the Paris COP21. The Paris Pledge for Action is an initiative of the French presidency of the COP21, which calls upon all organizations, enterprises, regions, cities and investors to subscribe to the Paris Pledge for Action. Through this pledge, organizations, including a.s.r., confirm their commitment to a safe and stable climate, in which the increase in temperature is limited to well below 2 degrees Centigrade (parispledgeforaction.org).
- **UN Principles for Sustainable Insurance (PSI)**
  a.s.r. signed the PSI of the UNEP FI in August 2013. By adhering to these principles, a.s.r. demonstrates its belief in the need to integrate sustainability in its insurance operations. The objective of these principles is to reduce sustainability risks, develop innovative solutions and improve the operating performance of businesses in terms of social, economic and environmental aspects. Globally, 85 insurance companies have signed these principles (benchmark date: July 2015). The report has been posted on unepfi.org.
- **UN Principles for Responsible Investment (PRI)**
  a.s.r. signed the UN PRI in 2011. The 1,600 companies worldwide that endorse these principles together manage investments worth € 59 trillion. By applying the six UN principles for responsible investment, a.s.r. contributes to the development of a more sustainable financial system. a.s.r. gives a status update on its progress in meeting the Principles for Responsible Investment every year. This report has been posted on unpri.org.
- **Multi-Year Energy Efficiency Agreement (MYA3)**
  In 2008, a.s.r. signed the government's third multi-year energy efficiency agreement (MYA3), in which it was agreed that organizations would commit to the ambition to reduce their energy consumption by 2% every year, ultimately culminating in a 30% improvement by 2020 from benchmark year 2005.
- **Dutch Manifesto for Socially Responsible Purchasing and Business Practices (MVIO)**
  In 2012, a.s.r. undertook to observe the Manifesto for Socially Responsible Purchasing and Business Practices (MVIO), an initiative by large businesses in the Netherlands supported by NEVI, the Dutch Association for Purchasing Management (nevi.nl/mvi).
- **Circular Procurement Green Deal**
  a.s.r. has participated in the Circular Procurement Green Deal since November 2013. The essence of circular procurement is that a procurement officer ascertains that a producer (or another processing party) manages to reuse products or materials in a new cycle when they have reached the end of their useful life.
- **Circle Economy**
  a.s.r. has been a member of Circle Economy since July 2013; Circle Economy is a cooperative that joins forces with its corporate and public members to create a circular economy. With this membership, a.s.r. has undertaken to initiate at least one circular project per year and share the results with the network. In 2016 there was no circular project at a.s.r.
- **Dutch Business Sustainable Mobility Pledge**
  a.s.r. signed the Dutch Business Sustainable Mobility Pledge on 19 October 2016. As a member of the Dutch business community, a.s.r. intends to play a leading role in the actions to prevent climate change, by reducing a.s.r.'s carbon footprint and supporting a shift towards a more sustainable balance of mobility modes. In order to achieve this, a.s.r. pledges to:
  1. Investigate its options for reducing its carbon emissions by shifting towards sustainable mobility;

2. Actively communicate the initiatives it undertakes to raise awareness, acceptance and recognition of the role of sustainable mobility as a part of the solution to climate change;
3. Report any hurdle to bringing about a shift towards sustainable mobility to the government and, by doing so, contribute to the establishment of a supporting policy framework;
4. Personally encourage leaders of other companies to learn from its efforts and join this initiative.

- **MVOI covenant**
  a.s.r. Bank signed the MVOI covenant with other Dutch banks, trade unions, NGOs and the Dutch government in The Hague on 28 October 2016. The covenant is designed to allow banks to be more mindful of human rights when making investments or providing loans. Relevant aspects may include occupational health and safety issues, the freedom to belong to a trade union, child labour and country rights. The covenant was ratified by 13 Dutch banks and governs all their lending operations, anywhere in the world.
- **Ethical manifesto**
  a.s.r. has joined a group of companies that has undertaken to proactively find solutions for customers who are in financial difficulties. This national initiative has committed itself to approaching customers who are behind on their payments promptly and with a positive mindset to help them resolve their financial issues.
  The companies who have joined the initiative have formalized their rules of conduct in an Ethical Manifesto, which a.s.r. has recently signed to show its commitment to this initiative.
- **oPuce**
  In July 2016, a.s.r. signed a letter of intent with oPuce, a business network whose members have expressed the intention to provide professional support to employees suffering from cancer and to give special consideration to people who have lost their jobs due to cancer when hiring new people. This network is also a platform on which to exchange best practices with other businesses.

Guidelines and memberships

- **FIRA sustainability platform**
  a.s.r. has been a member of the FIRA Platform since 2013. FIRA connects organizations with sustainable business practices to potential sustainable suppliers. Suppliers post their sustainability performance on the platform, allowing procurement officers to choose the most suitable supplier.
  If it should become clear in an outsourcing process that a supplier has not committed itself to a sustainability initiative, the supplier in question is required to register with FIRA and achieve Bronze level within a year if it is awarded the project. Of a.s.r.'s top 250 of suppliers, 74 (29.6%) have now registered with FIRA.
  Together with a number of other large players, a.s.r. has launched an initiative to join forces so it can step up its influence on suppliers that are unwilling to register with FIRA. As part of this initiative, a.s.r. has posted a FIRA statement on its website.
- **Dutch Sustainable Investment Code**
  a.s.r. abides by the Sustainable Investment Code of the Dutch Association of Insurers, which came into effect on 1 January 2012. The Code stipulates that the investment policies of members of the Association must take account of environmental, social and corporate governance (ESG) aspects at the entities in which they invest.
- **ISAE 3402 and ISAE 3000 type II assurance certification**
  To demonstrate that a.s.r. is in control of its processes, Financial Markets is ISAE 3402-certified. An independent auditor performed an audit of the processes of this department and issued an ISAE 3402 type II assurance certificate. This quality mark is a key indicator that a.s.r. has full and adequate insight into the processes involved in investments, including execution and controls. The Financial Markets department has been awarded ISAE 3402 type II certification every year since 2010. a.s.r. REIM has been awarded ISAE 3000 Type II certification for its three funds, i.e. the ASR DPRF (retail fund), the ASR DCRF (residential fund) and the ASR Property Fund.
- **Dutch Association of Institutional Property Investors (IVBN)**
  This organization looks after the shared interests of large pension funds, insurance companies, asset managers and property funds (both listed and unlisted).
- **Dutch Association of Investors for Sustainable Development (VBDO)**
  a.s.r. has been a member of the Dutch Association of Investors for Sustainable Development since 2009. This Association promotes awareness among investors of their contribution to sustainability, for instance by conducting different types of benchmark surveys. a.s.r. is included in the benchmark for responsible investments by insurance companies in the Netherlands.
- **European Association for Investors in Non-Listed Real Estate Vehicles (INREV)**
  INREV is an umbrella organization that seeks to create more transparency, accessibility and professionalism, and share best practices.
- **MVO Nederland, the Dutch national sustainability expertise centre**
  MVO Nederland wants to inspire, connect and accelerate organizations on their way towards climate-neutral, circular and inclusive business models with robust and stable earnings to contribute to a sustainable and fair world. It does so by bringing together governments, institutes of knowledge, NGOs and trade unions, focusing on issues such as the climate, energy, commodities, materials, waste, the working population and empowerment.
- **Fair Insurance Guide**
  The Fair Insurance Guide is a joint initiative of Amnesty International, the Dutch Society for the Protection of Animals, the FNV trade union, Friends of the Earth Netherlands, Oxfam Novib and PAX. The surveys

are carried out by the research and advisory agency Profundo. Each year, a benchmark survey is published in which insurers are assessed for their insurance and sustainability policies.

- **Global Reporting Initiative (GRI)**
  The standards of the Global Reporting Initiative governing transparent reporting on (quantifiable) economic, ecological and social performance. The GRI benchmark helps to present non-financial information in as structured, measurable and comparable a way as possible. The benchmark was established to compare the non-financial performance wherever possible.
- **Transparency Benchmark (TB)**
  The Transparency Benchmark of the Dutch Ministry of Economic Affairs gives an overview of the overall scores achieved by organizations. a.s.r. is included in this benchmark.
- **Social partner of Feyenoord football club**
  As part of the sponsorship and partner agreement with Feyenoord, the a.s.r. Foundation undertakes various community activities in collaboration with Rotterdam-based football club under the name Feyenoord in Society. These initiatives often centre on financial education.
- **De Tussenvoorziening**
  De Tussenvoorziening is a foundation whose mission is to help vulnerable people by offering them housing facilities and financial support. The support provided to the target group is designed to improve people's living conditions and prevent them from relapsing. a.s.r. helps De Tussenvoorziening by providing coaches, teaching competency and job application courses, and by offering financial support to the target group. a.s.r. encourages its employees to commit themselves to De Tussenvoorziening or one or more of its patrons for a certain period by volunteering their time.
- **Sport&zaken**
  Sport&zaken brings about partnerships between sports organizations and businesses that have a passion for sports. a.s.r. contributes project-based expertise to sports federations, associations and socially relevant sports organizations, and does so free of charge. Sport&zaken offers sports and exercise activities on behalf of a large number of sports organizations. a.s.r. signed a partnership agreement with Sport&zaken in December 2015.
- **WeShareTalent**
  a.s.r. joined the WeShareTalent network in 2016. This platform brings together joins up people and organizations to allow them to learn from each other, develop skills and talents, and broaden their horizons.

Appendix D

External recognition and awards

- **a.s.r. real estate funds awarded international quality mark**
  Financial Markets was awarded an ISAE 3402 type 2 certificate. The ASR Dutch Prime Retail Fund, the ASR Dutch Core Residential Fund and the ASR Property Fund also received an international quality mark. They were all presented with ISAE 3000 type 2 certificates. This certificate, which was issued by independent auditor KPMG, confirms that the investment processes of all three a.s.r. real estate funds are effective and efficient, and meet the strictest of standards. Being awarded the certificate boosts the confidence of our clients that the funds are managing their assets effectively.

- **a.s.r. receives prestigious Group Diamond Award for investment funds**
  The Group of a.s.r. bond funds was ranked first in the vwd Cash Fund Awards. The ASR Nederlandfonds received an honourable mention. The award ranks the best-performing investment funds and fund managers. Both investment funds and index trackers (Exchange-Traded Funds) are nominated in different categories. The group of a.s.r. bond funds received the highest score. Any investment fund with a history of five years or more were eligible for nomination. a.s.r.'s bonds funds are well-diversified across different bond categories and countries.

- **Honourable mention for Equity Netherlands Investment Funds**
  The ASR Nederland Beleggingsbeheer N.V. (ANB) saw its ASR Nederlandfonds were nominated in the category Equity Netherlands Investment Funds. Although the ASR Nederlandfonds fell just short of the podium, it did receive an honourable mention.

- **a.s.r. receives another award for its investment funds**
  ASR Nederland Beleggingsbeheer won a Thomson Reuters Lipper Award in the annual competition organized by a US-based research institute. The award was presented to the best-performing fund house in the category Lipper Fund Family Award 2016 – Overall Small. ASR Nederland Beleggingsbeheer received the Group Award as the best-performing fund house as manager of such funds as the ASR investment funds and the ASR mixed funds with assets invested worth more than € 6.3 billion.

- **a.s.r. positive exception in Fair Insurance Guide study**
  A new Fair Insurance Guide study shows that most insurers are not transparent about their investments. a.s.r. is mentioned as a positive exception. Most insurers do not score very well when it comes to transparency about their actual investments. a.s.r. is mentioned as a positive exception. a.s.r. stands out in this regard because it is the only insurer that also allows non-customers to file a complaint about its investment policy.

- **a.s.r. ranked first by Fair insurance Guide**
  a.s.r. did very well in a benchmark study of ten insurance companies, scoring a 10 in three categories in the annual study commissioned by the Fair Insurance Guide (for more information, see Chapter 2.5, Result in table Non-financial targets).

- **Young Professional of the Year**
  Three members of the a.s.r. team, Niek Schoones, Eline Rugebregt and Guus Focken were awarded the title of Young Professional of the Year. This marked the first time since the start of the annual competition that an a.s.r. team was awarded this prestigious title. The competition is organized by ICA (InterCompany Association), which represents more than 45 young professional associations of Dutch companies. neXus, a.s.r.'s young professionals association, is also affiliated with ICA.

- **Annuity savings account again awarded five-star status by MoneyView**
  Comparison website MoneyView once again awarded the highest score to the terms and conditions of a.s.r. Bank's annuity savings account. In its product category 'Terms & Conditions', MoneyView studied 25 single-premium products, 18 of which were bank savings products and seven were insurance products. The products were reviewed based on 27 features. a.s.r. Bank was awarded the maximum of five stars. This highest ranking confirms that the product offered by a.s.r. Bank clearly stands out from the average in the market.

- **Ditzo a positive exception in Dutch Consumers' Association study**
  Ditzo was mentioned as a positive exception in a study performed by the Dutch Consumers' Association of the transparency of medical bills. The Association claims that many health insurers make it difficult for policyholders to retrieve their medical bills, but that Ditzo's 'mijn' portal is accessible and well-organized.

The study concluded that Ditzo and two other insurers offer their policyholders the most transparency as far as medical expenses are concerned through their portals. 'These insurers provide transparency in terms of medical expenses. They also show clearly whether medical expenses are covered by basic or top-up insurance, and what the policyholder's deductible is.'

- **a.s.r. mortgages in top 3 Gouden Spreekbuis award for distributors**
  a.s.r. Bank's mortgage business was nominated for the Gouden Spreekbuis 2016 award for distributors, a competition organized by Blauw Research. To arrive at the nominations, Blauw conducted a one-year survey of 2,400 consumers. a.s.r. was nominated for the award in two categories, i.e. Distributors and Providers.

Appendix E

Additional insurance information

Campaigns

a.s.r.'s mission and values are reflected in our campaigns. In 2016, these included:

a.s.r. consumer campaign

In the second quarter of 2016, a.s.r launched a large-scale (brand) campaign featuring Junte Uiterwijk (a.k.a. rapper Sticks). This campaign showed the public what a.s.r. stands for and what drives us. It also demonstrated that we want to listen to our customers and do our best to meet their needs every single day. We want to be a socially relevant and valued insurance company. We help by taking action. We walk the walk, rather than talking the talk. The campaign met with overwhelming response and a.s.r.'s brand recognition has risen. We clearly managed to position ourselves as 'the different insurer'.

Ditzo campaign

With the 'Insurance with a Smiley' campaign, Ditzo has positioned itself as a customer-friendly insurer with a focus on service and a fast, accessible and personal approach via WhatsApp. In the autumn of 2015, Ditzo started a campaign to encourage customers to report claims via WhatsApp. Ditzo continued this initiative into 2016 with various other campaigns.

These campaigns help Ditzo to meet the need of customers to get their questions answered right away.

a.s.r. adviser campaign

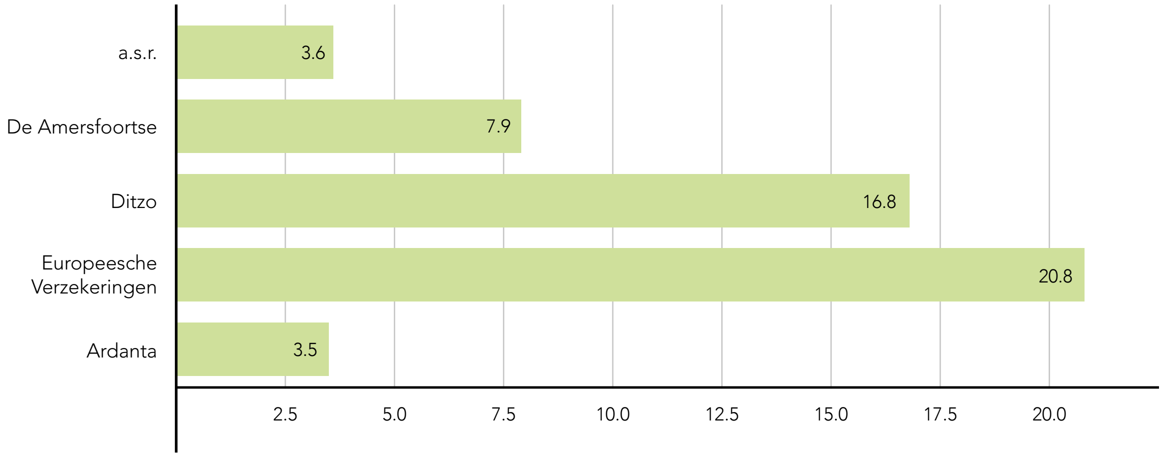
Given that a.s.r. firmly believes that advisers offer added value, a campaign was launched to stress the importance of intermediairies. Advisers tend to know the personal situation of customers, which is why they know best what product is most appropriate for them.

NPS

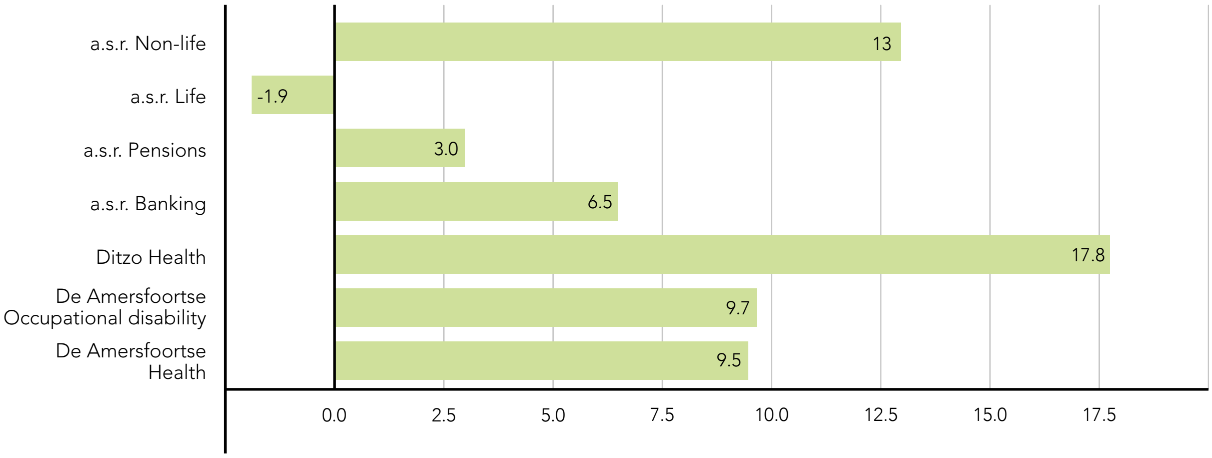
NPS label and business line level

All business lines are committed to treating customers fairly and being the number one in service excellence. To measure how customers feel about our services and how we can improve, a.s.r. has used the Net Promoter Score (NPS). The NPS is the outcome of the answer to the following question: 'How likely is it that you would recommend [type of policy] offered by [insurer] to your family, friends or colleagues?' And in a business-to-business setting: 'to colleagues or business associates'. The scores in the cards below (concerns average over Q4 2016) are based on interactions between customers and a.s.r. after a telephone call. a.s.r. performs these measurements itself.

NPS at label level



NPS by business line



NPS at concern level

Internal and external customer surveys among consumers

The checks a.s.r. has instituted for this purpose are formed by the PARP process and a.s.r.'s own NPS measurement. Another key instrument that contributed to process improvements in 2016 was that of customer journeys.

a.s.r. is also reviewed by external independent organizations. This offers input from the Treating Customers Fairly dashboard, the Customer-Oriented Insurance Quality Mark and the Fair Insurance Guide.

List of Internal and external customer surveys among consumers

Survey	Purpose	Frequency	Follow-up
NPS measurement at time of interaction	Evaluate how customers perceive their interaction with a.s.r.	Throughout the year	Implementing improvements for business lines, teams, employees and processes
Usability test of a.s.r. website	Optimise user-friendliness	Six tests, spread across six months	Increasing level of convenience
Usability test of De Amersfoortse's online Zorgzoeker	Optimise user-friendliness	Once only	Increasing level of convenience
Customer satisfaction survey *Verzekeraars In Beeld* (Dutch Association of Insurers)	Evaluate how retail customers perceive a.s.r.'s services	Once a year	Setting up and implementing improvement initiatives
Customer satisfaction survey *Zakelijk* (Dutch Association of Insurers)	Evaluate how business customers perceive a.s.r.'s services	Once a year	Setting up and implementing improvement initiatives
Campaign tracking	Optimise media tools	Weekly, during course of campaign	Adjusting media tools
Readability tests	Use plain language in messages and making them easier to read	Once only for each communication tool	Finetuning communications
Process and relationship measurements at a.s.r.'s pension business	Evaluate how customers perceive the relationship and the process	Four times a year	Improving services provided by pension business
Proposition test for new mortgage concept	Map out potential of proposition and tweaking proposition	Once only	Improving proposition
Customer panel for unit-linked policies	Offer concrete tools for mobilizing customers	Once only	Fashioning insights to form input for communication with unit-linked policyholders

List of internal and external customer surveys among advisers

Survey	Purpose	Frequency	Follow-up
Cockpit & Extranet – online survey among advisers	Collect insights on the process	Once a year	Increasing level of convenience
Journey VVP process	Identify suggestions for improvement by advisers	Once a year	Setting up and implementing improvement initiatives
Communication surrounding rewritten terms and conditions for business P&C policies.	Have advisers review the message: is it complete, clear and easy-to-understand?	Once a year	Having the review prove that the message is clear.

Appendix F

Additional employee information

The Workforce at a glance

The section contains information regarding a.s.r. employees, excluding of employees of PoliService, Van Kampen Groep, Dutch ID, SuperGarant and Corins. For the segmentation of a.s.r.'s workforce, see page 45.

Staff turnover at 31 December, by age category

	2016				2015			
	Influx		Outflux		Influx		Outflux	
	Male	Female	Male	Female	Male	Female	Male	Female
16-20	1	-	-	-	-	-	2	1
21-25	22	23	4	5	13	15	4	4
26-30	44	49	15	18	35	27	20	15
31-35	27	22	30	23	31	15	42	26
36-40	25	22	31	20	19	12	42	25
41-45	17	14	34	15	19	11	37	36
46-50	18	11	21	22	14	11	51	28
51-55	16	4	21	16	8	9	37	13
56-60	9	2	25	11	3	3	18	8
61-65	7	-	25	8	-	-	36	6
>65	1	-	-	-	-	-	-	-
Subtotal	**187**	**147**	**206**	**138**	**142**	**103**	**289**	**162**
Total	**334**		**344**		**245**		**451**	

Breakdown by male and female employees at 31 December

	2016		2015	
	Male	Female	Male	Female
Executive Board	3	1	3	1
Senior Management	20	6	19	4
Higher Management	110	32	89	31
Front office	88	16	96	17
Back office	1,830	1,259	1,863	1,252
Subtotal	**2,051**	**1,314**	**2,070**	**1,305**
Total	**3,365**		**3,375**	

Number of part-time[1] and full-time employees at 31 December

	2016		2015	
	Male	Female	Male	Female
Part-time[1] employees	511	908	271	796
Full-time employees	1,540	406	1,799	509
Subtotal	**2,051**	**1,314**	**2,070**	**1,305**
Total	**3,365**		**3,375**	

Breakdown of employees by contracts of definite and indefinite duration at 31 December

	2016		2015	
	Male	Female	Male	Female
Contracts of definite duration	86	80	113	87
Contracts of indefinite duration	1,965	1,234	1,957	1,218
Subtotaal	**2,051**	**1,314**	**2,070**	**1,305**
Total	**3,365**		**3,375**	

Breakdown of employees by salary scale

Job group	Male	Female	Total
Scale 2	17	18	35
Scale 3	7	38	45
Scale 4	29	26	55
Scale 5	92	151	243
Scale 6	233	308	541
Scale 7	272	208	480
Scale 8	266	143	409
Scale 9	351	129	480
Scale 10	288	118	406
Scale 11	226	100	326
Scale 12	153	40	193
Scale 13	46	14	60
Scale 14	30	5	35
Scale 15	18	9	27
Scale 22	6	3	9
Scale 23	14	3	17
Executive Board	3	1	4
Total	**2,051**	**1,314**	**3,365**

Industrial accidents

An industrial accident is an accident that happens in the course or as a result of work performed for a.s.r., causing injury to an employee and resulting in absenteeism, a permanent disabilty or death. Accidents happening during an employee's travel to or from work do not qualify as industrial accidents.

The a.s.r. policy addresses:

1. Initial accident reports
2. Incident reports
3. Reports to Labour Inspectorate
4. Insurance
    - Liability insurance
    - Group accident insurance

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[1] Employees who work less than a full-time equivalent (FTE).

Number of emergency reports (in-house emergency services called in)

2016	2015
10	19

Inappropriate behaviour

a.s.r. has installed a Complaints Procedure for Inappropriate Behaviour, which governs all employees who have an employment contract with ASR Nederland N.V. as well as interns, holiday workers, temporary staff and other external staff who work for ASR Nederland N.V. If an employee is confronted with inappropriate behaviour during their work for ASR Nederland N.V., he or she can file an individual complaint with the Complaints Committee for Inappropriate Behaviour instituted by ASR Nederland N.V. This Committee advises the Executive Board on the validity of the complaint in accordance with the complaints procedure that has been adopted in dialogue with the Works Council. a.s.r. has also appointed two external confidential counsellors. Employees are free to avail themselves of the option to engage these counsellors.

a.s.r. qualifies the following as inappropriate behaviour: any form of behaviour that is sexual and/or otherwise hurtful, intimidating or offensive in nature. In concrete terms, this would include asking for sexual favours, making offensive oral statements or displaying physical conduct of a sexual nature.
This specifically includes:

- Inappropriate sexual advances;
- Requests for sexual favours;
- Any other type of verbal or physical conduct of a sexual or otherwise hurtful or offensive nature where:
  - Subjection to the conduct in question is an implicit or explicit condition for the job or the appointment;
  - A person uses subjection to or rejection of that conduct as a basis for their decision-making with respect to the job or the appointment;
  - Such conduct is meant to create an intimidating, hostile, hurtful or offensive climate, or results in such a climate.

There were no formal complaints filed in 2016.

Additional positions of executives and memberships of a.s.r.

Name and function	Organization	Committee / Sector	Additional postion
Jerphaas Campagne, Managing Director of group risk management	Dutch Association of Insurers	Risk Management Committee Balance Management Committee	Member Member
Arnoud Daan, Managing Director of audit	Workforce Internal Audit Netherlands Institute of Chartered Accountants (NBA) Social Fund a.s.r.	Sector Committee for Insurance Companies and Pension Funds	Member Member Chair
Dick Gort, Managing Director of real estate business	Dutch Association of Institutional Property Investors (IVBN) Stivad (Real estate data foundation)		Chair Member of the Supervisory Board
Guido Horst, Managing Director of Ardanta	Dutch Association of Insurers	Funeral Insurance Platform Policy Committee	Member
Akkie Lansberg, Managing Director of health insurance business	Dutch Association of Health Insurers		Member of the Board
Fleur Rieter, Managing Director of pension business	Dutch Association of Insurers Netspar, Network for Studies on Pensions, Aging en Retirement Foundation for Sustainable (Micro) Pensions in Developing Countries (SDMO)	Sector Board Life	Member of the Board Member Member
Frank Romijn, Managing Director of occuptional disability business	Dutch Association of Insurers Dutch Reinsurance Company for Terrorism Losses (NHT) Keerpunt Hilversum, a company for reintegration SuperGarant Verzekeringen – Leidschendam, broker Executive Council, NGVA (Dutch Association of Underwriting Agents) Executive Council, Oval (sector organization of occupational health & safety boards and reintegration businesses) Centre for Insurance Statistics Coordinatieoverleg Verzekeraars Versterken Advisory Council for Financial Services Management, HU University of Applied Sciences, Utrecht, Education & Professional Development	Sector Board Disability	Chair Member of the board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member Member Member Member
Jolanda Sappelli, Managing Director of human resources	Dutch Association of Insurers	Sector Board, Pay-and-Benefits	Member

Name and function	Organization	Committee / Sector	Additional postion
Robert van der Schaaf, Managing Director of non-life business	The personal Injury Council		Chair
	Executive Council Dutch Association of Insurers and NVGA	Sector Board Non-life	Member of the board
Boudewijn van Uden, Managing Director of corporate communications	Foundation Stad Rotterdam anno 1720		Member of the Supervisory Board
	New Financial Forum		Member of the Supervisory Board
Philippe Wits, Managing Director of Innovation and Digital	Dutch Association of Insurers	Unit-Linked Insurance Administrative Consultative Committee	Member
Mario Menheere, COO of a.s.r. Bank	Skydoo, a digital platform for facilitating the acceptance process between intermediairies and lenders		Member of the Board

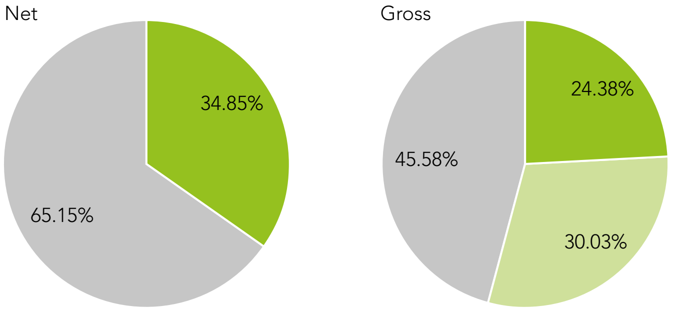
Appendix G

Additional environmental information

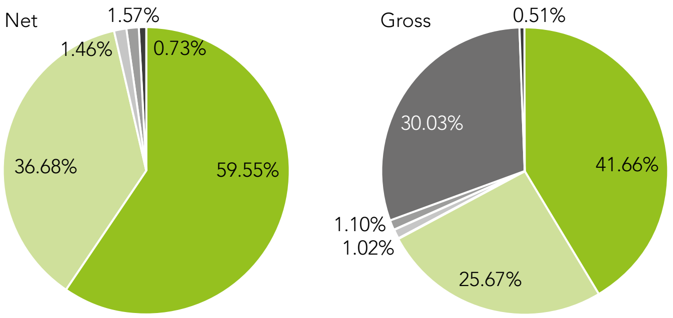
a.s.r. seeks to be a leader in sustainable business practices in the financial sector. It aims to realize this ambition in its investment policy and in its own business practices, from operating energy efficiently to pursuing a sustainable procurement policy.

Carbon emissions are reported based on Scopes 1, 2 and 3 of the Greenhouse Gas Protocol. Scope 1 covers all direct emissions (fuel consumed by company vehicles and lease cars), Scope 2 encompasses carbon emissions from consumption of purchased electricity (emitted by the electricity company rather than by a.s.r. itself) and Scope 3 relates to indirect carbon emissions in the corporate value chain (caused, for instance, by commuters without lease cars and external services providers (e.g. airlines). a.s.r.'s carbon footprint is determined by Carbon Manager based on the Green Deal carbon emission factors.

Breakdown of total carbon emissions by scope and by emission category head office



	Net	Gross
🟩 Scope 1	34.85%	24.38%
🟩 Scope 2	0%	30.03%
⬜ Scope 3	65.15%	45.58%



	Net	Gross
🟩 Commuting	59.55%	41.66%
🟩 Business travel	36.68%	25.67%
⬜ Waste	1.46%	1.02%
⬜ Fuel and heat	1.57%	1.10%
⬛ Electricity	0%	30.03%
⬛ Cooling	0.73%	0.51%

Carbon emissions by scope and by emission category head office

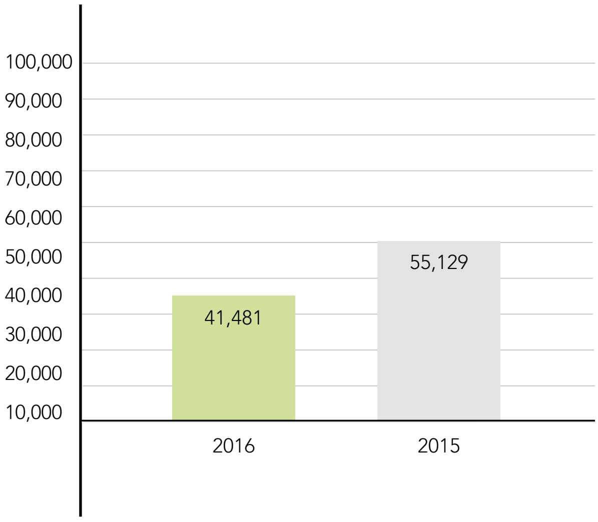
Scope	Category	Emissions (tonnes of carbon dioxide equivalents)	Net %	Gross %
Scope 1	Fuel and heat	116,5	1.6	1.1
	Cooling	54,2	0.7	0.5
	Business travel (lease)	2408,8	32.5	22.8
		2,579.5	**34.8**	**24.4**
Scope 2	Electricity	0.0	0.0	30.0
		0.0	**0.0**	**0.0**
Scope 3	Business travel (air travel) Expense claims for private mileage (car, train and bus)	306,1	4.1	2.9
	Commuting	4,407.2	59.5	41.7
	Waste	108,3	1.5	1.0
		4,821.6	**65.1**	**45.6**
Total		**7,401.1**	**100%**	**100%**

ASR Nederland N.V.

	kg CO2 per FTE	kg CO2 per m²	Emissions (tonnes CO2-eq)
Net	2,488.61	86.33	7,401.12
Gross	3,556.90	123.39	10,578.22

Number of energy-efficient lease cars

Total factory carbon emissions lease cars (g/km)



a.s.r.'s carbon emissions are lower because it operates more energy-efficiently. a.s.r. is committed to achieving the energy efficiency targets set in the MYA3 energy covenant, which are assessed by the government.

a.s.r. purchases electricity from wind energy generated in Sweden via CertiQ certificates.

Energy consumption and water withdrawal[1]

	2016	2015
Electricity KWh	6,493,692 (-24%)	8,554,298
Gas m³	198,378 (-45%)	357,930
Water m³ (municipal)	17.217 (-39%)	28.319

Type of waste[1]

Type of waste	Disposal method	2016	2015
Residual	Converted into (partially green) energy and heat	206,473 (-14%)	241,235
Paper and cardboard	Recycled in the paper industry as a high-grade base material	120,359 (-27%)	163,924
Swill	Converted into biogas, making this waste flow entirely green	11,261 (0,9%)	11,371
Other	-	14,037 (+5%)	13,405

Recycling

a.s.r. uses coffee cups of the sustainable ‘cup2paper’ concept. These paper cups are reusable and fully recyclable; their production process is 100% carbon-neutral. The concept also encompasses the collection and recycling process after use.
The use of fewer cups has a positive impact on the environment as well as a cost-saving effect, as waste processing is less time-consuming. Since the introduction of cup2paper, 15.84 % of all cups have been recycled.

Biodiversity

The office garden at Archimedeslaan borders on the Ecological Network of the province of Utrecht and provides a habitat for several species of fauna, including bats, hedgehogs, salamanders, insects, storks and grass snakes. To promote biodiversity, among other things a.s.r. has made nesting areas for house sparrows, swifts and bats and created a habitat for bees. a.s.r. also tries to promote biodiversity by maintaining the gardens extensively so that native plans have a greater chance of survival. By making these arrangements a.s.r. hopes to contribute to the continued existence of the grass snake (Natrix Natrix), a rare species that is on the red list of endangered species.

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[1] Location Enschede not included.

Appendix H

Additional information

Interaction with stakeholders and Identified material aspects

Stakeholder group	Interaction type Contact frequency	Important issues	Result/Follow-up	Perspective & concerns	Relevant material aspects[2]
Customers and Intermediaries	Telephone support, surveys, corporate events, seminars and stakeholder dialogue Contact frequency: daily	Selling process, improvements to product offering, advice and service provision, knowledge transfer and networking	Implementation of improvements and follow-up of appointments if required/ requested	Economic Fair treatment and financial security	C, D, F, G, H, I, J, K, M
Internal organization • Supervisory Board • Executive Board • Chairman's of the management teams • Employees of a.s.r. • Employees of subsidiaries • Retirees • Works Council	Management and departmental meetings, one-on-ones and stakeholder dialogue Contact frequency: daily	Performance of duties	Follow-up of appointments if required/ requested	Economic Vitality and financial security	D, E, H, K, M, N, O, P, Q,
Suppliers[1] • Dutch • EU and US-based • Primary process • Secondary process	Procurement process and stakeholder dialogue Contact frequency: weekly	Purchase of goods and services	Delivery of products or services and follow-up of appointments if requested/ required	Economic Fair treatment and fee for services procured	C, M, R, S

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1 This does not include loss adjusters, crash repair companies and benefits paid by a.s.r. product lines, such as occupational disability, P&C and pensions.

2 See the materiality matrix.

Stakeholder group	Interaction type Contact frequency	Important issues	Result/Follow-up	Perspective & concerns	Relevant material aspects²
Financial (international) market players • Analysts • Investors • Banks • Standard & Poor's (S&P) rating agency	Working visits, meetings and presentations Contact frequency: weekly	Information provision on developments at a.s.r., policies and specific issues/ projects	Follow-up of appointments if required/ requested	Economic a.s.r.'s ability to continue as a going concern	C, G, I, L, S
Politics/Government • Government • House of Representative • Political parties – financial spokespersons • Insurance Committee • City of Utrecht • Province of Utrecht • Other cities • Dutch Tax & Customs Administration	Working visits, meetings, presentations and stakeholder dialogue Contact frequency: weekly	Information provision on developments at a.s.r. and in the market	Follow-up of appointments if required/ requested	Political Sustainable contribution to society by a.s.r.	A, B, C, D, S
Public and non-governmental organizations and sector associations • Dutch Association of Insurers • EIOPA • Dutch Consumers' Association • Association of Netherlands Municipalities (VNG) • National Ombudsman • Financial Services Complaints Board (Kifid) • Customer-oriented Insurance Quality Mark (KKV) • Stichting Verliespolis • Stichting Woekerpolis Claim • Vereniging Consument & Geldzaken • Dutch Home Owners' Association (VEH) • Business park Rijnsweerd • Dutch Association of Investors for Sustainable Development (VBDO) • Dutch Shareholders' Association (VEB) • Fair Insurance Guide • NGOs • Knowledge institutions	Working visits, meetings, presentations and stakeholder dialogue Contact frequency: weekly	Information provision on developments at a.s.r. and in the market	Follow-up of appointments if required/ requested	Social Sustainable contribution to society by a.s.r.	A, B, C, D, E, G, H, I, J, L, M, S
Supervisors • Dutch Central Bank (DNB) • Netherlands Authority for the Financial Markets (AFM) • Netherlands Authority for Consumers & Markets (ACM) • Authority Personal Data (AP) • Dutch Care Authority (Nza)	Working visits, meetings, presentations and stakeholder dialogue Contact frequency: weekly	Information provision on developments at a.s.r. and in the market	Follow-up of appointments if required/ requested	Economic Fair treatment and financial security	A, B, C, D, E, H, J, L

Appendix I

GRI Content index

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
General disclosures		
Organization Profile 2016		
102-1	Name of the organization	ASR Nederland N.V.
102-2	Activities, brands, products, and services	Ch. 2.1 Profile / Organizational structure / Insurance activities Ch. 2.1 Profile / Organizational structure / Non-insurance activities Ch. 2.3 Strategy / Brand and distribution strategy a.s.r. has a checklist for marketing communications (subject to annual updates). This list specifies applicable laws and regulations, and voluntary codes. Additionally, there are guidelines in place for how to handle commissions and personal data. All communications are reviewed for their compatibility with the applicable regulations and voluntary codes on a multidisciplinary level.
102-3	Location of headquarters	Page 309, Utrecht
102-4	Location of operations	Ch. 2.1 Profile / a.s.r.
102-5	Ownership and legal form	Ch. 4.1 Corporate governance Ch. 5.5.8.1 Share capital
102-6	Markets served	Ch. 2.3 Strategy / Brand and distribution strategy Ch. 2.4.3 Value creation model
102-7	Scale of the organization	Ch. 1.2 At a glance Ch. 3.4 Group and segment Financial Performance Ch. 5.2 Consolidated financial statements
102-8	Information on employees and other workers	Appendix F, Additional employee information: • Table Breakdown of employees by contracts of definite and indefinite duration at 31 December • Table Number of part-time and full-time employees at 31 December
102-9	Supply chain	Ch. 2.5.4 Environment / Procurement / table Supply chain
102-10	Significant changes to the organization and its supply chain	Ch. 1.4 Investor Relations Ch. 2.5.4 Environment / Housing Ch. 2.5.4 Environment / Procurement Ch. 5.4 Group structure and segment information Ch. 5.4.5 Acquisitions Ch. 5.4.6 Discontinued operations and assets held for sale and related liabilities Ch. 5.5.8 Equity

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
102-11	Precautionary Principle or approach	Ch. 5.8.2.1 Enterprise Risk Management Framework Ch. 5.8.8 Strategic and operational risk
102-12	External initiatives	Appendix C, Standards: covenants and memberships
102-13	Membership of associations	Appendix F, Additional employee information: table Additional positions of executives and memberships of a.s.r.
Strategy 2016		
102-14	Statement from senior decision-maker	Ch. 1.3 Message from the Chairman
102-15	Key impacts, risks, and opportunities	Ch. 2.1.4 SWOT Ch. 2.2 Key trends Ch. 3.5 Risk management and Compliance / Risk management
Ethics and integrity 2016		
102-16	Values, principles, standards, and norms of behaviour	Ch. 2.5.2 People / a.s.r. Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	Ch. 2.5.2 People / a.s.r. Code of Conduct Ch. 2.5.2 People / Unethical conduct and fraud Ch. 3.5 Risk management and Compliance / Compliance
Governance 2016		
102-18	Governance structure	Ch. 4.1.1 Supervisory Board Ch. 4.1.2 Executive Board Ch. 4.2.1 Supervisory Board Committees asrnl.com / governance and organization
102-19	Delegating authority	Ch. 3.5 Sustainability / Governance asrnl.com / governance and organization
102-20	Executive-level responsibility for economic, environmental, and social topics	Ch. 2.5 Sustainability / Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	Ch. 2.4.1 Materialitial aspects / Priorities Ch. 2.4.2 Stakeholders / Stakeholder dialogue
102-22	Composition of the highest governance body and its committees	Ch. 4.1.1 Supervisory Board Ch. 4.1.2 Executive Board
102-23	Chair of the highest governance body	Ch. 4.1.2 Executive Board / J.P.M. (Jos) Baeten (CEO)
102-24	Nominating and selecting the highest governance body	Ch. 4.1 Corporate governance asrnl.com / Rules of procedure for the Supervisory Board / Appendix D: Rules of procedure for the Selection & Appointment Committee of the Supervisory Board (page 17)

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
102-25	Conflicts of interest	Ch. 4.1 Corporate Governance asrnl.com / Rules of procedure for the Supervisory Board / 9. conflicting interests asrnl.com / Rules of procedure for the Executive Board of ASR Nederland N.V. / Article 14 Conflict of interest (in Dutch only)
102-26	Role of highest governance body in setting purpose, values, and strategy	Ch. 4.1 Corporate Governance Ch. 4.1.1. Supervisory Board Ch. 4.1.2 Executive Board asrnl.com / Rules of procedure for the Supervisory Board / Article 1.3 (page 4) asrnl.com / Rules of procedure for the Executive Board of ASR Nederland N.V. / Article 3.6 (page 5)
102-27	Collective knowledge of highest governance body	Ch. 4.1.1 Supervisory Board / Evaluation and education Ch. 4.1.2 Executive Board / Education and evaluation
102-28	Evaluating the highest governance body's performance	Ch. 4.1.1 Supervisory Board / Education and evaluation Ch. 4.1.2 Executive Board / Education and evaluation
102-29	Identifying and managing economic, environmental, and social impacts	asrnl.com / Dutch Code of Conduct for Insurers asrnl.com / Rules of procedure for the Executive Board of ASR Nederland N.V. / Article 3.6 (page 5) Ch. 2.6 Sustainability / governance Ch. 3.1 Themes in 2016 Ch. 3.5 Risk Management and Compliance
102-30	Effectiveness of risk management processes	Ch. 3.5 Risk Management and compliance Ch. 5.8.3.2 Risk governance
102-31	Review of economic, environmental, and social topics	Ch. 3 Business Report Ch. 4 Governance Report
102-32	Highest governance body's role in sustainability reporting	Ch. 2.5 Sustainability / Governance
102-33	Communicating critical concerns	Ch. 3.5 Risk management and Compliance / Compliance
102-34	Nature and total number of critical concerns	In 2016 there were no critical concerns. Ch. 3.5 Risk management and Compliance Risk management Ch. 5.8.2.1 Enterprise Risk Management Framework/ Risk committee structure Ch. 5.8.2.1 Enterprise Risk Management Framework / Risk management process
102-35	Remuneration policies	Ch. 4.3 Remuneration report
102-36	Process for determining remuneration	Ch. 4.3 Remuneration report
102-37	Stakeholders' involvement in remuneration	Ch. 4.3 Remuneration report

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
102-38	Annual total compensation ratio	Median annual total compensation for all employees: € 52,253 Annual total compensation for highest-paid individual: € 541,303 Ratio = 541,000/52,000 = 10.40
102-39	Percentage increase in annual total compensation ratio	Increase in median annual total compensation: 1.005% Increase in annual total compensation for highest-paid individual: 1.015% Ratio: 1.015/1.005 = 1.01
Stakeholder engagement 2016		
102-40	List of stakeholder groups	Ch. 2.4.2 Stakeholders
102-41	Collective bargaining agreements	95.5% of the total number of employees is covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	The selection of stakeholders was made by defining groups that have a direct or indirect stake in the organization.
102-43	Approach to stakeholder engagement	Appendix H, Additional information: table Interaction with stakeholders and identified aspects
102-43	Key topics and concerns raised	Appendix H, Additional information: table Interaction with stakeholders and identified aspects
102-44	Key topics and concerns raised throug stakeholder engagement	Appendix H, Additional information: table Interaction with stakeholders and identified aspects
Reporting practice 2016		
102-45	Entities included in the consolidated financial statements	Ch. 5.4.1 Group structure
102-46	Defining report content and topic boundaries	Ch. 1.1 Notes to the reader Ch. 2.4.1 Value creation / Materiality
102-47	List of material topics	Ch. 2.4.3 Value creation model / Materiality matrix
102-48	Restatements of information	Ch. 5.3.1 Changes in accounting estimates as of 1 January 2016 Ch. 5.3.2 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2016
102-49	Changes in reporting	Ch. 5.3.1 Changes in accounting estimates as of 1 January 2016 Ch. 5.3.2 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2016
102-50	Reporting period	1 January to 31 December 2016
102-51	Date of most recent report	4 April 2016
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Page 309, Utrecht

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
102-54	Claims of reporting in accordance with the GRI Standards	Ch. 1.1 Notes to the reader
102-55	GRI content index	Appendix I, GRI Content Index
102-56	External assurance	Ch. 1.1 Notes to the reader / Reporting proces Ch. 2.6 Assurance report of the independent auditor on the sustainability information Ch. 6.1 Report on the audit of the financial statements 2016 included the annual report
Material topics		
Management approach 2016		
103-1	Explanation of the material topic and its Boundary	Ch. 2.5 Value creation model / Material aspects / Delineation of material aspects Appendix H Additional information: table Identified material aspects
103-2	The management approach and its components	Ch. 2.5 Sustainability Ch. 3.4 Group and segment financial performance Ch. 5.9.2 Solvency II
103-3	Evaluation of the management approach	Ch. 2.5 Sustainability / KPIs Ch. 3.4 Group and Segment financial performance Ch. 5.9.2 Solvency II
Economic performance 2016		
201-1	Direct economic value generated and distributed	Ch. 5 Annual financial statements 2016
201-2	Financial implications and other risks and opportunities due to climate change	Ch. 2.5 Value creation / Planet / Climate change Ch. 5.8.7 Operational risk
201-3	Defined benefit plan obligations and other retirement plans	Ch. 5.5.11 Employee benefits
201-4	Financial assistance received from government	Ch. 4.1 Corporate governance / IPO
Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Ratio of entry level wage to minimum wage by gender; • Male 3.11 • Female 2.51
202-2	Proportion of senior management hired from the local community	Given that ASR Nederland N.V. is based exclusively in the Netherlands, this indicator is not applicable.

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Not applicable
203-2	Significant indirect economic impacts	Ch. 1.5 2016 in overview Ch. 3.1 Themes in 2016 Ch. 3.4 Group and segment financial performance / Group
Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Given that ASR Nederland N.V. is based exclusively in the Netherlands, this indicator is not applicable.
Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Ch. 2.5.2 People / a.s.r. Code of Conduct
205-2	Communication and training about anti-corruption policies and procedures	Ch. 2.5.2 People / a.s.r. Code of Conduct
205-3	Confirmed incidents of corruption and actions taken	Ch. 2.5.2 People / a.s.r. Code of Conduct Failure to observe these rules of conduct will be considered a serious breach of the trust that the employer has in the employee, and will lead to disciplinary action. Compliance produces quarterly reports and ad-hoc reports related to unethical conduct and fraud that are discussed by the Executive Board and the Audit & Risk Committee.
Anti-competitive Behaviour 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal proceedings
Materials 2016		
301-1	Materials used by weight or volume	Appendix G, Additional environmental information: table Type of waste
301-2	Recycled input materials used	Not applicable
301-3	Reclaimed products and their packaging materials	Not relevant for a financial institution
Energy 2016		
302-1	Energy consumption within the organization	Ch. 2.5.4 Environment: Table Environmental performance Appendix G, Additional environmental information: table Energy consumption and water withdrawal

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
302-2	Energy consumption outside of the organization	Appendix G, Additional environmental information
302-3	Energy intensity	Electricity (kWh) 6,493,692 FTE 3,365 Ratio 1,292
302-4	Reduction of energy consumption	Ch. 2.5.4 Environment / Mobility policy Appendix G, Additional environmental information, table Energy consumption and water withdrawal
302-5	Reductions in energy requirements of products and services	Ch. 2.5.4 Environment, table Environmental performance Appendix G, Additional environmental information: • Table Electricity • Table Energy consumption and water withdrawal
Water 2016		
303-1	Water withdrawal by source	Appendix G, Additional environmental information: table Energy consumption and water withdrawal
303-2	Water sources significantly affected by withdrawal of water	Not applicable
303-3	Water recycled and reused	Not applicable
Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Surface area of land (owned or managed by a.s.r.) in, or adjacent to, protected areas: 5,179 hectares. Areas of high biodiversity value: 1,846 hectares.
304-2	Significant impacts of activities, products, and services on biodiversity	Ch. 2.4 Stakeholders Ch. 2.5.3 / Investments / ESG Integration for best-in-class investments asrnl.com / Investments SRI policy: Detail criteria Positive screening
304-3	Habitats protected or restored	Appendix G, Additional environmental information, Biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	See 304-3
Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Appendix G, Additional environmental information, Total CO2 reduction
305-2	Energy indirect (Scope 2) GHG emissions	Appendix G, Additional environmental information, Total CO2 reduction

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
305-3	Other indirect (Scope 3) GHG emissions	Appendix G, Additional environmental information, Total CO2 reduction
305-4	GHG emissions intensity	Appendix G, Additional environmental information, Total CO2 reduction
305-5	Reduction of GHG emissions	Ch. 2.5.4 Environment / environmental performance Appendix G, Additional environmental information, Total CO2 reduction
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NO_X), sulphur oxides (SO_X), and other significant air emissions	Not applicable
Effluents and Waste 2016		
306-1	Water discharge by quality and destination	Not relevant for a financial institution
306-2	Waste by type and disposal method	Ch. 2.5.4 Environment / Waste
306-3	Significant spills	Not relevant for a financial institution
306-4	Transport of hazardous waste	Not relevant for a financial institution
306-5	Water bodies affected by water discharges and/or runoff	Not relevant for a financial institution
Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	No fines or sanctions were imposed in 2016 for non-compliance with environmental laws and regulations.
Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Ch. 2.5.4 Environment / Procurement, table Supply chain Appendix C, Standards, covenants and memberships / Guidelines and memberships / FIRA
308-2	Negative environmental impacts in the supply chain and actions taken	Ch. 2.5.4 Environment / Procurement / Outsourcing policy Appendix C, Standards, covenants and memberships / Guidelines and memberships / FIRA
Employment 2016		
401-1	New employee hires and employee turnover	Ch. 2.5.2 People / KPI 7 50% Vacancies filled by internal candidates: table: Vacancies filled Appendix F, Additional employee information: table Staff turnover at 31 December, by age category

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Only the selection system has an option that is not available to part-time employees working fewer than 1,976 hours per year cannot work 52 or 104 hours more or less on an annual basis. a.s.r. operates only in the Netherlands.
401-3	Parental leave	Total number of employees that were entitled to parental leave: • Male 2,051 • Female 1,314 Total number of employees that took parental leave: • Male 92 • Female 129 Total number of employees that returned to work after parental leave ended: • Male 88 • Female 117 Return to work rate of employees that took parental leave: • Male 95.6% • Female 90.7%
Labour/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Ch. 2.5.2 People / Pay and benefits / New redundancy plan
Occupational Health and Safety 2016		
403-1	Workers representation in formal joint management–worker health and safety committees	Ch. 2.5.2 People / Health and vitality The RI&E applies to all a.s.r. employees (100%). The Social Policy Committee and the Occupational Health and Safety Committee consist of 13 members: four from HR, one from BS, and eight from the Business Lines. The Occupational Health and Safety Committee has three Safety Managers who coordinate all branches. There are 103 emergency responders, six of whom are based in Enschede, three in Rotterdam (warehouse) and 94 in Utrecht.
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Appendix F, Additional employee information: table Number of emergency reports
403-3	Workers with high incidence or high risk of diseases related to their occupation	a.s.r. offers an absenteeism course for managers and HR officers, a.s.r. has engaged Arboned, an occupational health and safety service, to assist with risk assessment and evaluation. In 2016, HR had two absenteeism specialists who provided support to the business managers and HR officers.
403-4	Health and safety topics covered in formal agreements with trade unions	These agreements are outlined in the occupational health and safety catalogue for the insurance sector (Dutch only). The obligations under the collective bargaining provisions for the insurance sector (Ch. 2.5 Value creation, People, Health and vitality) form the parameters for the occupational health and safety policy.

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
Training and Education 2016		
404-1	Average hours of training per year per employee	Ch. 2.5.2 People / Sustainable employability / Training and development
404-2	Programs for upgrading employee skills and transition assistance programmes	Ch. 2.5.2 People / Sustainable employability / Training and development: • On the Move • Financial Supervison Act (Wft)
404-3	Percentage of employees receiving regular performance and career development reviews	Ch. 2.5.2 People / Sustainable employability / Training and development / Review All employees with an a.s.r. contract undergo a performance and career development review every year.
Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	2.5.2 People / Diversity / Tables. Appendix F, Additional employee information: • Breakdown by male and female employees at 31 December • Staff turnover at 31 December, by age category
405-2	Ratio of basic salary and remuneration of women to men	Appendix F, Additional employee information: table Breakdown of employees by salary scale Men and women with comparable work experience, achievements and potential are equally rewarded. For comparable roles, differences in performance may result in differences in salary level.
Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination in 2016
Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Ch. 2.5.3 Investments / Human Rights / Procurement Ch. 2.5.3 Investments Ch. 2.5.4 Environment / Procurement SRI, detailed criteria for positive screening: • 1.1 Promotion of social dialogue • 3.6 Integration of social themes into the production chain • 6.2 Respect for the freedom of trade unions and right to collective bargaining.
Child Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	Ch. 2.5.3 Investments: • Exclusion criteria for countries and companies • ESG Integration for best-in-class investments Ch. 2.5.4 Environment / Procurement / Outsourcing policy

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
Forced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Ch. 2.5.3 Investments: • Exclusion criteria for countries and companies • ESG Integration for best-in-class investments Ch. 2.5.4 Environment / Procurement / Outsourcing policy
Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	The security staff in the office is not trained in human right policies. All security guards and emergency responders (100%) have taken emergency response courses.
Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	Ch. 2.5.4 Environment / Investor: • Exclusion criteria for countries and companies • ESG Integration for best-in-class investments
Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	Ch. 2.5.3 Investments: • Exclusion criteria for countries and companies • ESG Integration for best-in-class investments Ch. 2.5.4 Environment / Procurement / Outsourcing policy
412-2	Employee training on human rights policies or procedures	No training is provided with regard to aspects of human rights.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Ch. 2.5.3 Investments: • Exclusion criteria for countries and companies • ESG Integration for best-in-class investments
Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Ch. 2.5.2 People / Diversity Ch. 2.5.4 Environment / Mobility policy
413-2	Operations with significant actual and potential negative impacts on local communities	Ch. 2.5.3 Investments: • Exclusion criteria for countries and companies • ESG Integration for best-in-class investments
Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Ch. 2.5.4 Environment / Procurement, table Supply chain Appendix C, Standards, convenants and memeberships / Guidelines and memberships / FIRA
414-2	Negative social impacts in the supply chain and actions taken	Ch. 2.5.4 Environment / Procurement / Outsourcing policy

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
Public Policy 2016		
415-1	Political contributions	No contributions
Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Ch. 2.6 Sustainability / Insurance
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents
Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	The following product and service information is required by the organization's procedures for product and service information and labelling. (see table below) Besides testing for cost effectiveness, usefulness, safety and reliability, PARP also reviews whether information meets the relevant statutory requirements and self-imposed regulations (voluntary codes).
417-2	Incidents of non-compliance concerning product and service information and labeling	The review of products showed on several occasions that there is room for improvement in information provision. These findings have been followed up.
417-3	Incidents of non-compliance concerning marketing communications	The review of products showed on several occasions that there is room for improvement in information provision. Actions have been taken based on these findings.
Customer Privacy 2016		
418-1	Substantiated complaints related to breaches of customer privacy and losses of customer data	Ch. 2.5.1 Insurance / Complaints management / Learning and improving Total number of compliants, classified as ' Privacy': • Received: 13 • Process completed: 12 • Awarded: 7 Total number of leaks, thefts, of losses of losses of customer data: • Received: 262 • Reported to Dutch Data Protection Authority: 51

	Yes	No
Sourcing of components of the product or service	x	
Content, particularly with regard to substances that might produce an environmental or social impact	x	
Safe use of the product or service	x	
Disposal of the product and environmental or social impacts	n/a	
Other (explain)		x

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Ch. 3.5 Risk management and Compliance / Risk Priorities / Impact of supervision, laws and regulations

Contact details

Contact

The a.s.r. Annual Report 2016 is published in the English language only. The report can be downloaded as a pdf.

We welcome feedback or questions on our report. You can contact us as follows:

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