2019 Annual Report

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

Cover

Object
Facade stone

About the object
On 14 May 1940, German bombers bombarded the inner city of Rotterdam. The 15-minute bombardment destroyed almost the entire inner city, partly as a result of the fires that flared up. Some 650 to 900 people lost their lives and around 80,000 people became homeless. The office buildings of the Bicker Caarten & Obreen insurance firms and that of M. van Marle – to which Stad Rotterdam belonged at that time – on the Wijnstraat were bombed. Little remains of them apart from the commemorative brick showing the Oude Hoofdpoort; a reference to the place where it all once began.

ASR Nederland N.V.

Archimedeslaan 10
P.O. Box 2072
3500 HB Utrecht
The Netherlands

www.asrnl.com

2019

Annual Report

Icon list

- Sustainable insurer
- Shareholders
- Sustainable employer
- Trusted company
- Role in society
- Climate change and energy transition
- Vitality and (sustainable) employability
- Financial self-reliance and inclusiveness
- a.s.r. foundation
- Carbon footprint
- Intermediaries
- Foundation 1720
- Head office
- Net Promoter Score
- Sustainable investor
- Impact investing

Contents


Langer dan een eeuw in de Oude Hoofdpoort
Huisvesting van Stad Rotterdam
Het eerste kantoor van N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam Anno 1720 is gevestigd in de Oude Hoofdpoort in Rotterdam, 1 van de 4 stadspoorten. In het begin heeft de maatschappij van het gemeentebestuur 'geheel vrij en kosteloos' de beschikking gekregen over vergader- en kantoorruimte. Door de jaren heen weet de maatschappij steeds wat ruimte bij te huren voor heel lage bedragen. Tot het gemeentebestuur in 1847 besluit tot de aanleg van de Rijnspoorweg. Dit betekent dat de Oude Hoofdpoort gesloopt zal gaan worden en er op zoek moest worden gegaan naar een nieuw onderkomen. Op 1 november 1848 wordt tegen een 'onmatig hoogen prijs' een pand in de Rotterdamse Wijnstraat betrokken.
MAATSCHAPPIJ VAN ASSURANTIE DISCONTERING EN BELEENING DER STAD ROTTERDAM.
Opgericht 1720
Kapitaal F4.250.000
ZEE-EN BRANDVERZEKERINGEN.
SAFE DEPOSIT
BICKER CAARTEN & OBREEN.

1

About a.s.r.

Object
The Oude Hoofdpoort

About the object
The Oude Hoofdpoort in Rotterdam, the first offices of N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam in 1720. In time-honoured fashion, this historic silver image was kept in the offices of the company's Executive Board chairmen.

This page has intentionally been left blank.

1.1 At a glance

ASR Nederland N.V., hereinafter 'a.s.r.', is the Dutch insurance company for all types of insurance. a.s.r. offers a broad range of insurance products in the areas of non-life and life insurance for consumers, self-employed people and companies. a.s.r. offers investment products and mortgages and is active as an investor and in offering asset management services to institutional clients. Furthermore, a.s.r. is a full service provider for intermediaries and operates almost exclusively in the Dutch market.

a.s.r.'s operating segments

ASR Nederland N.V.

Non-life
- Property & Casualty (P&C)
- Disability
- Health

Asset Management
- Mortgages
- Asset Management
- Real Estate
- Bank (discontinued)

Life
- Pensions
- Individual life
- Funeral

Distribution and Services
- Van Kampen Groep
- Dutch ID
- SuperGarant
- Corins
- ANAC
- Loyalis Kennis & Consult
- Poliservice

Holding and Other

Our brands

Multi-brand and multi-channel distribution; focus on intermediary.

Result and return

Operating result (€ million)
858
749

IFRS net result (€ million)
972
669

Operating return on equity
15.1%
14.3%

IFRS Return on equity
19.1%
13.7%

Solvency, capital and dividend

Solvency II (standard formula)
194%
197%

Dividend per share (€)
1.90
1.74

Total dividend (€ million) | 267 245

Total equity (€ million)

2018	2019
5,479	6,093

Total equity attributable to shareholders (€ million)

2018	2019
4,478	5,089

Business performance

Gross written premiums (€ million)
4,666
4,459

New business Life segment (APE) (€ million)
159
119

Operating expenses (€ million)
-656
-601

Combined ratio (Non-life segment)
93.5%
95.7%

Financial management

Cash position holding (€ million)
458
394

Financial leverage
29.2%
26.7%

Organic capital creation (€ million)
370
372

Interest coverage ratio
12.9x
10.9x

2019
2018

Company facts

Founded in 1720, deeply rooted in Dutch society

3,906 employees (FTEs)

Leading market positions and #3 overall in Dutch market based on gross written premiums (excl. Health)

Head office in Utrecht

Non-financial performance

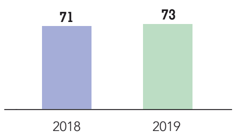
	2018	2019
Net Promoter Score	42	44
Impact investing (€ million)	€ 346	€ 927
Carbon footprint % of portfolio for own account	NA	89%
Employee contribution to local society	8,733 hours	12,413 hours

Gender diversity (%)

M / F	2018	2019
Supervisory Board	60 / 40	67 / 33
Executive Board	75 / 25	67 / 33
Senior management	71 / 29	75 / 25
Non-management	60 / 40	58 / 42

Recognition in Benchmarks & Ratings

	2018	2019
Fair insurance guide	1 number	1 number
VBDO	2 number	1 number
Transparancy Benchmark[1]	46 number	21 number
Dow Jones Sustainability Index (out of 100)	71	73
FTSE4Good (out of 5)	3.5	4.9
CDP	B	B
MSCI	BB	BBB
ISS Oekom	C -	C (prime)



2019
2018

1 The Transparency Benchmark takes place on a bi-annual basis. For that reason the 2017 result is presented.

1.2 Message from the CEO

'We hereby present you a.s.r.'s 2019 Annual Report. 2019 was an excellent year for us. Before I go into that in a little more detail, I would first like to reflect on what is currently happening in the world in relation to the coronavirus. The developments regarding the coronavirus succeed one another fast and are far-reaching. People are worried and our day-to-day activities are greatly affected, with schools, shops and factories closing and employees working in teams and sometimes entirely from home. The financial markets and share prices are under severe pressure. It reminds me of the crisis of 2008. As a company, we have learned a lot from that crisis. Since then, we have worked unabatedly to create a solid basis in order to be able to cope with such a crisis in the future. a.s.r. is healthy, and our buffers are good.

At this point in time it is too early to make a realistic and credible assessment of the impact of the coronavirus on a.s.r.'s business and financial performance. The effect on our financial results will depend on a number of factors, including the extent and duration of the period of disruption and the impact on the global economy.

Our prime concern is the personal well-being of our customers and our employees, their partners and their families From the beginning of the crisis, this has been the starting point in all the measures we take. We have therefore decided, among other things, to completely close all of a.s.r.'s buildings. All our staff curently works from home so we are able to continue to provide our services to all of our customers. I am convinced that, with the commitment of all the staff at a.s.r., we will get through this crisis.

'a.s.r. doet het'

We believe that companies that are relevant for society have a rationale for the longer term. This ties in closely with the overarching theme of our strategy: long-term sustainable value creation. It applies not only to our commercial decisions but also to the deployment of our shareholder capital, the service we provide and the way in which we seek to contribute to society. In 2019 we made this expressly visible in our marketing campaigns and elsewhere through the slogan 'a.s.r. doet het'. This indicates our commitment to work towards solutions for the social issues in our focus areas. The success we are having is reflected in, among others, customer surveys which show that a.s.r. is increasingly seen as a sustainable insurer. The high ratings we are given by customers and intermediaries (measured through the Net Promoter Score (NPS)), plus the various awards accorded to a.s.r. by insurance intermediaries for the quality of its service all show that our added value is being acknowledged externally.

Sustainable

a.s.r. wants to contribute to a more sustainable society and to add value for all its stakeholders – through sustainable products and services, in its investment policy, business operations and as a sustainable employer. Progress was made in all these areas in 2019. a.s.r. is at the top of the VBDO and Fair Insurance Guide benchmarks as one of the most sustainable investors among Dutch insurers. In 2019, it further improved the sustainability of its business operations by making its head office in Utrecht fully carbon-neutral. This involved converting away from gas as a source of energy. Over the coming years, we will be taking further steps to make our operations more sustainable by halving the CO_2 emissions of our business travel by 2025.

As an employer, we made progress with our extensive staff training programmes and the decoupling of remuneration from appraisals. We replaced the appraisal interview with an ongoing dialogue between employees and their managers in which greater emphasis is placed on development. We recognise that people want to work for us due to our positioning as a socially engaged company.

The high rating given to a.s.r. by its employees was reflected in the award of the 'Best employer 2019-2020' quality label. In this largest independent survey of Dutch employers, a.s.r. scored well above the average in the insurance sector, gaining the maximum three stars. There is however scope for further improvement in the sphere of diversity. Diversity ratios for the workforce as a whole are good, but they could be better at management level. This is now being addressed and will be expressly factored into our recruitment and appointment procedures.

Our core activity is insurance. Here, too, we want to concentrate chiefly on creating sustainable value. To this end, we have developed a number of products and services, such as the 'Langer Mee AOV', the 'Verduurzamings-hypotheek' and a.s.r. Vitality, a programme that helps customers to live healthier and more vital lives. In the Non-life segment, we are introducing more sustainable damage repairs, which can make a significant contribution to a more circular economy. Approximately 10% of our damage repairs are currently sustainable, which means that there is still considerable scope for growth. These sustainable options are based on our conviction that as an insurer, we have a duty to do more than simply bear risks and help people build capital for later. We want to increasingly be able to offer additional products and services with which to become even more relevant for our customers.

Financial self-reliance

Our employees make a hugely valuable contribution to society by generously committing themselves to social activities aimed mainly at helping people to become more financially self-reliant. We believe in the importance of this commitment by our staff. This is therefore one of the non-financial goals we have linked to our strategy. The medium-term target is to achieve an annual increase of 5%, compared with 2018 (8,733), of the hours our employees spend in doing voluntary work. In 2019 this target was more than exceeded with an increase of over 40%, which indicates the impressive level of social engagement of our employees. We are immensely gratified by this.

M&A

The sale of Vivat by its Chinese parent Anbang attracted considerable attention in the insurance sector in 2019. a.s.r. carefully considered the possibility of acquiring Vivat, on the basis that all acquisitions made by us must meet strict financial and risk parameters and add value to our organisation. As is known, a.s.r. made an offer but another party was ultimately preferred. We have always taken the view that an acquisition of such a size could be attractive but is by no means an imperative for us. In addition to organic growth, a.s.r.'s growth strategy is based on small and medium-sized acquisitions. This is a strategy in which the company has been highly successful. This success continued throughout 2019 with the start of integration of Loyalis and the acquisitions of Veherex and VvAA.

Financial performance

I am proud of the financial results we have achieved, and delighted that all the business lines have contributed to them. The execution of our strategy is running to plan. Our performance is in line with and has exceeded our targets. Our operating result rose by 14.5% to € 858 million against a slightly lower structural cost base. Turnover rose by 4.6% to € 4.7 billion, and at 93.5%, the combined ratio for Non-life and Disability shows that we understand our business. Pensions also reported a successful 2019, with an increase of over 50% of the gross written premiums (GWP) in the 'WerknemersPensioen' (WnP). a.s.r. has thus gained a strong position on the Defined Contribution (DC) market and this offsets the structural decrease in premiums from our Individual life portfolio. We are now administering Individual life on a single platform, after having transferred the final tranche of a total of over 800,000 policies in 2019. Our Mortgage fund, which we launched in 2017 for our institutional asset management customers, reached the € 5 billion milestone.

At 15%, the operating return on equity was well above target. The higher operating result means that we can pay our shareholders a higher dividend. We propose a cash dividend of € 1.90 per share for 2019, an increase of more than 9% compared with 2018.

In 2019, we reviewed and adjusted our capital policy, mainly to increase the scope for additional capital distribution. Our medium-term intention is to make an annual additional capital distribution of € 75 million in addition to the progressive regular dividend, provided our Solvency II ratio remains above 180% (based on the standard formula), given that we aim to maintain a robust balance sheet.

We will assess the possibility of an additional distribution on an annual basis, depending partly on developments in the market, such as opportunities for larger acquisitions. At the same time, we remain interested in growth through small and medium-sized acquisitions. Our strong capital position provides sufficient scope for this. The new policy will be implemented with immediate effect and we announced when presenting our annual results that we will be buying back € 75 million of our own shares.

a.s.r. 300th anniversary

These gratifying results for 2019 are entirely due to the confidence placed in us by our customers and intermediaries, the hard work and commitment of our employees and the support of our shareholders. We are optimistic about the outlook for a.s.r.

We are moving into the future with a new Executive Board (EB) following the appointment of Ingrid de Swart and Annemiek van Melick and the resignation of our CFO Chris Figee. I am grateful for Chris' significant contribution to a.s.r. over the past five years. With his financial leadership and expertise Chris has been key in the successful IPO, a number of successful acquisitions and a.s.r.'s firm position in the capital markets. His relentless drive, ambition and enthusiasm has been inspiring to many within the company. All of us at a.s.r. regretted seeing Chris leave and wish him all the best for the future. I am very pleased with Annemiek as our new CFO and Ingrid as new Executive Board member and I am delighted to welcome them both. They are new, exceptional and experienced colleagues with whom I look forward to directing a.s.r. in the years ahead. Beginning in 2020, a.s.r.'s 300th anniversary year. Our company's history encompasses many high points, during which it has laid the foundations for a strong and healthy future. We are pleased to commemorate this milestone; after all, a company that fails to honour its past has no future.

Jos Baeten

CEO and Chairman of the Executive Board

1.3 Value creation model

a.s.r. is committed to create long-term value for its stakeholders. This value may be economic, social or environmental.

The value creation model shows the flow of this value from the resources or 'capitals' a.s.r. consumes in its business to the economic, social or environmental value created (a.s.r.'s approach, output and impact) as a result of its activities. This model is based on the framework developed by the International Integrated Reporting Council (IIRC).

Products and services around the themes:

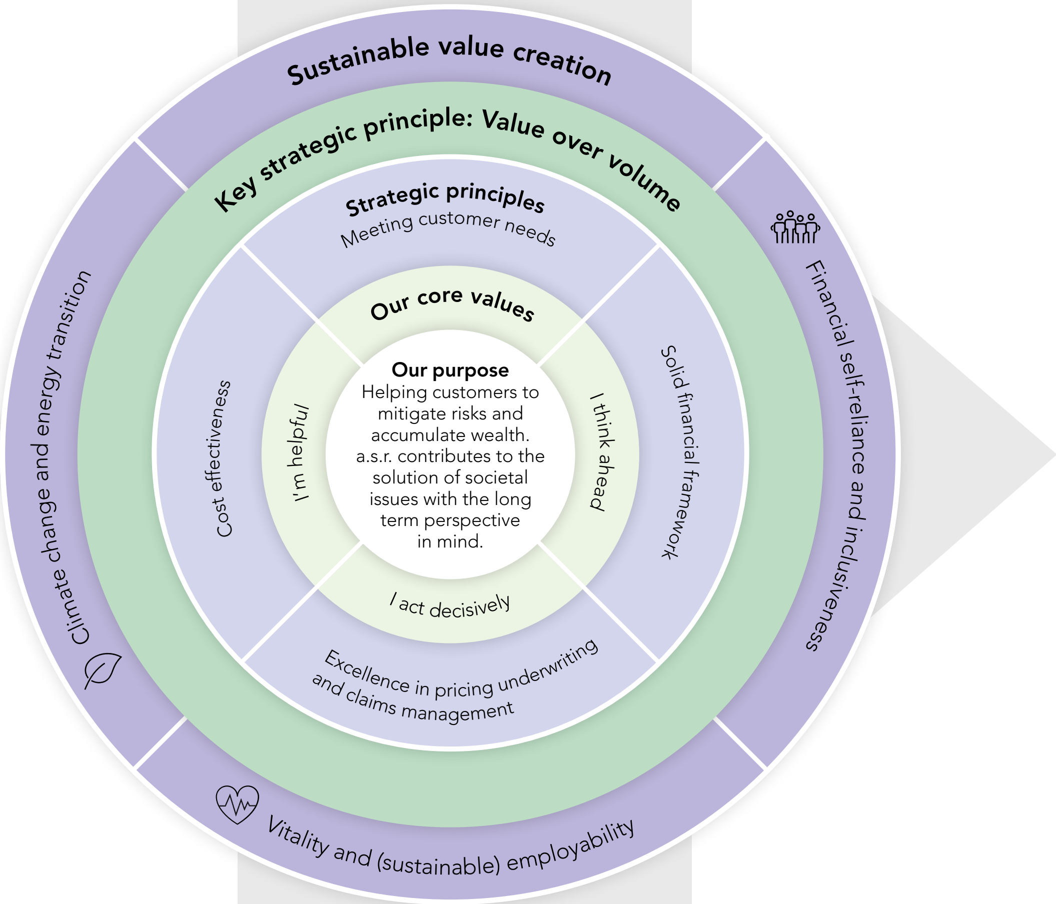
- Sustainable living
- Sustainable employability
- Future income
- Self-employment and flexible labor markets

Input

Financial capital
- € 4,666 million gross written premiums
- € 7,828 million Eligible Own Funds
- € 20.7 billion assets under management for third parties

Human and intellectual capital
- 4,275 employees (headcounts)
- € 6.4 million in training employees
- Diversity and inclusivity
- Health and vitality

Social and relationship capital
- > 1.5 million customers
- 5,000 intermediaries
- Other business partners
- Society at large



Key trends

- Technological
- Environmental and demographic
- Economic and financial markets
- Political and regulatory

Value created in 2019

a.s.r.'s approach	Output	Impact: Enhance positive impact	Impact: Reduce negative impact
a.s.r. helps customers to mitigate risks and build capital for the future. The main goal of a.s.r. is to offer customers fair value for the premium paid. a.s.r. is satisfied only if the customer feels he has been positively helped and if the financial advisor feels that a.s.r. offers the right service and high quality products and services.	**Sustainable insurer** • Customer satisfaction: NPS 44 • Claims and benefits paid: € 4.7 billion • Sustainable products and services • Precautions to prevent damage • Provide risk management opportunities for customers • > 86,000 new customers in Health • Introduction of a.s.r. Vitality resulting in 11,000 participants in the first two months	• Improve customer satisfaction • Introduce new sustainable products and services • Claims prevention services • Disability treatment and reintegration services	• Improve customer service by complaints analysis and improvement actions • Damage and claim reduction by prevention
Having a diverse, talented, qualified and healthy workforce is key for a.s.r. in achieving its business objectives. That is why a.s.r. is committed to attracting, retaining and inspiring the best people, offering them extensive scope for training and development, and facilitating a sound work/life balance. Improve the attractiveness of a.s.r. as an employer on the external labor market.	**Sustainable employer** • Paid salaries and wages: € 257 million • Number of ompleted job related trainings: 1,912 • Diverse employee population: 59% male / 41% female • Healthy and vital workforce: absenteeism 3.97%; nil absenteeism 54%; vitality activities • Internally filled vacancies: 53% of 480 vacancies	• Improve employee satisfaction • Improve employability of a.s.r.'s workforce • Stimulate employees to fulfil internal vacancies • Improve the gender diversity of the workforce • Equal remuneration for females and males	• Reduce absenteeism • Reduce employee turnover
As an institutional investor, one way in which a.s.r. takes ownership of social responsibility is through the use of ethical and sustainability criteria in its investment policy. All investments are screened on the basis of the Socially Responsible Investment policy, focusing on aspects such as social and environmental criteria. Countries and businesses that do not meet the criteria are excluded.	**Sustainable investor** • Impact investing: € 927 million • Carbon footprint measured of investment and mortgages portfolio (for own account): 89% • Sustainable investment opportunities • Assets under management for third parties increased to € 20.7 billion	• Offer sustainable investment opportunities to customers • Participate in engagement projects for influencing purposes	• Exclude countries and businesses that do not meet a.s.r.'s SRI criteria.
a.s.r. works responsibly to realise its objectives. The negative impact on the environment (e.g. CO_2 emission) is minimised as much as possible. The purchase of goods and services takes place in a responsible manner in accordance with applicable standards and policies. a.s.r. has a transparent tax policy with the aim of delivering its share to society.	**Trusted company** • Tax paid: € 683 million • No fines for data leaks • Carbon neutral operations	• Smooth business processes • Fair tax payment	• Minimise the direct CO_2 footprint of a.s.r.'s own operations
Dividends and share price developments should offer an attractive total return on shareholders investment. Shareholders are increasingly interested in the social relevance of the companies they invest in. It is in their interest that a.s.r. represents the interests of all stakeholders in order to achieve long-term value creation and attractive return on capital.	**Shareholders** • Dividend per share: € 1.90 • Total shareholder return: 1.8% • Organic capital creation: € 370 million	• Offer a progressive annual dividend per share • At least Standard & Poor's single A rating	• Offer increasingly sustainable investments
a.s.r. foundation initiates projects on financial awareness and self-reliance. By teaching and supporting people in reading and arithmetic, being able to handle money and organising their financial administration. a.s.r.'s sponsorship and donation policy fits in with this and is focused on those starting points. Purely financial support does not or hardly ever occur. It is often a combination of material and substantive support.	**Role in society** • Employee contribution to local society: 12,413 hours • Donations to charitable organisations: € 193,000 • Voluntary contribution to financial self-reliance support: 4,670 hours • a.s.r. has signed the ethical manifesto	• Support local initiaves • Improve financial awareness	• Reduce illiteracy • Reduce financial vulnerability of individuals


D

2

Operating environment

Object
Strongbox

About the object
This strongbox, for keeping securities, among other things, dates from the 1700 – 1800 period. The inside of the lid shows the text 'I served from 1720, I have gone through a great deal and I am grateful to have also come through the destruction of Rotterdam in 1940 in one piece'.

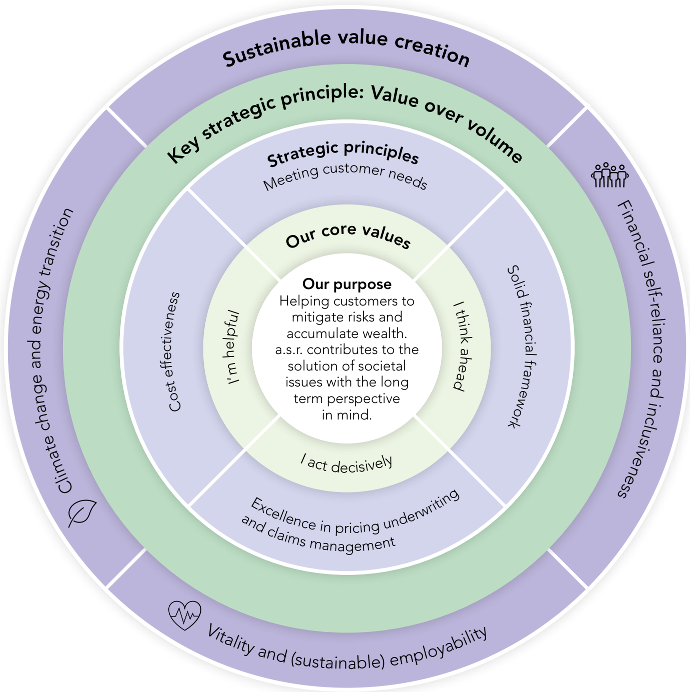
2.1 The story of a.s.r.

The history of a.s.r. goes back 300 years. The company is deeply rooted in Dutch society and goes to great lengths to understand the needs and wishes of its customers. It is committed to delivering services clearly, sustainably and transparently, understanding and fulfilling customers' needs, and continuing to innovate and develop new services. The organisation meets clients' needs in a service-oriented way based on its expertise. Gaining and maintaining the trust of its customers is essential to a.s.r. The company values the provision of independent third party advice to customers, as reflected in its strong position in the intermediary channel.

a.s.r.'s purpose is to help people ensure their financial stability by sharing risks and building capital with sustainability and the long term in mind. It helps them do so by mitigating the financial risks (FR) they are unable or unwilling to bear themselves, and allowing them to accumulate capital for their financial needs later on in life. Through its expertise, a.s.r. contributes to the solution of societal issues related to financial self-reliance and inclusiveness, vitality and (sustainable) employability and climate change and energy transition with a view to sustainability and the long term. Focusing on sustainability as an integral part of its strategy, a.s.r.'s goal is to increase its positive contribution and reduce its potential negative impact on society and the environment.

2.1.1 Strategy

The overarching strategy exists of 'sustainable value creation' and 'value over volume'.



Core values

a.s.r. believes it's goals can only be achieved with motivated and engaged employees. Having a talented, qualified and healthy workforce is key in enabling to achieve its business targets. The employees are guided by its core values:

- 'I'm helpful'. Employees are approachable, listen attentively, then help with solutions using their expertise, experience and commitment;
- 'I think ahead'. Employees empathise and think ahead to proactively help customers, intermediaries and colleagues;
- 'I act decisively'. Employees keep a close eye on content and process, and come up with solutions. They coordinate, are persistent and stand by their commitments.

a.s.r. is satisfied if :

- Customers receive value for the premiums they pay;
- Employees continuously develop their skills;
- Shareholders obtain attractive returns;
- Sustainability is included in the day-to-day activities to create long-term value.

Value over volume
In the insurance industry price competition is an effective instrument and volume growth can be relatively easily achieved by lowering premiums. However, this short-term growth may attract loss-generating business and is therefore unattractive to a.s.r. in the long term. At all times, growth will have to meet a.s.r.'s minimum return hurdles, whether this is organic growth or growth through acquisitions. Thus volume growth should always add value to a.s.r.

Strategic principles
- Meeting customer needs
  a.s.r. serves its customers' needs. As mentioned in chapter 2.2 SWOT analysis, there are important trends and developments affecting insurers, their business models and customer behaviour. a.s.r. must stay on top of these trends and developments and be flexible and agile to continue to meet its customers' changing needs.
- Excellence in pricing, underwriting and claims management
  To remain competitive a.s.r. continues to build on its expertise, which it refers to as 'craftsmanship'. a.s.r. excels in disciplined pricing, underwriting and claims management.
- Cost-effectiveness
  a.s.r. applies a 'no waste' cost principle. Cost-effectiveness is not about announcing large one-off cost reduction processes every couple of years, but something a.s.r. believes should be ever-present and embedded in day-to-day operations. Cost-effectiveness is part of the foundation of sustainable and profitable business models.
- Solid financial framework
  a.s.r. generates capital from its business activities and is a resilient and highly diversified insurer with solid solvency and profitable businesses. Its sound capital base allows a.s.r. to fulfill its longterm obligations and to absorb shocks while also taking advantage of opportunities to invest in organic growth as well as in selective acquisitions.

Sustainable value creation
a.s.r. seeks to be a leader in sustainable business practices in the financial sector, based on a sustainable future business model. It strives to meet the needs of existing and potential customers while simultaneously adding value for other stakeholders. a.s.r. feels a responsibility to adopt a long-term approach as the starting point for its decisions and activities. And it believes it can make a positive and sustainable contribution to addressing social challenges. There are three areas in which the organisation believes it has the most to contribute – and where it can potentially create the most value for its stakeholders:
- Financial self-reliance and inclusiveness
  As a financial service provider, a.s.r. feels it is important for people to have financial continuity in their lives, to be able to take risks responsibly and make well-informed financial decisions. It therefore helps clients to gain insight into their financial situation and is involved in projects aimed at helping people to make conscious financial decisions. a.s.r. is an insurer for all Dutch citizens, including specific (vulnerable) target groups.
- Vitality and (sustainable) employability
  There is a growing attention for health and vitality, prompted partly by social trends and challenges such as a later retirement age and rising health care costs. In its products and services, a.s.r. focuses on the prevention of illness, absenteeism and disability, and on encouraging sustainable employability. It promotes the sustainable employability of its employees by investing in personal development, vitality and facilities that offer flexible working conditions.
- Climate change and energy transition
  Financial institutions increasingly need to factor in the risks associated with climate change, such as extreme weather, technological developments and the transition to a climate-neutral economy. a.s.r. assists the transition to a low carbon economy through its Socially Responsible Investments (SRI) and sustainable products and services.

Based on these three areas, a.s.r. develops and promotes products and services with which to create sustainable value for its businesses, stakeholders and society at large. The company recognises its duty to minimise the negative impact of its business activities, including its investment policy. a.s.r. therefore offers the assurance that investments are made in a socially responsible way while aiming to achieve financially attractive returns on the capital invested by its shareholders.

2.1.2 New areas of growth

It continues to be part of a.s.r.'s strategy to achieve growth organically and through selective acquisitions. In the recent years a.s.r. has been successful with multiple bolt-on value adding acquisitions. a.s.r. identifies opportunities for value-added bolt-on acquisitions and focuses on small to medium life-related businesses, non-life businesses and possibilities to expand its position in insurance distribution as well as selective asset management or other opportunities.

In addition to inorganic growth, a.s.r. has identified several potential business growth areas that are close to its core competences and where it intends to expand its existing services to become more relevant for customers.

These areas of growth can be developed in conjunction with partners and third parties. Not all products and services need to be a.s.r.-owned. It is a.s.r.'s goal to be relevant for its customers by offering third party services that are of high quality and add value in relation to those services that a.s.r. can offer itself.

The areas of growth are related to the overall trends and developments which will be discussed in chapter 2.2 SWOT analysis and chapter 3 Sustainable value creation.

- Sustainable employability
  a.s.r. identifies several trends that lead to increased demand for sustainable employability from employers and employees. Employees' work environments are changing. Technological developments are altering what is required of employees, labor contracts are shorter, retirement age is rising and labor is becoming less location dependent.

  Through its disability insurance business, a.s.r. has a strong connection with employers and employees and has a wide variety of services to offer that enhance sustainable employability. Several services can be seen as building blocks and are already part of a.s.r.'s business: disability and health insurance, insurance and service distribution companies, occupational health prevention and reintegration services and additional services such as a.s.r. Vitality.

- Future income
  This area of expertise focuses on helping people gain insight and prepare for their future (financial) demands (e.g. a planned sabbatical or anticipated birth of a child), but can also be for the longer term (e.g. to finance (early) retirement or additional pension savings, unexpected health care costs or additional health services). A trend impacting demand in this area is the retreat of national government and the reduction in availability of fiscally attractive facilities. The low interest environment is having a negative impact on the benefits that can be expected from the pensions that have been built up collectively in the past. a.s.r. can provide customers with the necessary insights in their financial situation. Individual savings and investment solutions can be provided on top of collective pension systems and financial planning and awareness tools. This area of expertise is closely related to the expertise a.s.r. already has in its pension business.

- Sustainable living
  This area is closely linked to a.s.r.'s P&C and mortgage business. It focuses on how a.s.r. can help customers to live in a suitable, affordable and sustainable manner.

  This includes assistance in weighing up the pros and cons of buying and renting, mortgage advisory services, sustainable housing improvement advice or financial support to make houses more sustainable and reduce the burden on the climate of domestic housing. Housing insurance, burglary prevention services, maintenance support, sustainable damage repair services, can all improve customers' home experience. The internet of things and development of domotics may enable a.s.r. to better serve its customers and is part of the evolution of this area of expertise.

- Self-employment and flexible labor markets
  Increasing flexibility of labor markets, the growth in the number of self-employed people and the rise of the gig economy where temporary contracts are the norm. These are trends a.s.r. need to respond to. Jobs become projects, freelancers replace employees and digital labor platforms speed up the process by matching supply and demand for specific labor competences with low transaction and processing costs.

  a.s.r. supports self-employed people through the ZZP Nederland services platform and through its disability and health insurance business. In this area of growth, a.s.r. is creating cohesive offering containing for example various (non-life) insurance covers, mortgages and mortgage advice, support in relation to contracts with employers, educational support, accounting, fiscal and pension support.

Some trends lead to less demand for traditional insurance offered by insurers and more demand for additional services. These services relate for example to identifying and assessing risks, advice on how to deal with those risks, prevention services and claims handling services. These services can differentiate a.s.r. from other insurers. The use of data enables a.s.r. to better predict risks and provide better services to individual and corporate customers, while ensuring data privacy. Although some trends and developments can be viewed as threats to existing business models, a.s.r. identifies opportunities to benefit from those trends and developments and generate growth in an otherwise saturated and low growth insurance market.

Traditionally, insurance companies have customer contact mostly at moments that can have a negative connotation: payment dates and the handling of a claim when an event (accident) occurred. Client expectations are changing. Pure risk-bearing may no longer be sufficient and additional services may become more relevant to the customer. This provides a.s.r. with an opportunity to expand its offering and become more relevant to customers by increasing customer proximity and increasing the frequency of (positive) interaction with customers. By advising customers and enabling them to make better decisions, a.s.r. can positively impact customers' decisions and behaviour. One example is the recent introduction of a.s.r. Vitality, through which a.s.r. aims to improve the health of its customers and employees.

2.1.3 Portfolio and execution of strategy

The strategy described earlier is the driver of the value of a.s.r.'s business portfolio. On an ongoing basis, a.s.r. reviews its business portfolio for its contribution to value accretion, as well as its organic and inorganic growth outlook.

Portfolio

Given the profit contribution and growth outlook of the businesses, a.s.r. divides its portfolio into four categories:

I Activities that provide stable cash flows and generate value with relatively strong growth potential;
II Activities that offer business enhancement opportunities, typically capital-light;
III Businesses that represent robust and predictable service books and contribute to profitability;
IV Non-core activities which will or are eventually be divested.

Business domains in Non-life with growth potential P&C Distribution and Services Disability Health **I**	**Asset management related growth businesses** Asset Management Pensions DC **II**
Robust and predictable service books Individual life Pensions DB Funeral **III**	**Non-core businesses** Bank **IV**

Business domains in Non-life with growth potential

Within the non-life domain, a.s.r. focuses on continued growth of P&C and disability insurance, both organically and inorganically. Selected distribution and service companies have been acquired in recent years to facilitate this growth and to enable a.s.r. to become an even more services-oriented company.

In 2019 a.s.r. strengthened its position in Non-life by acquiring Loyalis N.V. (Disability) and Veherex Schade N.V. (Disability). In doing so, a.s.r. continued its strategy of bolt-on acquisitions. The acquisition of Veherex was finalised on January 1st 2020. a.s.r. also increased its stake in HumanTouch Holding B.V. to 45%, to strengthen its position in the market for occupational health and safety services.

The basis for creating value and growing profitability in P&C is underpinned by the following capabilities of a.s.r.:

- Insurance craftsmanship, which means its underwriting skills – risk selection and pricing, claims management and cost-effective operations;
- Leading position in the intermediary channel and its in-house distributors and service providers;
- Know-how in underwriting and claimshandling resulting in a strong combined ratio (COR), while growing organically;
- Know-how in integrating and optimising the portfolios and businesses it has acquired. a.s.r.'s IT systems and platforms can onboard more business.

Within P&C, a.s.r. can continue to grow organically by gaining market share at the targeted COR and, where available, by adding books of business without materially increasing operational expenses, consequently benefiting from economies of scale. The distribution partners in the portfolio can facilitate this growth.

a.s.r. is well-equipped to benefit from the trends in disability insurance that are driving demand for services surrounding sustainable employability. a.s.r. has a considerable stake in an evolving ecosystem in sustainable employability, which includes:

- Insurance intermediaries and access to customer groups serviced by Loyalis;
- Added services to assist employees and a growing cohort of self-employed individuals;
- Partnership with Discovery's Vitality;
- Claims prevention services;
- Disability treatment and reintegration services.

The sustainable employability opportunity for a.s.r. is to serve customers across all parts of the value chain. a.s.r. is consequently able to improve customer service levels throughout the service chain and create value in every single part of this value chain and in its underwriting performance. By focusing on sustainable employability and unlocking prevention services potential, a.s.r. adds value for its customers.

Asset management related growth businesses

The growth of asset management and the DC pension business continue to be part of a.s.r.'s strategy. a.s.r. has been able to expand external assets under management (AuM) efficiently and profitably. It pursues a 'buy and build' strategy to add scale and skills to its asset management business for external investors.

The foundation of its operations lies in multiple aspects, given that a.s.r. has gained extensive experience and expertise in:

- Niche asset classes such as Dutch mortgages;
- Unique proposition in real estate;
- Environmental, Social and Governance (ESG)-driven asset management solutions;
- Capital light pension solutions;

- Liability-driven investment (LDI) management solutions based on managing its own insurance liabilities and related assets.

Robust and predictable service books

Life premiums account for less than 40% of total premiums. But the existing life books' contribution to the operating result and capital generation is expected to remain substantial in the medium- to long-term. The robustly capitalised books that a.s.r. manages as service books are traditional Defined Benefit (DB) pensions, individual life and funeral books. These books are not formally closed for new business. However, production has reduced over time due to, among other things, the low interest rate environment and a.s.r.'s value over volume key strategic principle.

a.s.r. strengthened its position in Life by acquiring Loyalis N.V. (Individual life), VvAA Levensverzekeringen N.V. (Individual life) together with a partnership with VvAA Group B.V. The acquisition of VvAA was finalised on January 1st 2020.

a.s.r.'s profitability in this segment has its origin in effective and simplified processes based on low and variable cost operations, in the excellent migration and conversion of books of business and in the optimisation of Solvency II capital and investment returns.

Growth opportunities within life insurance are:

- a.s.r. continues to be a consolidator of funeral books;
- a.s.r. continues to pursue individual life consolidation as seen in the recent acquisitions of Loyalis and VvAA Leven;
- Benefits that may be achieved by leveraging a.s.r.'s operational efficiency in the segment.

Non-core businesses

a.s.r. completed the sale of almost all of its banking activities to Dutch insurance company Achmea in December 2019. The remainder of the banking activities is sold to Van Lanschot Bankiers, a Dutch Bank, and is expected to close in the first half of 2020.

2.2 SWOT analysis

a.s.r. operates in a changing and highly regulated environment and needs to stay on top of trends that impact its business models. It aims to be adaptive so that it can benefit from opportunities as well as mitigate risks to its business models that originate from those trends. Within this environment, a.s.r. has compiled the following non-exhaustive list of its current strengths and weaknesses and opportunities and threats. The overall trends and developments includes technological, environmental, demographic, economic, financial markets, political and regulatory developments.

Strengths

- Strong solvency position with high-quality of capital
- Track record of an attractive return on equity, capital and cash generation
- Diversified and resilient Dutch insurer with leading positions in attractive market segments
- Excellence in pricing, underwriting and claims handling
- Focus on sustainable customer solutions
- Proven cost reduction capability and continuous focus on operational efficiency
- Profitable LDI Asset Management platform with solid SRI policy
- Skilled, experienced management focused on execution and delivery of high performance
- Track record of value creating acquisitions and proven integration skills

Weaknesses

- Declining life book impacting long-term cost effectiveness and profitability
- Legacy systems due to developments in regulations and technology and past acquisitions
- Limited use of the direct channel

Opportunities

- Increasing demand for sustainable, transparent and straightforward insurance products
- Technological developments, such as big data and machine learning, enables improved customer services and products
- Increasing demand for complementing services, enhancing relevance to customers
- Increased number of self-employed people, increased pension age and work-life balance changes lead to demand for sustainable employability
- With the retreat of government and a shift in pensions, there is potential demand from customers to accumulate capital on an individual basis
- Consolidation potential in the ‘closed’ books for individual life and funeral insurance
- Emerging risks due to climate change or cyber-attacks require insurance solutions
- Digitisation not yet fully embedded within the organisation as a whole, digital developments offer opportunities for a.s.r.

Threats

- Prolonged low interest rate environment and/or financial markets turmoil due to macro developments
- Disadvantageous changes in regulations
- Increasing life expectancy on certain life insurance service books
- Further reduction of the solidarity principle and increased attention to individual solutions, possibly countered by mandatory solutions for ‘uninsurable’ groups
- Changing consumer behaviour, with declining and changing need for insurance products
- Disruption by new entrants and technologies
- Development of the usage-based economy vs the ownership-based economy
- Entrance of private equity parties into the consolidation of life insurance portfolios
- Long-term financial obligations that provide certain interest rate sensitivity
- Future legal proceedings regarding unit-linked file insurance policies
- Potential financial impact of climate change

2.3 Stakeholders and material topics

In creating sustainable (long-term) value, it is essential to have an ongoing dialogue with stakeholders concerning trends, developments and the strategy and activities of a.s.r. The a.s.r. organisation has a diverse set of stakeholders with varying interests and expectations. a.s.r. identifies customers, investors, employees and intermediaries as its most important stakeholder groups. These stakeholder groups significantly influence the performance of a.s.r. and are conversely affected by the organisation's activities, products and services. Other stakeholders of a.s.r. include business partners, regulators, tax authorities, suppliers, trade unions, the media and civil society organisations.

Customers
Customers expect to obtain value for the premiums they pay. Customers need to be confident that their funds are managed skillfully and in a socially responsible way. Client expectations change continuously and a.s.r. will need to be able to adapt to changes to fulfil customer needs, both now and in the future. a.s.r. is committed to enhance customer service in its product offering to sustain successful customer relationships in the future.

Investors
Investors rely on a proper execution of a.s.r.'s strategy to create value and are guided by its financial and non-financial targets. They expect management to seize the opportunities that arise and to continuously monitor risks. Dividends and share price developments as well as coupons should offer an attractive total return on investment for shareholders and bondholders. Investors are also increasingly interested in the social relevance of the companies they invest in. It is important for them that a.s.r. represents the interests of all stakeholders in order to create long-term value and return on capital.

Employees
Employees want a professional working environment which offers them control over their own career choices and development opportunities to boost their mobility on the labor market. Furthermore, stimulating a good work-life balance and attention for inclusiveness and diversity are highly valued. They want to be proud of the company they work for. Personal development, pride and sustainable employability (within and/or eventually after a.s.r.) translates into employee engagement. These factors contribute positively to the interests of a.s.r. and its stakeholders.

Intermediaries
As an intermediary insurer, a.s.r. distributes the majority of its products and services through independent advisors and intermediaries. They have broad knowledge of the insurance marketplace, including products, prices and providers, and an acute sense of the needs of insurance purchasers. Their specific knowledge and experience with local markets and customers is valuable for a.s.r. and its customers. New products and solutions are developed in close cooperation to ensure that these products are competitive and meet the changing needs of a.s.r.'s customers.

Society
Beyond its most prominent stakeholders, a.s.r. has a variety of stakeholders to take into account when doing business including business partners, regulators, tax authorities, trade unions, suppliers and civil society organisations. Depending on the topic and the type of relationship, expectations and interests may vary from responsible investments, complying with regulations and supporting people with financial self-reliance to constructive cooperation with business partners in different contexts. Overall, these diverse stakeholders expect a.s.r. to create sustainable and responsible societal value, now and in the future.

Material topics

A materiality analysis was carried out in 2018 to identify the most material topics that drive a.s.r.'s long-term value creation including megatrends and issues perceived as being of highest importance to a.s.r. and its stakeholders. The outcomes were further analysed by senior management and the EB in 2019, to develop an integrated business strategy focused on creating sustainable long-term value for a.s.r. and its stakeholders. Also in 2019 a review was carried out on the material topics which have been validated by various internal stakeholders, including the EB. This annual report is based on the material topics which are presented on the next pages.

A full description of the materiality analysis can be found in Annex E Materiality analysis and stakeholder dialogue, including the stakeholder dialogues carried out in 2018 and the materiality review during 2019.

More information about the integrated business strategy can be found in chapter 2.1 The story of a.s.r.

Material topic	Strategic principle	KPIs & targets	Results	Impact on stakeholders	Chapter reference
Meeting customer needs Continuously focusing on improving levels of customer satisfaction in terms of quality and availability of services, comprehensible communication and customer focus.	• Meeting customer needs	• NPS > 44 by 2021	NPS 44	Customers, intermediaries	2.4, 3.2, 4.1
Robust financial performance A financially reliable and stable institution which is strong enough to meet its financial targets and objectives and can fulfil its short- and long-term obligations and commitments to all its stakeholders.	• Solid financial framework	• Solvency II ratio safely above 160% • Operating return on equity 12-14% per annum • Dividend pay-out ratio 45-55% • Organic capital creation > € 430 million • Financial leverage < 35% • Rating Standard & Poor's (S&P) Single A	194% 15.1% 45% € 370 million 29.2% Single A	Investors, customers, employees, intermediaries, society	2.4, 4.1, 6
Compliance, integrity and privacy Complying with applicable laws and regulations, ethical standards and internal a.s.r. codes and standards. Protecting customer privacy is a key priority. In addition to complying with legislation and regulations, additional measures are being taken to minimise privacy risks.	• Meeting customer needs	No specific KPI's or targets are formulated to monitor this performance. Compliance awareness on integrity related subjects through: • Gamification tooling • Training • Presentation • Ethical dilemma sessions and workshops		Investors, customers, employees, intermediaries, society	2.4, 3.5, 4.3
Solid risk management Risk management is an integral part of a.s.r.'s daily decision making and business operations. a.s.r. adopts an integral approach to managing risks, thereby ensuring that strategic objectives are met.	• Solid financial framework	• Risk appetite: the level and type of risk a.s.r. is willing to bear in order to meet its strategic objectives.		Investors, customers, employees, intermediaries, society	4.2, 4.4, 6.8
Developing and promoting sustainable products and services To offer sustainable products and services and encourage customers to positively and actively choose them.	• Climate change and energy transition • Vitality and sustainable employability • Financial self-reliance and inclusiveness • Meeting customer needs	• No specific KPI's or targets are formulated to monitor this performance, since the exact impact (the nature and measurability) of products and services is still uncertain.		Customers, intermediaries, society	2.1, 3.2, 3.4
Socially responsible investments Investing with due regard for ethical standards, policies and procedures, in line with the interests of a.s.r.'s stakeholders, where the integration of ESG criteria is key. This includes respect for fundamental human rights, employment rights, the environment and adequate corporate governance. a.s.r. aims to have a positive impact with a special focus on the transition towards a low carbon and inclusive society.	• Climate change and energy transition • Vitality and sustainable employability • Financial self-reliance and inclusiveness	• € 1.2 billion impact investments (for own account) by 2021 • 100% compliant with a.s.r. SRI policy	€ 927 million 100% compliant	Customers, investors, intermediaries, society	2.4, 3.4, 4.4

Material topic	Strategic principle	KPIs & targets	Results	Impact on stakeholders	Chapter reference
Contributing to sustainable employability Encouraging employees to develop themselves with the aim of maintaining and/or increasing their opportunities on the internal and external labor market and helping customers reduce the risk of (long-term) disability and encouraging sustainable employability.	• Vitality and sustainable employability	• Vacancies filled internally: at least 35%	53%	Employees, intermediaries, customers	3.3
Supporting vitality Helping employees to improve and maintain a healthy lifestyle and providing (self-employed) customers with services to support mental and physical fitness.	• Vitality and sustainable employability	• Absenteeism rate: below 3.40% • Nil absenteeism: up to 57% of total workforce	3.97% 54%	Employees, customers	3.2, 3.3
Fostering diversity & inclusion A balanced workforce composition based on age, gender, cultural or social origin, skills, views and working styles.	• Financial self-reliance and inclusiveness • Vitality and sustainable employability	• At least 30% of the Supervisory Board (SB), EB and senior management to be male or female • Number of employees through the Participation Desk: 70 in 2026	SB 67/33% EB 67/33% Sr. mgt 75/25% 35	Employees, society	2.4, 3.3, 3.6
Contributing to financial self-reliance Offering the knowledge and skills to help people avoid getting into debt or getting them out of debt and to help people make conscious financial choices.	• Financial self-reliance and inclusiveness	• +5% employee contribution to local society per annum (base year 2018)	12,413 hours, +42%	Society, customers	2.4, 3.6
Mitigating and adapting to the consequences of climate change Taking into account the impacts of climate-related risks and opportunities, taking measures to mitigate the effects of climate change and accelerate the transition to a low carbon economy.	• Climate change and energy transition	• Carbon footprint: 95% of investment and mortgages portfolio (for own account) measured in 2021 • Science Based Targets (SBT) expected to be published in 2020	89%	Investors, customers, employees, intermediaries, society	2.1, 2.4, 3.4, 4.4
Reducing a.s.r's operations footprint a.s.r.'s efforts to reduce its own environmental footprint.	• Climate change and energy transition	• Direct footprint of a.s.r.: head office is climate-neutral • 50% reduction of CO_2 emissions (by mobility) in 2025 (base year 2019) • Energy usage head office is 50 kWh or less per m^2 in 2030	 61 kWh	Society	3.5

2.4 Strategic targets and results

At the Capital Markets Day (CMD) on 10 October 2018, a.s.r. introduced its targets for the 2019-2021 period. These targets are divided into group and business targets.

Group targets 2019 - 2021[1]

a.s.r. has determined a set of ambitious group financial targets, positioning itself for profitable growth. It will continue to run the company with a strong capital position and a Solvency II ratio safely above 160% (standard formula). This enables a.s.r. to deploy capital for entrepreneurial purposes. The Solvency II ratio (after proposed dividend) decreased by 3% point to 194% (2018: 197%) and was well above the target of 'safely above 160%'.

Given the strong performance in recent years and the confidence a.s.r. has in its business for the medium term, a.s.r. has a target for Operating Return On Equity (ROE) in the range of 12-14%. This target was outperformed in 2019 and the Operating ROE over 2019 was 15.1% (2018: 14.3%).

At the CMD the Organic capital creation (OCC) target of € 430 million for 2021 was introduced. This target is based on a.s.r.'s position as at that date. The OCC over 2019 full year equals € 370 million (2018: € 372 million) and reduced slightly in comparison to previous year. This was mainly caused by the decrease of the interest rates. For 2020 a new definition of the OCC was introduced. Based on the new definition the OCC increases to € 501 million. The main changes in this new definition are:

- The market developments (e.g. spread movements) will be more reflected in the OCC;
- The return on equities and real estate is more aligned with the long term expectations in our Strategic Asset Allocation (SAA) study;
- Refinement of new business strain methodology leads to higher required capital strain;
- The release of the market risk Solvency Capital Requirement (SCR) of the Life book is taken into account;
- The unwind of Time Value of Financial Options and Guarantees (TVOG) is taken into account.

a.s.r. aimed for OCC to rise to at least € 430 million by 2021. Under the new OCC definition[2] this target is raised to € 500 million.

The maximum level of financial leverage has been set at 35% and is consistent with a.s.r.'s unchanged S&P A rating target. The financial leverage stood at 29.2% at year-end 2019 and the S&P rating was confirmed at A.

a.s.r. has a dividend policy with a pay-out ratio of 45–55% of the net operating result attributable to shareholders (i.e. net of hybrid costs) as well as an ambition to offer a progressive dividend per share. Management proposes a total dividend of € 267 million for the full year of 2019. This is a 9.2% increase compared to the cash dividend of 2018. The proposed annual dividend is in line with the dividend policy and based on a pay-out ratio of 45% of the net operating result distributable to shareholders (net of hybrid costs).

a.s.r. aspires to create sustainable value for its stakeholders and has set four non-financial targets as an integral part of its strategy.

a.s.r. measures how its customers experience its services via the NPS. In 2019 the NPS was 44 points. This is an increase of two points compared to 2018 (42). It is a.s.r.'s ambition to maintain an NPS score of at least 44 points by 2021.

a.s.r. has started to calculate its carbon footprint for investments for own account. Results are published on a quarterly basis on www.asrnl.com. The calculations follow the Platform Carbon Accounting Financials (PCAF) methodology, where a.s.r. contributes actively to the development of metrics for additional asset classes as for indirect investments. The objective is to regularly measure 95% of a.s.r.'s entire investment portfolio for its own account by 2021. At 31 December 2019, 89% of the total investment portfolio was measured.

In the investment process, a.s.r. pays special attention to impact investing to make a sustainable contribution to society, for instance, through waste recycling, renewable

1 Targets are based on the assumption of normal market, environmental and economic conditions and no material regulatory changes and on a stand-alone basis.
2 OCC is the sustainable creation of capital from both the change in the Eligible Own Funds (EOF) and the change in the SCR on Solvency II basis. To express the change in SCR in EOF-equivalent terms, the change in SCR is multiplied by the average Solvency II ratio. The OCC consists of three elements: (1) Business Capital Generation, (2) Release of Capital and (3) Technical Movements. In this definition sustainable means: generated by the company on its own account, net of external and one-off effects. This results in a view on the Solvency II figures that is comparable with the definition of the operational result on IFRS basis.

energy (solar and wind), social enterprises or health improvements. In 2018, a.s.r. set the target of increasing impact investments for its own account at € 300 million per year to € 1.2 billion of impact investments in 2021. By the end of 2019, a.s.r.'s exposure to listed and non-listed impact investments and mortgages addressing specific environmental or societal needs stood at over € 927 million (2018: € 346 million).

In conclusion, a.s.r. encourages its employees to help local society and communities by devoting part of their time to helping individuals and/or groups with financial issues. a.s.r. provides financial courses for children, helps families to improve their financial planning and assists communities in more general terms. a.s.r. aims for an annual growth of 5% compared to the base year 2018 by participating in the activities of the a.s.r. foundation. The total growth of a.s.r.'s contribution to local society compared to the base year 2018 was 42% and amounted to 12,413 hours.

Solvency II

(Standard formula)

194%

Safely above 160%

Substancial capital for entrepreneurship

Operating return on equity

15.1%

12-14%

Per annum

Dividend pay-out ratio

(% of net operating result after hybrid expenses[1])

45%

45-55%

Ambition to offer a stable to growing dividend per share

Organic capital creation[2]

€ 370 mln

> € 430 mln

Organic capital creation[3] - new definition

€ 501 mln

> € 500 mln

Financial leverage

29.2%

< 35%

Rating

(S&P)

Single A

Single A

At least

Net Promoter Score

44

> 44

Carbon footprint investment and mortgages portfolio (for own account)

89%

95%

Employee contribution to local society (in no. of hours)

+42%

+ 5% per annum

Impact investing

(for own account)

€ 927 mln

€ 1.2 bn

Result 2019

Target 2021

1 In general, a.s.r. does not expect to pay cash dividends if the Solvency II ratio (calculated in accordance with the standard formula) falls below 140%.
2 a.s.r. as at the CMD and assuming rising forward rates.
3 As from 1 January 2020.

Business targets 2019 – 2021[1]

In P&C and Disability together, a.s.r. aims to achieve a COR in the range of 94-96%. This range reflects a.s.r.'s leadership to manage these businesses profitably while remaining competitive. The range also allows a.s.r. to absorb calamities, such as major fires and heavy storms. a.s.r. expects that in a year with a normal level of storms and large claims, it can deliver a COR of < 96%. a.s.r. decided to exclude Health from the target as the pricing and profitability of this product line is more prone to political scrutiny. At 99%, the target for Health stand-alone remains stable. The COR for P&C and Disability amounted to 93.5% at FY 2019 and outperformed the target range of 94 - 96% for 2019.

Importantly, the COR target is connected with a.s.r.'s Non-life GWP growth target. a.s.r. aims to grow organically by 3-5% per annum while remaining within the stated COR range. In pursuit of profitable growth, a.s.r. will not forfeit its core discipline of value over volume. The GWP growth for Non-life (P&C and Disability), including the negative impact from sanitising the former Generali Nederland amounted to 4.0% over 2019.

a.s.r. aims to keep its operating result in Life stable compared to 2017 levels. a.s.r. expects that it will be able to maintain its operating result at least at the level of 2017 for the next three years. In addition, a.s.r. aims to decrease the Life operating expenses from 57 basis points (bps) on its basic life provision in 2017 to within the range of 45-55 bps. The operating result for the Life segment amounted to € 696 million in 2019 and the expenses in relation to the basic life provision amounted to 53 bps in 2019.

a.s.r.'s fee-generating businesses are growing in terms of absolute and relative contributions to operating results. a.s.r. aims to achieve more than € 40 million of operating result for the two segments of Distribution and Services and Asset Management, combined and expects to increase its operating results by 5% per annum thereafter. The operating result of the fee-based businesses amounted to € 48 million in 2019 (2018: € 43 million). This is an increase of 10.9% compared to 2018.

	Result 2019	Target 2021	
Combined ratio	93.5%	94-96%	Non-life (P&C and Disability)
Life operating result	€ 696 mln	Stable	Compared to € 633 million in 2017
GWP growth (organic) per annum	4.0%	3-5%	Non-life (P&C and Disability)
Life operating expenses	53 bps	45-55 bps	On basic life provision
Fee based businesses, operating result[2]	€ 48 mln	€ 40 mln	5% growth per annum thereafter

1 Targets are based on the assumption of normal market, environmental and economic conditions and no material regulatory changes and on a stand-alone basis.
2 Asset Management and Distribution and Services.

2.5 Sustainable Development Goals

The United Nations launched the Sustainable Development Goals (SDGs) in 2015. a.s.r. has identified five sustainable development goals in connection with its integrated business strategy, to which it has most to contribute as a sustainable insurer, investor, employer and socially engaged business partner. SDGs 1, 3, 7, 8 and 13 are closely connected to the three pillars of a.s.r.'s sustainable value creation strategy. The table below shows how a.s.r. contributes to the SDGs and their underlying targets, and how it tracks progress.

Financial self-reliance and inclusiveness

a.s.r. uses its financial knowledge and skills to help prevent and solve payment problems in society.

1 NO POVERTY – **Economic growth must be inclusive to provide sustainable jobs and promote equality.**	**Target** • +5% employee contribution to local society per annum.	**Contribution** • a.s.r. foundation supports the financial education of children and young people (reading and teaching) and households with (a risk of) problematic debts.
8 DECENT WORK AND ECONOMIC GROWTH – **Promote inclusive and sustainable economic growth, employment and decent work for all.**	**Target** • Number of employees employable via the Participation Desk: 70 in 2026	**Contribution** • a.s.r. complies with the 10 principles of the Ethical Manifesto to ensure that customers are financially self-sufficient and are able to gain access to insurance services in case payment arrears and problems arise. • a.s.r. is committed to fostering an inclusive culture in which difference is recognised, valued and used to the fullest. The principles of a.s.r.'s policy on diversity include 'Participation of people with limited labor market potential' and 'Equal development opportunities for all employees'.

Vitality and (sustainable) employment

a.s.r. aims to be a valuable partner in the field of sustainable employment, focusing on health care and vitality for entrepeneurs, employers and (own) employees.

3 GOOD HEALTH AND WELL-BEING – **Ensure healthy lives and promote well-being for all at all ages.**	**Target** • Impact investments including investments contributing to health improvements (for own account) by 2021.	**Contribution** • a.s.r. offers insurance to cover (the costs of) health care, available at one price (per label) for anyone who is eligible for this type of insurance under Dutch law. • a.s.r. plays an active social role in helping people to recognise health risks, advising on possible interventions and increasing awareness of the importance of health. • In november 2019 a.s.r. introduced a.s.r. Vitality to stimulate its customers and employees to get moving and live healthier lives in a positive way.
8 DECENT WORK AND ECONOMIC GROWTH – **Promote inclusive and sustainable economic growth, employment and decent work for all.**	**Targets** • At least 30% of the SB, EB and senior management to be male or female. • Number of employees employable via the Participation Desk: 70 in 2026	**Contribution** • a.s.r. is committed to fostering an inclusive culture in which difference is recognised, valued and used to the fullest. The principles of a.s.r.'s policy on diversity include 'Participation of people with limited labor market potential' and 'Equal development opportunities for all employees'.

Climate change and energy transition

a.s.r. takes the risks associated with climate change into account for its business and its stakeholders. Furthermore, a.s.r. would like to play a role as driver of the necessary energy transition.

	Targets	Contribution
7 AFFORDABLE AND CLEAN ENERGY **Ensure access to affordable, reliable, sustainable and modern energy.**	• € 1.2 billion impact investments (for own account) by 2021. • Direct footprint of a.s.r. head office is climate-neutral.	• a.s.r. has integrated climate change and energy transition as an explicit theme/driver within its strategy. • a.s.r. has the ambition to reduce its own direct emissions annually by 10% and to remain 'climate neutral' in terms of the direct footprint of its head office.
13 CLIMATE ACTION **Take urgent action to combat climate change and its impacts.**	• Carbon footprint: 95% of investment and mortgages portfolio (for own account) measured in 2021. • € 1.2 billion impact investments (for own account) by 2021. • 50% reduction of CO_2 emissions by mobility of its head office in 2025.	• a.s.r. extends the insurance for buildings and their inventory to include flood cover. As a result, customers are better insured for damage caused by flooding from 2020. • a.s.r. develops climate maps, improves risk and claims assessments and helps intermediaries and customers with information to prevent claims from climate risks.


COMPAGNIE D'ASSURANCES
SUR LA VIE
„UTRECHT"
Bureau Central: Chaussée de Leyde. UTRECHT.
DIRECTION POUR LA BELGIQUE. Boulevard du Nord. BRUXELLES.
Agence Générale pour le NORD DE LA FRANCE. Place Richebé 5. LILLE.
Agence Générale pour la SCANDINAVIE. COPENHAGUE. Ved Stranden 2.

3

Sustainable value creation

Object
The advertising posters

About the object
In the 19th century, insurance companies primarily relied on word-of-mouth advertising by messengers and agents. The first advertising expressions appeared at the end of the 19th century in the form of posters and calendars. The images were often overloaded with symbolic images from ancient history and Christianity. Around 1900, symbolic images with protective angels were most commonly used. Public spirits were often confronted with gloomy messages, but we also see some more cheerful expressions with flowers.

3.1 a.s.r.'s roles

Based on its mission, as described in chapter 2.1 The story of a.s.r., a.s.r. defines five roles in which it strives to create sustainable value for its stakeholders.

Our role as a sustainable insurer

Customers need to be able to rely on a.s.r. being able to meeting its financial liabilities, now and in the future. a.s.r. strives to continuously improve its processes in order to provide its customers with an even better service and to be able to develop sustainable products and services with long-term value. a.s.r. offers solutions that align with the needs of its customers. Furthermore, a.s.r. supports clients and insurance brokers by actively sharing relevant content and practical guidance for damage prevention. See chapter 3.2 Our role as a sustainable insurer.

Our role as a sustainable employer

Having a competent, agile, diverse and vital workforce is key for a.s.r. in achieving its business targets. That is why a.s.r. is committed to attracting, retaining and inspiring the most suitable employees, offering them extensive scope for training and development, and facilitating a sound work/life balance. See chapter 3.3 Our role as a sustainable employer.

Our role as a sustainable investor

As an institutional investor, one way in which a.s.r. takes ownership of social responsibility is through the use of ethical decision and sustainability criteria in its investment policy. All investments are screened on the basis of the SRI policy, focusing on aspects such as social and environmental criteria. See chapter 3.4 Our role as a sustainable investor.

Our role as a trusted company

As a financial service provider, it is for a.s.r. of great importance to gain and maintain the confidence of its stakeholders. In addition to the roles mentioned above other aspects such as data and privacy protection, integrity, paying fair taxes, human rights and reducing a.s.r.'s environmental impact play a major part in being a trusted company.
See chapter 3.5 Our role as a trusted company.

Our role in society

a.s.r. foundation initiates projects on financial awareness and self-reliance. By teaching and supporting people in reading and arithmetics, a.s.r. supports them being able to handle money and organising their financial administration.
In addition a.s.r.'s sponsorship and donation policy is in line with this. See chapter 3.6 Our role in society.

3.2 Our role as a sustainable insurer

a.s.r. helps customers in sharing risks and accumulating assets for later. a.s.r. serves its over 1.5 million customers both directly via the online channel and mainly indirectly via a network of about 5,000 intermediaries. These intermediaries are independent financial advisers who advise their clients in the field of insurance and pensions. Their specific knowledge of the local market and customers is especially valuable for a.s.r. and its customers. New products and solutions are developed in close cooperation to ensure that these products are competitive and meet the changing needs of customers.

Based on its core values, craftsmanship, positive attitude and social commitment, a.s.r. strives to ensure that customers experience good service. To achieve this goal, a.s.r. invests in improving and further digitising the services it provides. a.s.r. strives to work as sustainably and efficiently as possible.

a.s.r. is satisfied only if the customer feels he has been positively helped and if the financial advisor feels that a.s.r. offers the right and high quality service.

3.2.1 Sustainable products and services

In a changing world, there is a growing need for sustainable and socially responsible products and services which increase positive and reduce negative impacts. Developing and marketing these products is part of a.s.r.'s business strategy. In addition to the sustainable products a.s.r. has introduced a.s.r. Vitality in 2019. In case of damage repair a.s.r. stimulates customers to make use of sustainable repair services.

Sustainable repair

a.s.r. considers it important to have damage repaired with a view to the environment. That is why a.s.r. works together with repair companies that share this view. These companies have been tested for their sustainable business operations and have the Sustainable Repairs certificate. These can be construction companies, cleaning companies, glaziers, companies that repair electronics, or companies that help repair interiors (e.g. the floor or the sofa).

In case of damage, there is the choice to have this repaired by a sustainable repair company with a Sustainable Repairs quality mark. Of course the damage will be repaired as quickly as possible. But such a company also helps the environment and society in the longer term by meeting strict requirements.

The repair companies within the network are constantly being tested. Consider for example the use of environmentally friendly means, less energy consumption, the correct processing of waste, the reuse of materials, care for sustainable employability of employees, recycling and products that are not harmful to the employee or to you.

a.s.r. Vitality

Vitality is a behavioural science based health programme that encourages customers to exercise and live healthier lives in a positive way. The programme has been developed by the South African insurer Discovery and is now successfully implemented in 22 countries with almost 10 million members.

Since 4 November 2019, a.s.r. also offers this programme in the Netherlands to customers with a disability or health insurance. As an insurer, a.s.r. not only wants to help its customers if they have an illness or disability, but also to help prevent this from happening. By encouraging people to make healthy choices and become more active. a.s.r. Vitality is positively received with an inflow of 11,000 participants in the first two months.

Customers can opt to take out a membership with a.s.r. Vitality and to start exercising. With the a.s.r. Vitality app, which can be linked to an activity tracker such as Fitbit or Apple Watch, customers will first of all obtain insight into their own health. Based on this, exercise targets are set and then they can get moving. If they achieve these targets weekly, monthly and annually, they got awarded. The annual reward consist of a reimbursement on their insurance premium paid.

When you participate in a.s.r. Vitality a.s.r. processes healthcare data, e.g.how much you exercise or your food habits, in the app. With the introduction of a.s.r. Vitality various parties have expressed their concerns about the privacy protection of their data. To guarantee that these healthcare data are only processed within a.s.r. Vitality and not shared with a.s.r. insurance departments, a.s.r. set up a separate legal entity: a.s.r. Vitality B.V.

External recognition

a.s.r. is proud to receive acknowledgement for its socially responsible products and services.

Insurance	**Flood insurance**	a.s.r. is the first insurer in the Netherlands to offer flood cover for buildings and contents, part of its response to climate change.
	'Doorgaan' insurance	Doorgaan-insurance is a single policy offering both occupational disability/loss of earnings insurance and group medical cover. It includes extended cover, psychological support and advice from the personal Doorgaan experts.
	'Langer mee AOV'	a.s.r. offers a solution for the social challenge of the rising age of retirement. Working with a.s.r. on lifelong employability enables customers to remain at work in good health for longer.
	'MKB Verzuimontzorg-verzekering'	At the 'MKB verzuimontzorgverzekering' there is a permanent 'ontzorgmanager' who is point of contact by absence during reintegration and has knowledge of all relevant legislation and regulations. The Employee is in control of his or her own reintegration.

Investments	**a.s.r. ESG funds**	All investments managed by a.s.r. asset management are screened on their social and environmental aspects and governance criteria, based on a.s.r.'s SRI policy.

Mortgages	**'Verduurzamings hypotheek'**	a.s.r.'s 'Verduurzamingshypotheek' is designed to encourage its clients to install energy conservation measures in their homes. This helps to cut CO_2 emissions while increasing comfort in the home and saves costs.
	'WelThuis Starters hypotheek'	The 'WelThuis Starters hypotheek' is designed for first-time buyers and offers reduction in montly costs, flexibility and certainty. The longer term ensures a lower monthly amount, which means that the mortgage can be managed financially.

MoneyView, a leading Dutch research agency in the financial services industry, awarded a.s.r. the following in several categories:

- 5 star MoneyView award for the Welthuis hypotheek for product rating and price;
- 5 star MoneyView award for third party liability insurance for product rating and terms and conditions;
- 5 star MoneyView award for the short-term travel insurance of Europeesche Verzekeringen for product rating and conditions.

a.s.r. won the Golden Lotus Award for best home insurer in digital accessibility, fast and professional claims handling, good product terms and conditions and good price-quality ratio. The Golden Lotus Awards Mortgage Market is an initiative of the trade journal InFinance and the Mortgage Business Club.

a.s.r. received the Lipper Group Awards for its high performance in the categories Overall Small, Bonds and Mixed Assets. The Lipper Awards for investment funds are awarded annually by the independent American research institute Refinitiv. Investment funds and fund houses that consistently outperform comparable funds in the Lipper and fund house fund data are eligible for an award.

3.2.2 Product Approval & Review Process

The Product Approval & Review Process (PARP) is one of the internal processes for assessing the relevance of products and services. The focus is on customers and their interests. The PARP is followed for new products and on a regular basis for reviews of existing products. It drives continuous improvement for example based on comments from customers and consultants and changes in legislation and regulations. The PARP is applicable to products that are actively offered, as well as inactive products and services which are also reviewed on a regular basis. In accordance with the Dutch Authority for the Financial Markets (AFM) assessment framework and in line with legislation and regulations a.s.r. has set up the PARP tests, which covers among other things, cost efficiency, usefulness, safety and comprehensibility.

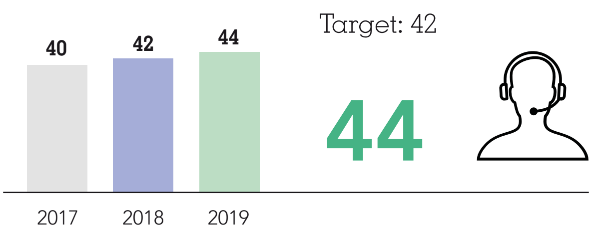
The PARP assesses the usefulness of a product and/or service for the customer: to what extent is the product a response to an actual need of the target group and does it have sufficient added value? The comprehensibility test examines whether the target group can properly assess the usefulness of a product based on the information the customer receives from a.s.r. This includes tests for comparability, completeness of the information provided and whether product characteristics are clearly defined. In 2019, the PARP Committee approved 5 new propositions, 21 product adjustments and 28 reviews of existing products. Examples of the PARP Committee's approval include: Direct Ingaand Pensioen, a.s.r. Vitality and Verduurzamingshypotheek.

3.2.3 Customer satisfaction

Net Promoter Score

a.s.r. continuously measures the NPS[1] for a.s.r. and its business lines (the overall NPS score is based on the unweighted average of the business lines). The NPS reflects the customer satisfaction of an organisation's clients. In the questions put to the customer, emphasis is placed on the interaction with the a.s.r. employee. 'How likely are you to recommend a.s.r. to your family, friends and colleagues based on your experience with the a.s.r. employee?' a.s.r. uses the NPS as the most important key performance indicator (KPI) to monitor the level of its service. Customers indicate on an ongoing basis how they experience a.s.r.'s service. a.s.r. wants its customers to feel that it is continually improving its service and strives for an increase of its NPS. In 2019, the NPS customer contact moment for customers increased by two points during the year, from 42 (2018) to 44 (2019). a.s.r. measures the NPS in all business lines. The NPS per business line is presented in chapter 4.1 Group and segment performance and Annex A Facts and figures.

NPS



Complaints management

a.s.r. assumes handling complaints is a subject that requires specific knowledge and expertise. Therefore, complaint handlers keep their profession up to date through permanent education. This means points must be earned periodically with training or courses. For example, by following the course Dealing with Aggression and Emotion. Customers reward a.s.r.'s complaint handlers with a score of 8 (on a scale of 10).

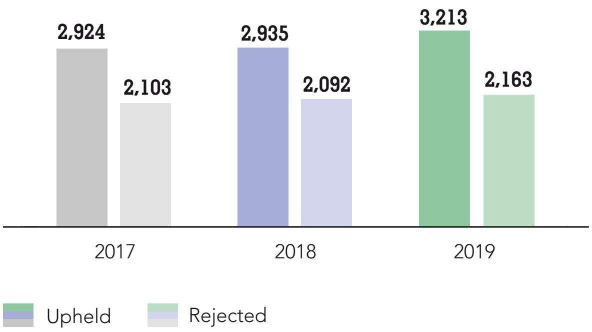
The Complaints Management Team monitors the implementation of a.s.r.'s complaints policy and manages the complaints scheme. The complaints handling itself is decentralised within the organisation. Key principles and objectives of complaints management are:

- a.s.r. is open to complaints, making it easy for customers to lodge a complaint;
- a.s.r. communicates its views and the solution to the complaint in an understandable manner;
- a.s.r. wants to learn from its complaints.

The figures on the next page show the number of complaints settled and the percentage of complaints handled which have been fully settled, partly settled or not fully settled and unclear to the complainant. Most complaints relate to adjustments of the insurance and to claims. Most complaints arise from movements of a diverse nature (53%) and the payment of claims (22%).

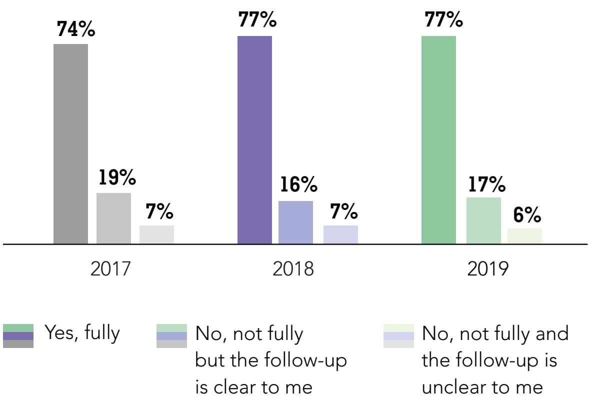
1 The NPS is calculated after customers had been in contact with one of the agents. Calculation of the NPS: With a score of 9 or 10, the customer is seen as a promoter (recommendation). With a score of 7 or 8, the customer gets the predicate passive. He or she will neither recommend nor discourage the brand. With a score of 0 to 6, the customer will discourage the brand. The NPS term for this is detractor (criticaster). The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The NPS scores presented reflect the year-end scores.

Complaints settled



Complaints handled

One of the questions is whether the complaint has been settled in the customer's opinion



In 2019 Stichting Toetsing Verzekeraars conducted a survey by order of the AFM on Complaints and Feedback Management. a.s.r. scored 4.5 out of 5. In the benchmark comparison with the five largest insurers, a.s.r. stood out favourably with the highest average score.

3.2.4 Contributing to prevent payment problems for customers

a.s.r. makes a significant effort to ensure that customers are financially self-reliant. This ties in with its core values.

a.s.r. strives to reduce the number of customer cancellations caused by payment arrears and problems. It also strives to reduce situations in which customers are confronted with cost-increasing measures. In all cases, a.s.r. strives to avoid non-payment.

In October 2016, a.s.r. joined a group of companies committed to assist customers with late payments to proactively find a solution. These companies have united in a coalition which has laid down ten rules of conduct in an Ethical Manifesto which a.s.r. has signed. Through this coalition, a.s.r. remains in sync with market developments and the public debate surrounding the subject.

a.s.r.'s businesses have put the ten rules of the Ethical Manifesto into effect. An a.s.r.-wide working group shares relevant market information and exchanges business successes. This allows customer processes to be more effectively coordinated and allows a.s.r. to be of greater service to its customer.

a.s.r.'s customers can find information on www.asr.nl about the options available if they are unable to meet their payment obligations. This information was visited over 6,000 times during 2019.

Health continued to improve customer solutions. For example, Health strives to ensure that customers are no longer charged unnecessary collection costs and no longer need to be registered with the Central Administration Office (CAK).
The actions that Health has carried out:
- Call actions have led to 60% more payments;
- Customers who are registered with the CAK and have a small outstanding debt will be approached for a payment arrangement so that they can be deregistered as a defaulter. Since the start in March 2019, Health has been able to deregister 60 customers with the CAK;
- Health is investigating the possibilities of a tailored customer approach, including the use of data from payment profiles.

Life focused on payment arrangements for customers:
- Following the results of a survey, a pilot was started to extend the term of a payment arrangement. The aim is to offer customers more suitable payment arrangements.
- Process improvement in various customer teams were realised to ensure more equal and appropriate treatment of customers when agreeing on a payment arrangement.

a.s.r. acts in line with its purpose by supporting her mortgagees. Especially when they are at risk of falling behind on installments due to (personal) financial circumstances is an active part of a.s.r.'s social responsibility. An important a.s.r. principle, is to focus on enabling mortgagees to continue living in their house. In order to accomplish that, a number of measures are proactively offered when relevant, such as jobcoaching, budgetcoaching, home visits and interest installment-breaks.

a.s.r. focuses on prevention of payment arrears, and as a result mortgagees that are not yet behind on installments but are reasonably expected to be at risk of falling behind, qualify for pre-emptive support.

Sale of a property will only be used as a last resort. During the year 2019 in total 6 properties have been sold by proxy, and 1 property has been sold in an auction. a.s.r. is proud to report that in 9 cases, the sale of properties have been prevented as a direct result of effective intervention from the arrears team.

Please find more detailed information about customers in Annex A Facts and figures.

3.3 Our role as a sustainable employer

Employees are an important factor in successfully executing a.s.r.'s strategy and creating long-term value. As described in chapter 2.1 The story of a.s.r., customers and wider society benefit from the service, expertise, positive attitude and social commitment of its employees.

The a.s.r. culture

Everyone at a.s.r. abides by the organisation's core values, which set out the basic approach and are used as a behavioural compass. These core values are:

- 'I'm helpful'. Employees are approachable, listen attentively, then help with solutions using their expertise, experience and commitment;
- 'I think ahead'. Employees empathise and think ahead to proactively help customers, intermediaries and colleagues;
- 'I act decisively'. Employees keep a close eye on content and process, and come up with solutions. They coordinate, are persistent and stand by their commitments.

Organisational success and employee engagement

a.s.r. conducted the yearly Denison Organisational Success Survey, which measures the success of an organisation on several dimensions, e.g. engagement. The results are compared to a global benchmark of large organisations that use the Denison Survey.

74% of staff completed the survey (2018: 70%). The high scores of 2018 were maintained with improved scores in several dimensions. The strategic direction and vision are well recognised by the employees. The scores also show that the employees are highly motivated to innovate and to pay heed to the wishes expressed by the market. At corporate level customer focus stabilised in 2019. a.s.r. strives to improve its customer focus. Results are analysed by means of in-depth qualitative group sessions with employees and management in which action points for the customer theme are determined jointly and implemented in 2020. A follow-up on the attention points including customer focus will be conducted by the individual business lines.

As part of the Denison survey employee involvement is measured on three themes: empowerment, team orientation and knowledge development. In 2019 a.s.r. was able to maintain the positive score of 84%. This figure is a relative score compared to the global benchmark of participants in the Denison survey.

Relative score employee engagement in Denison scan compared to the benchmark

Name	2019	2018	2017
a.s.r.	84%	84%	79%

3.3.1 HR policy

a.s.r. needs competent, agile, diverse and vital employees with an entrepreneurial and versatile attitude in order to realise 'the strategy of a.s.r.'. Employees who can and dare to take control of their day-to-day work, including their own careers, but also employees who can handle change, within a.s.r. as well as in the market in which it operates. That is why a.s.r.'s HR policy focuses on personal leadership and personal agility, on supporting employees in their professional development and on enhancing their vitality and employability.

Agility

The environment in which a.s.r. operates, is continuously changing. Consider, for example, the changing competitive conditions and developments such as robotisation, digitisation and artificial intelligence (AI). That is why agility is one of the most important themes in a.s.r.'s development programmes and why the employee review plotting is also based on the agility of employees. During the annual employee review, the performance and potential of all a.s.r. employees is discussed. The results of the employee review are discussed individually with each employee and are used for strategic employee planning, succession planning, mobility and recruitment, as well as the targeted implementation of the development programmes.

(Personal) Leadership

In order to realise its targets, a.s.r. needs employees who take responsibility for their work and careers and who show initiative. This is stimulated via agreements laid down in the Collective Labor Agreement (CLA) with regard to the working relationship, employment conditions (time- and place- independent work, no annual appraisal cycle) and development range.

Development and sustainable employability

Every year, a.s.r. employees can make use of an extensive range of training programmes and courses to keep up with their professional knowledge and to improve their skills.

Employees receive support to work on their sustainable employability through amongst others career coaching, workshops, retraining, work placements and with starting up their own business.

Employee development training

	2019	2018	2017
Employees have completed job-related training	1,912	1,512	1,729
Employees took part in one of the development programmes	534	719	819
Employees followed a workshop sustainable employability	343	792	589
Employees have completed an individual coaching programme	487	486	266
Employees were given guidance in the context of redundancy	157	154	182

Development programmes, employee review and succession planning

In order to ensure the continuity of the business operations and to prevent talent from leaving, a.s.r. invests in development programmes for employees who have been identified as (future) top talent or professional talent. In order to identify these talents, an annual employee review is carried out for the total employee population, in which performance, agility and potential are determined for each employee. The employee review is the basis for succession planning and strategic personnel planning.

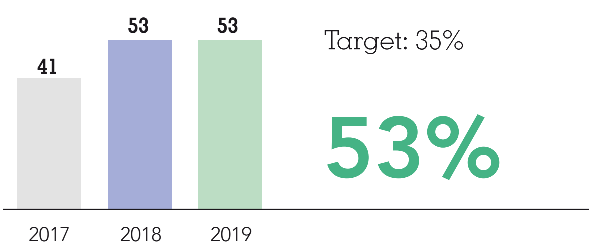
Strategic personnel planning

In order to ensure that the workforce is sufficiently equipped to adapt to the organisation's course and developments in a rapidly changing world, HR is moving from an operations-driven to a strategy-driven personnel planning. During 2019, the HR organisation was adapted to this: a team has been set up within the department that is dedicated to finding the best solution for a total workforce management issue. Multidisciplinary HR teams (advice, vitality, recruitment, development) ensure an optimal service provision to the business units.

Data analyses are crucial for strategic personnel planning. That is why, since 2018, HR has been drawing up an extensive monthly dashboard with all the relevant HR key indicators, target figures and associated analyses. Since 2019, this dashboard has also been included in the Performance Management Reporting of the business lines and large staff departments. In addition, each business line receives a customised dashboard on a monthly basis. The next step is predictive analyses based on the collected data.

a.s.r. strives to fill at least 35% of all vacancies internally. In this way, knowledge of the company is retained and employees are given the opportunity to develop further within the organisation. In 2019, 256 vacancies of the total of 480 were filled internally, which means that 53% of all vacancies were filled by internal candidates.

Vacancies filled internally



Trainee programme

a.s.r. has its own trainee programme in which young talented people carry out three to four different assignments over an 18-month period. Trainees also follow a customised development programme which includes training courses and various projects. In 2019, 11 new trainees joined a.s.r. The trainee programme is intended to attract young talent who can be prepared for higher positions within a.s.r. As of 2014, 57 trainees joined a.s.r. 43 of them are still employed. The majority of this group moved on to a higher position, 14 trainees have left a.s.r.

Employer branding

As the labor market is picking up: it is becoming increasingly important to distinguish yourself as an employer. That is why a.s.r. invests in employer branding, for example, via the website www.werkenbijasr.nl and the use of social media channels. For this purpose, specific content is created that meets the needs of the most important recruitment target groups. a.s.r. likes to make use of the network of employees for employer branding and recruitment and sees them as ambassadors. Employees who 'bring in' a colleague may be eligible for a referral bonus of € 750. Through partnerships with student associations, colleges and universities, a.s.r. is working on its image among students.

Flexibility in employment conditions and in the working relationship

Because the standard employee does not exist and employees have different needs at different stages of their lives, a.s.r. offers flexible working conditions through its CLA. Examples of this are time- and place-independent work and a five weeks maternity/paternity leave for partners. In 2019, a.s.r. continued to cooperate with the trade unions in working groups to develop a possible life-stage policy. Integration of the hybrid professional into the a.s.r. organisation will also be considered. A hybrid professional is someone who works as an employee for a.s.r. and also works as a self-employed person or has his own company or someone who is employed by a.s.r. combined with employment with another employer.

Vitality

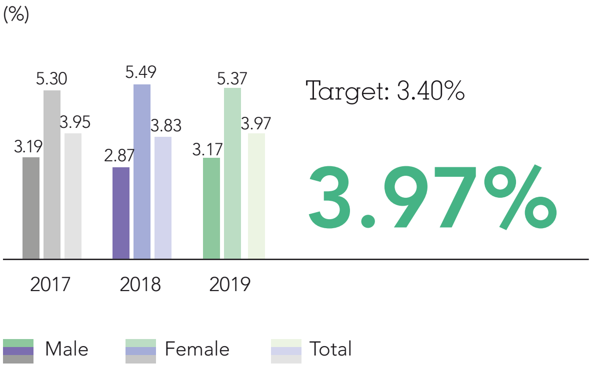
a.s.r. invests in the vitality of its employees, including through its a.s.r. Vitality programme which is offered free of charge to all a.s.r. employees. Other means used by a.s.r. to promote vitality include periodic medical examinations, help with setting up workstations, internal sports facilities, vitality workshops, vitality software, a healthy offer in the company restaurants, and fresh fruit supplied free of charge.

HR's vitality specialists support the management of the business units in developing the vitality and absenteeism policy and provide guidance on absenteeism case dossiers.

Absenteeism

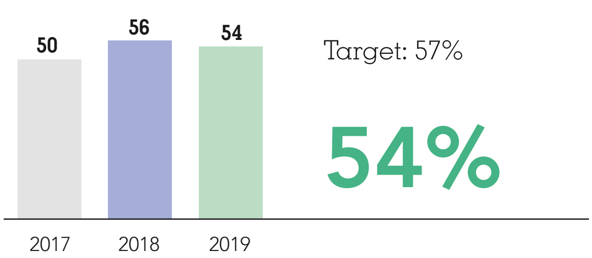
The absenteeism rate for 2019 was 3.97% (2018: 3.83%). This slight increase can be explained by an increase in long-term absenteeism. a.s.r. has taken action on various points to reduce the rate of absenteeism. The sickness absence regulations have been amended, whereby the emphasis is placed on what the employee can do himself to prevent sickness. 'In Motion with a.s.r.' is an umbrella initiative aimed at being and staying healthy at work. There is extensive attention for vitality and absenteeism, a.s.r. will continue to work on reducing the absenteeism rate.

Absenteeism rates[1]



The short absence (and therefore also the reporting frequency) has decreased compared to 2018. a.s.r. will maintain its efforts aimed at improving the health and vitality of its employees in 2020. In 2019, 54% of all employees have not been absent due to illness during the year (2018: 56%).

Nil absenteeism[2]



Diversity and inclusivity

a.s.r. is committed to achieving an inclusive culture in which differences are recognised, valued and used to the full. a.s.r. believes in the positive effect of a diverse workforce on its success and innovation – be it through differences in gender, ethnicity, age, religious beliefs, education, sexual orientation, disability or nationality.

a.s.r. promotes diversity and inclusion by empowering employees and allowing people to develop based on individual performance and demonstrated potential.

The fundamental principles of a.s.r.'s diversity policy are:

- A balanced workforce composition based on age, gender, cultural or ethnic origin, physical and mental capacity, beliefs and working styles;
- Promotion of a balanced composition of management through a policy of gender and cultural diversity;
- Equal development opportunities for all employees;
- Participation of people with limited labor market potential.

At least 30% of the SB, EB and senior management are to be male or female. In 2019, the SB had four male (67%) and two female members (33%), the EB had two male members (67%) and one female member (33%). On 31 December 2019, senior management consisted of 20 members, five of whom were women (25%) and 15 men (75%). In order to achieve the 30% target, application of the diversity policy has been explicitly included in the recruitment of SB and EB members. Diversity policy is part of the recruitment process and the employee review, in which succession planning, among other things, is discussed.

1 Excluding maternity leave.
2 Nil absenteeism is the percentage of employees who have not reported sick during the reporting period.

Breakdown gender diversity

	2019	2018	2017
Male/female Supervisory Board	67 / 33	60/40	75/25
Male/female Executive Board	67 / 33	75/25	75/25
Male/female Senior management	75 / 25	71/29	73/27
Male/female Management	79 / 21	81/19	82/18
Male/female Non-management	58 / 42	60/40	60/40

To reduce the step to the labor market for candidates with a work disability, a.s.r. has founded 'The Participation Desk'. This desk uses people with a Work and Employment Support for Disabled Young Persons benefit (Wajong) for various assignments. They are given a maximum of 2 years to gain work experience and develop employee skills. They receive intensive guidance and a tailor-made development programme. The aim is to prepare them for a permanent position, preferably within a.s.r.

a.s.r. is committed to employing at least 70 people through the Participation Desk by 2026. At the end of 2019, 35 employees with a work disability were working via the Participation Desk. Currently 14 employees with a work disability fulfil a permanent position.

Participation Desk

	Target 2026	2019	2018	2017
Number of employees through the Participation Desk	70	35	29	31

In 2019 a.s.r. has reached the first performance level on the Performance Ladder for Social Business (PSO). This measurement instrument and quality mark from TNO reflects the degree of social entrepreneurship achieved. Organisations are placed higher on the ladder (there are four performance levels) the more people they employ with a vulnerable employment status and through working with other PSO-certified organisations. In concrete terms, this means that a.s.r. structurally makes its own contribution to the employment of employees who have a distance to the labor market, but that it also takes this into account when purchasing and tendering from suppliers.

At the end of 2019, a multidisciplinary working group was started, charged with the task of tightening, renewing and expanding a.s.r.'s diversity policy. This group will also look at how diversity can be given more attention and how barriers can be removed in order to make further progress on this subject.

3.2.2 Working conditions

'De Andere Cao'

'De Andere Cao' is a.s.r.'s own CLA, which took effect on 1 January 2018. Starting points of De Andere Cao are: self-management, a mature working relationship and increased job market value of staff. Freedom of choice is possible, but not obligatory, and the CLA starts from trust, not control.

In February 2019, a.s.r. and the trade unions reached an agreement on the continuation of 'De Andere Cao' which includes a structural salary rise of 3% at 1 March 2019 and 1 March 2020 and a continuing dialogue about a future-proof employment conditions package for the employees of a.s.r.

Pension scheme

The a.s.r. pension scheme expired at the end of 2017 but was 'frozen' with the introduction of 'De Andere Cao'. Negotiations with the trade unions on the pension scheme started in 2018 and were continued in 2019. The aim is to introduce a new pension scheme on 1 January 2021.

'Het Andere Plan'

'Het Andere Plan' is a.s.r.'s social plan. This plan centres on guidance from work to work with an emphasis on the development and sustainable employability of employees. The training and development budgets and the financial safety net employees receive when they have to leave the company due to reorganisations remained unchanged compared to 2018. After 2019, the financial safety net will decrease and the personal budget for sustainable employability will go up. The agreements are in force up to and including 2021.

In 2019, 157 employees made use of the facilities of 'Het Andere Plan' (2018: 154) and 97 employees left a.s.r. with this social plan (2018: 83).

Remuneration

Every three years, an independent consultant is hired to perform a market comparison based remuneration benchmark. The a.s.r. remuneration policy starts from the principle that the average level of total remuneration should be the median of the peer group. The relevant peer group for a.s.r. employees (excluding the EB of ASR Nederland N.V. and a.s.r. asset management) is the general market. The relevant peer group for a.s.r. asset management is the asset management market. In line with the remuneration policy, the remuneration of a.s.r. employees consists solely of a fixed payment. The peer group of the EB is described in chapter 5.3 Remuneration report.

Business targets are set annually by the EB. These are based on a.s.r.'s business strategy including financial as well as non-financial targets. All targets are cascaded to management to focus all contributions on achieving the defined business goals. The progress of the targets is discussed in the regular meetings between management and employees. a.s.r. does not use variable remunerations, there are no financial bonuses linked to the targets.

In 2019, a.s.r. had one type of variable remuneration: the 'Boter-bij-de-vis' (incidental bonus), a variable remuneration scheme with a small remuneration linked to specific, additional performances. This reward cannot be agreed in advance but is awarded after delivering an extra ordinairy, specific performance. In 2019, 153 employees received a Boter-bij-de-vis reward.

a.s.r. also has a few other special forms of variable remuneration, such as retention allowances, a welcome bonus and a buy-out, which occur only occasionally and are awarded in line with legislation and regulations. The same applies to severance pay. In 2019, 2 employees received such a special form of remuneration.

At a.s.r., jobs are weighted regardless of gender. Men and women with comparable work experience, achievements and potential are given equal pay.

The differences in hourly wages between men and women shown in the table below are caused by the on average higher number of years of service of men. Because men have served for an average of 3.7 years more than women, they have reached on average a relatively higher position on the salary scale for a given job.

For the complete a.s.r. remuneration policy and the Remuneration Disclosure, see: www.asrnl.com.

Gross average wages split by gender (gross hourly wages)

	31 December 2019		31 December 2018		31 December 2017	
In €	Male	Female	Male	Female	Male	Female
Executive Board	288	269	223	191	172	148
Senior management	101	101	98	91	93	87
Management	59	55	56	54	55	54
Other employees	28	24	27	23	25	22

Note: The numbers of the EB are including CEO's compensation. Excluding CEO's compensation, male average hourly wage of the EB would be € 261.

The table below shows the difference in years of service between men and women. This difference has remained virtually constant over the past 3 years and varies between 3 and 3.7 years.

Average years of service

	2019	2018	2017
Male	16.4	16.6	16.5
Female	12.7	13.1	13.5
Difference	3.7	3.5	3.0

Employee share purchase plan

In 2019 a.s.r. issued an employee share purchase plan (ESPP). Employees of a.s.r. are thereby given the opportunity to acquire a.s.r. shares at a discount. a.s.r. can suspend or withdraw the plan at any time. There is no option under the plan for either a.s.r. or the employee to settle in cash or other assets. Therefore the plan is an equity-settled share-based payments plan.

The members of the EB are required to participate in the plan by investing a predetermined part of their remuneration in a.s.r. shares. Other employees participate voluntarily.

Under the terms of the plan the granting and vesting is predefined. The grant date of the plan is the moment the employee registers to participate in the plan. The shares vest immediately on the transaction date when cash is received of the employee, unconditionally, subject only to a post-vesting transfer restriction of five years. Otherwise, there are no specific restrictions to the share (i.e. voting power, dividend restrictions).

The employees purchase the shares at a discount of 18.5%. The fair value of the a.s.r. share with a lock-up of five years at the grant date equals the purchased price by the employee.

The ESPP has an impact on equity through the adjustment in the treasury shares and retained earnings. Refer to chapter 6.5.12.4 Treasury shares for more information.

The number of shares purchased during the reporting period were 100,546, for an amount of € 2,7 million (2018: not applicable, no ESPP in force).

Please find more detailed information about employees in Annex A Facts and figures.

3.4 Our role as a sustainable investor

As an institutional investor, one way in which a.s.r. takes ownership of social responsibility is through the use of ethical and sustainability criteria in its investment policy.

3.4.1 a.s.r. asset management

Already since 2007 a.s.r. has a formally approved investment policy which is being applied to all its investments, both for own account as well as for third party clients. With the years a.s.r. expanded the efforts from the original exclusionary criteria to focus on achieving a positive contribution to a more sustainable world. A regular update can be found on our quarterly ESG reports, see www.asrnl.com.

All investments managed by a.s.r. asset management (AVB) are screened against the SRI policy (see www.asrnl.com) by Vigeo Eiris, focusing on aspects such as governance, social and environmental criteria. Countries and businesses that do not meet the criteria are excluded.

a.s.r. also assesses businesses on their level of compliance with international conventions such as the Organisation for economic Co-operation and Development (OECD) guidelines, the UN Guiding Principles and United Nations Global Compact (UNGC).

100% compliance with own SRI policy

a.s.r. safeguarded the full compliance of its SRI policy using a three-step process: internal teams implementation (investment departments), compliance process (Risk) and an independent external assurance (by Forum Ethibel). In 2019 a.s.r. took the necessary steps to align its recently acquired investment portfolio from Loyalis and make it fully compliant with a.s.r.'s SRI policy.

SRI policy compliance

Target	2017	2018	2019
100% compliance with own SRI policy	☑	☑	☑

Sustainable and responsible investing

a.s.r. understands the importance of, and the responsibility expected from, its role as an investor, both as asset owner and as asset manager. Sustainability is therefore an essential part of a.s.r.'s investment beliefs. The integration of ESG factors in the management of investments contributes directly to the reduction of risks (both financial and reputational risks) and has a positive effect on its long-term performance. The SRI policy has been integrated into internal investment practice through:

- **ESG integration for best-in-class investments**
  Best-in-class investing is part of a.s.r.'s selection process for companies based on ESG best practices and products. a.s.r. favours companies that achieve an above-average performance in ESG policy and implementation. Based on Vigeo Eiris research, which is ISO 9001-certified, companies 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 is published on www.asrnl.com. In 2019, a.s.r. expanded its ESG research capabilities by entering into partnership with MSCI ESG.

  For sovereign bonds, a.s.r. applies a best-in-class selection of countries based on their SDG performance, in line with the SDG country ranking published by the SDG Index: the weighted average score of the a.s.r. sovereign portfolio is ranked in the first quartile (best-in-class) of the SDG Index.

- **Exclusion criteria for countries and companies**
  a.s.r. pursues a strict exclusion policy for controversial activities which it applies to all internally managed portfolios, both for its own account and for third parties. In 2019 this policy was expanded by tightening the policy on fossil fuels: the threshold for companies deriving revenues from coal mining and tar sands and oil shale was lowered from 30% to 20%. Companies deriving more than 50% of their revenue from coal-fired electricity production were also excluded. a.s.r. has divested the companies in its portfolios that meet these new criteria.

  With regard to investments in sovereign debt, a.s.r. has excluded 82 countries that are poor performers in the annual Freedom in the World report or which score a low ranking on the Corruption Perceptions Index or on the Environmental SDGs.

Exclusion of companies

	2019	2018	2017
Human rights violations	7	6	3
Labor rights violations	3	2	3
Environmental violations	7	13	6
Armaments	153	100	107
Tobacco	16	15	17
Gambling	49	44	39
Coal mining	10	47	63
Tar sands and shale oil	5	4	10
Coal fired electricity generation	13	NA	NA
Nuclear energy-related activities	8	9	5

Engagement

In 2019, a.s.r. increased its engagement efforts to actively promote higher sustainability practices. The list of engaged companies is published on the a.s.r. website www.asrnl.com, including the reason and status of the engagement.

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

a.s.r. actively engaged with a total of 22 companies. a.s.r. engages with companies that either have shown controversial behavior (i.e. Global Compact violations) or are controversial in another way, for example as a result of societal discussions.

a.s.r. defines three types of engagement:

I. Engagement for the purpose of influencing: this type of engagement is used to move companies towards better sustainable practices. In 2019, the issues addressed included the following:
   - Global Compact breaches through a.s.r.'s partnership with Robeco: the updated list of companies under engagement and their status can be found on www.asrnl.com;
   - Living wages through the Platform Living Wage Financials (PLFW) which is a collaborative partnership between 13 financial institutions to engage listed companies in the garment, agri-food and retail sector to address living wage issues in their supply chain. In 2019, a.s.r. actively contributed to the engagement of 8 of the companies and finalised the development of the methodology for the agri-food and retail sectors;
   - Fur and exotic leather through collaborative engagement: the use of real fur and exotic leather is attracting growing criticism and major luxury brands have declared their intention to step out of the fur business. Together with two peer investors, a.s.r. has successfully closed the engagement with 5 luxury brands on taking steps towards phasing out fur in 2019.

II. Engagement for the purpose of monitoring: sustainability is a standard topic on a.s.r.'s agenda at meetings with companies from its investment portfolio. a.s.r. has also been in dialogue with other players in the investment landscape, such as fund and index providers, to actively encourage a further ESG integration for their role in the investment chain.

III. Public engagement: In 2019, a.s.r. continued to actively participate in the implementation of the International Corporate Social Responsibility (ICSR) sector covenant, together with peers, the public sector and various non-governmental organisations (NGOs). a.s.r. played an active role in three working groups (general assembly, development of specific guidelines for a climate policy and the extra yearly 'Do-Good' working group for the sector). The first ICSR assessment was published in November 2019 with a positive evaluation. At the PCAF, a.s.r. made an active contribution to four working groups for general PCAF management and for developing a carbon accounting methodology for real estate, mortgages and indirect investments, and also road tested different methodologies for setting Science Based Targets (SBT's).

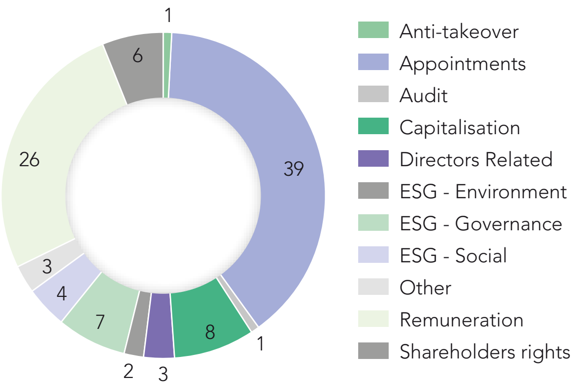
   In August 2019, a.s.r. committed itself to a collaborative engagement with the Access to Medicine Index to promote access to medicines (SDG3) among the 19 companies from the Index. In 2019, a.s.r. was involved in the start of a new Biodiversity Working Group under the Sustainable Finance Platform of the Dutch Central Bank (SDG 14+15). It also joined the FAIRR initiative, which addresses ESG issues in animal protein supply chains (SDG 12). a.s.r. took part in a number of UN PRI initiatives: the signing of the United Nations Principles for Responsible Investmen (UN PRI) coordinated response to the Vale Dam failure, the UN PRI Investor statement on deforestation and forest fires in Brazil (SDG 15) and the UN PRI Investor statement to Support the UN Women's Empowerment Principles (SDG 5).

Voting policy

A shareholders' right to vote is essential for a proper functioning of a corporate governance system. a.s.r. exercises this right whenever relevant. a.s.r.'s voting policy (www.asrnl.com) has been developed in accordance with the Dutch Corporate Governance Code and its own SRI policy. This policy is applicable to all internally managed listed equities. In 2019 a.s.r. developed further specifications with its proxy voting provider to flag ESG related issues. In 2019, a.s.r. voted at nearly 97%

of the shareholder meetings held. Of the 1,052 shareholder's meetings, 408 had at least one vote Against, Withheld or Abstained. 60 of these 408 meetings had one or more votes against remuneration with regard to the EB or SB and 174 meetings had one or more votes against appointments. The voting accountability report provides a quarterly review of how a.s.r. exercised its voting rights at shareholder meetings. The full report for 2019 is available on a.s.r.'s website www.asrnl.com.

Votes against management in 2019 (%)



Externally managed assets

The external providers' SRI policy is a key criterion in the selection of external managers. a.s.r. seeks to appoint managers who apply a SRI policy that is as close as possible to its own and, as a minimum condition, a.s.r. requires exclusion of controversial weapons as per the Sustainable Investing Code of the Dutch Insurance Association and the best possible effort to be a signatory to the UN PRI and UN Global Compact principles. a.s.r. also engages with its external managers to enhance their SRI policy, implementation and transparency. In 2019, a.s.r. actively engaged with new and existing managers, such as BlackRock, to develop ESG products. A new ESG tracker fund for High Yield was launched to the market with a.s.r. as seed investor. a.s.r. receives frequent sustainability reporting from its external managers and, where possible, requests impact metrics in addition to the SDG reporting.

Climate change and energy transition

a.s.r. has integrated climate change and energy transition into its SAA as an explicit theme/driver since 2016, and has also taken measures to implement its commitment across the investment portfolio. a.s.r. has analysed and identified risks for the investment portfolio both bottom-up – taking into account stranded assets and changing business models in the mining and energy sectors – and top-down, in its SAA. In 2019, a.s.r. acquired new data from Ortec Finance to incorporate climate scenarios into the SAA. These scenarios served as input for the reporting on climate risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD) see chapter 4.4 a.s.r.'s approach to addressing climate change.

a.s.r. is involved in the development of a robust methodology for financial institutions to set greenhouse gas (GHG) reduction targets and manage the scope 3 downstream emissions of their investments (the so-called Category 15 under the GHG Protocol). This is being led by the SBTi (Science Based Targets initiative) – in collaboration with over 40 global financial institutions and various knowledge partners such as PCAF, Navigant and the 2° Investing Initiative – and is meant to align investment (and lending) portfolios with decarbonisation pathways that fit with the ambition of the Paris Agreement. a.s.r. expects a globally coordinated and agreed methodology to become available early 2020 which will allow a.s.r. to deliver on its commitments under the 'Klimaatakkoord' as articulated in this report.

External recognition

In 2019, a.s.r.'s ESG investing policy was recognised by a number of external parties.

- a.s.r. was awarded the number 1 position in the Dutch Insurers Benchmark by the Dutch Association of Investors for Sustainable Development (VBDO);
- VBDO: a.s.r. was cited as having the best practice in the report 'Dutch institutional investors and climate change';
- a.s.r. was recognised in 3 different ways by UN PRI:
  - UNPRI qualified a.s.r. as the 2019 Group Leader. The title was awarded for the first time this year to the top 10% members of UN PRI for their efforts in selecting external asset managers for listed and private equity;
  - The PLWF, in which a.s.r. is a partner, won the UN PRI prize for best initiative in the field of SRI and active shareholding;
  - a.s.r.'s sustainable investing strategy was awarded the highest score by UN PRI assessment, scoring the same or better than the sector average in all areas, with the highest possible score A+ given for its strategy and governance and the ESG management of its equity investment.
- The peace organisation PAX included a.s.r. in its Hall of Fame for the 5th time in recognition of its policy against nuclear weapons;
- In a new practice study by the Fair Insurance Guide on investments by insurers in the pharmaceutical industry, a.s.r. was identified as one of the top 3 insurers taking into account affordable medicines and whether the pharmaceutical companies pay taxes in a fair manner. Later in 2019, a.s.r. was ranked as one of two insurers with a very low exposure to shale gas companies.

3.4.2 a.s.r. real estate

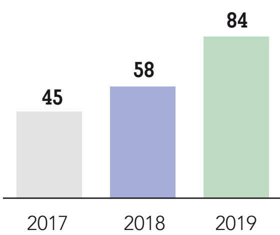
As a real estate investment manager focusing on long-term value creation, a.s.r. prioritises the need to make real estate more environmentally sustainable. a.s.r. believes in maintaining long-term relationships with its stakeholders, with whom it wants to reduce its carbon footprint. However, ESG goes further than simply pursuing the sustainable management of real estate. a.s.r. strives to contribute to both the environment and society by investing in neighbourhoods, among other things. The funds and business lines are continuously striving to make the properties in their portfolios more sustainable. Their focus is both on sustainable acquisitions and on making standing investments more environmentally sustainable with a keen eye on the energy efficiency of the buildings, and the use of sustainable materials and methods and greenery. a.s.r. continuously investigates and implements new developments and applications, such as solar parks, transforming vacant spaces and/or buildings, energy-neutral dwellings, charging points for electric cars and green rooftops.

Rural real estate portfolio asbestos-safe

a.s.r. seeks to minimise the presence of asbestos in its existing Dutch real estate investments. 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. a.s.r. has the ambition to make its rural real estate portfolio fully asbestos-safe by 2020. The goal for 2019 was that 75% of the rural portfolio would be declared as asbestos safe. In 2019, 84% of the portfolio was declared asbestos-safe.

Rural portfolio asbestos-safe

(% of the holdings in the portfolio that were declared asbestos-safe)



Target: 75%

84%

Green Building Certificate

In addition to the portfolio's energy label certification, the a.s.r. real estate funds aim to further improve the sustainability of their portfolios by focusing on acquiring Green Building Certificates (GBC) including BREEAM-NL, Dutch Green Building Council (DGBC) Woonmerk and Well for their buildings and complexes. This certification means that the properties, their surroundings and the development process as a whole are assessed on a broad range of environmentally sustainability criteria.

The ASR Dutch Core Residential Fund's (DCRF) objective for the period up to 2019 was to obtain these certifications for at least 20% of its portfolio. In 2019, 23% of ASR DCRF's portfolio was certified.

The ASR Dutch Prime Retail Fund's (DPRF) objective is to obtain BREEAM-NL In-Use certification for all wholly-owned shopping centres. The objective for 2019 was to certify at least one wholly-owned district shopping centre. In 2019, five shopping centres, Castellum in Houten, Floriande in Hoofddorp, Vathorst in Amersfoort and Vleuterweide in Utrecht obtained a BREEAM-NL In-Use Good certification. Shopping centre Terwijde in Utrecht obtained a BREEAM-NL In-Use Very Good certification.

The goal for the ASR Dutch Mobility Office Fund (DMOF) portfolio was to increase the BREEAM-NL certification grade from 6.5% in 2018 to at least 30% by the end of 2019. Following the award of BREEAM-NL certification for the Eempolis office building in Amersfoort in 2019, 31% of the portfolio is now certified.

ASR DCRF / residential fund

Target: 20%

Result 2019

23%

ASR DPRF / retail fund

Target: 1 Green Building Certification shopping centre

Result 2019

4 certificates BREEAM-NL In-Use Good certification and 1 Breeam-NL in-Use Very Good certification

ASR DMOF / office fund

Target: 1 Green Building Certification

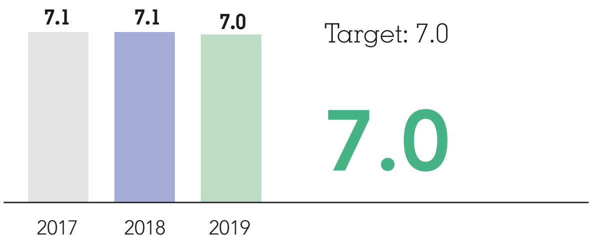
Result 2019

BREEAM-NL-In-use 1 Good / Very Good

Tenant satisfaction

Real estate is not only an investment, a.s.r. also aims for aware, involved and satisfied tenants. In this context, a.s.r. conducts periodical tenant satisfaction surveys amongst tenants of residential, retail, office and rural real estate. The feedback shows how they rate the services, properties and their living and working environments. The outcomes are processed by Asset Management and, where applicable, discussed with internal or external property managers. a.s.r. aims to achieve an average tenant satisfaction rating of at least 7 (out of 10).

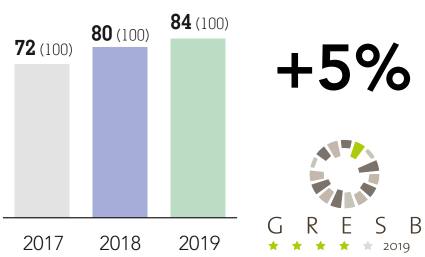
Tenant satisfaction



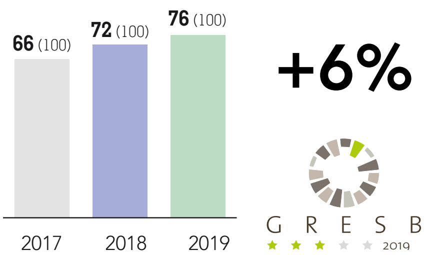
Sustainable investing – GRESB benchmark

By participating annually in Global Real Estate Sustainability Benchmark (GRESB) Assesment, an independent benchmark that assesses the sustainability of real estate investment funds around the world, a.s.r. improves its transparency and awareness of sustainability. In 2019, all three funds participating in GRESB improved their scores.

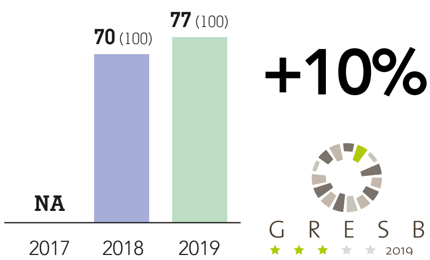
ASR Dutch Core Residential Fund



ASR Dutch Prime Retail Fund



ASR Dutch Mobility Office Fund



Open Soil Index

In addition to buildings, a.s.r. also invests in agricultural land. With reference to the investment framework 'climate smart agriculture' a.s.r.'s aim is that it's farmers earn a sustainable income and produce in a sustainable way. a.s.r. is convinced that farmers can make a significant contribution to the various ecological services such as water quality, water retention, biodiversity etc. Sustainable soil management is key in this process, and acknowledged by every farmer. However due to financial constraints sustainable soil management is not implemented in full by every farmer. a.s.r. therefore developed in close cooperation with its charter coalition partners Rabobank and Vitens the Open (source) Soil Index (OSI). With OSI a single language is created regarding the 'soil wellness'. The OSI assesses the soil on three aspects: structure, biology and chemistry. It gives the farmer insight into his current soil condition and provides him with an inspiration list of measures to improve his soil. This unique tool will enable stakeholders to not only monitor the farmer's sustainable achievements but also reward him for his efforts. a.s.r. is convinced that the cumulation of rewards will motivate farmers to further improve their sustainable soil management job.

Please find more detailed information about responsible investments in Annex A Facts and figures.

3.5 Our role as a trusted company

It is of great importance for a.s.r. to gain and maintain the confidence of its stakeholders. a.s.r. informs them about how the organisation defines and achieves its goals by reporting openly and transparently on issues such as tax, human rights, dilemmas, integrity, political engagement, privacy and environmental impact.

3.5.1 Socially responsible taxpayer

In line with its mission and Corporate Social Responsibility (CSR) policy, a.s.r. strives to be a socially responsible taxpayer.

a.s.r.'s tax policy contributes to the ambition to be a financially reliable and stable organisation to ensure that a.s.r.'s short-term as well as its long-term commitments towards customers and stakeholders can be met, thus creating long-term value. In addition, the outcome of its tax policy is that a.s.r., as a member of society, contributes its fair share to enable and maintain the very society of which it is part.

Tax strategy

a.s.r. aims to be a socially responsible taxpayer based on professionally executed tax compliance. a.s.r. does not apply any tax-aggressive positions. In optimising its tax planning, business considerations are always leading.

The tax strategy was approved and endorsed by the EB on 21 January 2014. The Audit and Risk Committee (A&RC) supervises the tax policies pursued in line with the Dutch Corporate Governance Code. The tax policy and the tax risks are discussed annually in the A&RC.

Tax is a topic in the stakeholders' dialogue (see Annex E Materiality analysis and stakeholder dialogue).

In view of the tax strategy, a.s.r. has the following objectives:

- a.s.r. only supports transactions or products with a well-documented business objective;
- The starting point is that a.s.r. acts in accordance with the spirit and letter of the tax legislation and regulations in the countries in which a.s.r. operates. a.s.r. does not use any structures aimed at tax avoidance. a.s.r. will not allocate profits to jurisdictions with low tax rates or make use of tax havens and does not use tax structures intended for tax avoidance;
- a.s.r. has no products that facilitate customers in avoiding or evading taxes;
- a.s.r. optimises its tax position, thus limiting the tax burden. This takes place within the given framework of a.s.r.'s wish to make a sustainable contribution to society as a whole;
- a.s.r. takes care of the timely payment of tax debts;
- a.s.r. presents relevant (tax) positions adopted or to be adopted as soon as possible to the tax authorities and provides the tax authorities with an active insight into all relevant facts, circumstances, positions, and its view of the associated legal consequences;
- a.s.r. actively manages its tax risks. In view of its open and transparent relationship with the tax authorities, a.s.r. proactively coordinates the tax consequences of various transactions in advance with the tax authorities.

Tax control

Group Tax is part of the Finance, Risk & Performance Management (FRPM) department.

Group Tax has a central role in the tax function of a.s.r. and therefore has an important role in embedding the tax strategy in the day-to-day operations of the organisation. Group Tax is responsible for the establishment, maintenance and testing of the Tax Control Framework that is part of the Management In Control process.

Group Tax is the 'single point of contact' with the tax authorities and has periodically and ad hoc consultation with the tax authorities. External tax advisors will only be consulted after involvement and/or approval by Group Tax.

In the case of important agreements such as product development, acquisitions, internal reorganisations, Group Tax is consulted. This 'sign off' is used to safeguard the compliance of the tax strategy. In addition, tax issues are regularly discussed with the CFO.

a.s.r. is actively implementing technological solutions to control tax risks, for example by means of data analysis. a.s.r. has also completed the implementation of a new financial system in 2019, in which financial consolidation and reporting, tax accounting and the corporate income tax return have been integrated.

a.s.r. strives for an open and honest culture and considers it important for employees and third parties to be able to report in a careful and safe way, in accordance with the House for Whistleblowers Act, any (suspicions of) abuses within a.s.r., see www.asrnl.com. a.s.r.'s whistleblowers' scheme also applies to abuses in the field of tax.

Relationship with the Dutch Tax Authority

In January 2013, a.s.r.'s EB and the Dutch tax authorities signed the Horizontal Monitoring covenant. This covenant sets out how a.s.r. and the tax authorities engage with one another: with mutual trust and in an open, transparent manner. By signing this covenant, a.s.r. undertakes to develop and maintain a system of internal management, together with internal and external controls with regard to tax (Tax Control Framework). The Horizontal Monitoring will be further developed by the tax authorities into an Individual Monitoring Plan (IMP) and the IMP will replace the covenant in 2020.

Tax rulings

In some cases, it is desirable for a.s.r. to obtain certainty from the tax authorities in advance about the application of (often complex) tax legislation and regulations. If that is the case, a.s.r. will ask the tax authorities for a prior tax ruling on a tax position adopted by a.s.r. Any such rulings and other arrangements with the tax authorities are always in line with a.s.r.'s tax strategy. Consulting with the tax authorities at an early stage ensures that the tax position in the financial statements contains fewer uncertainties, which contributes to the confidence that stakeholders can derive from a.s.r.'s tax position. Because a.s.r. operates almost exclusively in the Netherlands, there are no international tax rulings.

Tax burden and tax payments

In countries in which a.s.r. is active, a.s.r. pays taxes on profits realised by the economic activities in those countries, in accordance with the OECD guidelines for multinational enterprises.

a.s.r. operates almost exclusively in the Netherlands, which means that nearly all tax payments are made to the Dutch tax authorities, with the exception of:

- Payments relating to insurance tax for, in particular, non-life insurance in respect of which the tax jurisdiction is in other countries;
- Withholding taxes deducted from foreign investment income.

Tax payments

(in € million)	2019	2018	2017
Profit before taxes	1,210	904	1,126
Corporate income tax in p&l	240	196[1]	209[1]
Nominal tax burden	25.0%	25.0%	25.0%
Effective tax burden[2]	19.8%	21.7%[1]	18.6%[1]
The Netherlands			
Corporate income tax and withholding taxes	42	47	226
Domestic and foreign taxes levied at source, offset against Dutch corporate income tax	6	7	5
Dividend tax	40	50	29
Payroll taxes benefits	269	259	247
Employee payroll taxes	132	132	124
Insurance tax	150	142	134
Turnover tax			
- Turnover tax not offset	42	34	37
- Turnover tax paid	2	3	1
Total of tax payments in the Netherlands	**683**	**675**	**804**
Abroad			
Foreign insurance tax	1	1	1
Total of tax payments abroad	**1**	**1**	**1**
Deferred tax asset			
Deferred tax asset as at year-end[3]	197	275	226
Number of employees			
Number of employees in FTEs, all of them employed in the Netherlands	3,906	3,683	3,493

1 Restated for International Accounting Standards (IAS) 12 amendment.
2 The effective tax burden differs from the (nominal) statutory tax rate. This is caused, 9 in particular by applying the participation exemption. There is also an effect of the change in corporate income tax rate in 2021. The tax rate then becomes 21.7%. For a reconciliation of the nominal tax burden to the effective tax rate, reference is made to chapter 6.6.12 Income tax of the financial statements.
3 The corporate income tax rate for 2020 is 25%. The 2021 rate is 21.7%. The rate reduction was taken into account when valuing the amount of the deferred (net) tax claim at year-end 2019.

a.s.r. as an investor

Direct investments
For the investments (equities and corporate bonds) in companies, a.s.r. makes use of ESG research from the research firm Vigeo Eiris. The assessment of companies also includes tax criteria, in particular on the basis of (inter) national guidelines. In this way, a.s.r. avoids possible ESG risks in its investment portfolio in relation to for example tax havens and offshore financial centres. More information on this can be found on a.s.r.'s website: www.asrnl.com.

Investments via external funds
Investments via external funds are never prompted by tax considerations. A business case is assessed on the basis of the strategy of the investment fund and the quality of the asset manager. The tax assessment from an a.s.r. perspective only serves to avoid any double and/or unnecessary tax.

a.s.r. has a preference for regulated funds in the European Union (EU) because of the relevant expertise for institutional investors combined with a responsible and transparent tax policy. In addition, a.s.r. can invest in funds offered from other OECD countries, provided the legislation and regulations are comparable to those in the EU, and the fair-share principle is met. a.s.r. avoids investments in countries that have a reputational risk as far as tax is concerned, a relative weak legal system and insufficient regulation and/or transparency.

3.5.2 Human Rights

In line with its status as a signatory of the UNGC, a.s.r. works to ensure that human rights are respected. Moreover, a.s.r. endorses the United Nations Guiding Principles on Business and Human Rights (UN GPs), setting out the global standards for preventing and addressing the risk of adverse human rights impact linked to business activities, as well as other more detailed standards, such as the OECD Guidelines for Multinational Enterprises or the Equator Principles for the financial sector. As such, a.s.r. strives to integrate human rights risk management and due diligence into existing business processes across relevant operations.

The largest link with challenging human rights situations is considered to be found in asset management activities. In addition, causing or contributing to human rights violations may occur in a.s.r.'s own operations, through business partners or in the supply chain.

Own operations
a.s.r. strives for an inclusive workforce with equal opportunities and treatment. A culture in which people from a variety of backgrounds can thrive and are feeling comfortable in expressing their identity and opinions. But also where people with an occupational impairment have the opportunity to a fully-fledged job.

The a.s.r. code of conduct describes the desired attitude and behaviour that is expected from each other, including respectful cooperation and working together on an equal basis. In this code of conduct is also stated that a.s.r. respects and subscribes to the fundamental human rights as laid down internationally in the Universal Declaration of Human Rights. In most cases, if there is an area of concern including discrimination, an employee's supervisor or the HR department is in the best position to address this. In case of violations or suspected violations, employees but also third parties, including former employees, clients and other contracting parties, can report alleged malpractice anonymously, freely and without feeling threatened under the whistleblower scheme.

A potential risk relates to complaints regarding breaches of customer privacy or loss of customer data. a.s.r. complies with the General Data Protection Regulation (GDPR) regulation which came into force in 2018. More information about a.s.r. privacy policies and measures, can be found in chapter 3.5.4 Privacy and in a.s.r.'s privacy statement (www.asrnl.com).

Asset management
For a.s.r.'s asset management activities a SRI policy is in place, where human and labor rights are an essential part of. The SRI policy is used in its assessments of countries and companies, both to avoid controversial practices and risks and to identify best practices and opportunities. As a consequence, a.s.r. favours companies that perform well in their policies on and implementation of human rights, for example, conducting on-going human rights due diligence studies, setting targets to promote diversity, respecting the right to privacy or promoting collective bargaining. At the same time, a.s.r. excludes investments in companies if they are complicit in systematic and/or gross violations of human or labor rights, including child labor, forced labor or severe controversies in the supply chain. Also countries that score low in the Freedom of the World Index (civil rights) are excluded. The SRI guidelines follow the standards as defined by Forum Ethibel and SRI research is performed by Vigeo Eiris.

a.s.r. is an active member of PLWF. Together with other institutional investors, a.s.r. engages companies in the garment, retail and agri-food sector to address the (non-) payment of living wages in their supply chain. Members of the platform use a joint methodology to measure the investee companies' performance on living wages and their progress. More details on the criteria and the way in which a.s.r. pursues human and labor rights policies can be found on www.asrnl.com.

Supply chain
a.s.r. does not do business with employees and business partners, including suppliers and customers involved in crime, including money laundering, fraud or the financing of terrorism and other socially undesirable acts. a.s.r. has a Customer Due Diligence (CDD) policy that requires screening before a contract is signed. The contract

management policy also stipulates that screenings are to be carried out on a periodical basis. If, in the opinion of a.s.r., there is reason to doubt the integrity of a supplier, appropriate measures are taken. a.s.r. imposes additional requirements for its strategic suppliers in the areas of the environment, human rights and working conditions. The requirements are part of the procurement contracts concluded between a.s.r. and its strategic suppliers.

3.5.3 Ethical dilemmas

a.s.r. fulfills different roles, which sometimes make it challenging to serve all relevant stakeholder interests in the decision-making process. To give weight to these challenges, a.s.r. is facilitating open dialogue throughout the company since 2018, centered around ethical dilemmas and challenges in its business. Practicing ethical reflection and dialogue concerning dilemmas helps to involve a wider range of perspectives and interests from all relevant stakeholders. This open dialogue is practiced by organising Ethics workshops and Dilemma sessions.

Ethics workshops center around daily dilemmas, providing opportunities for all employees and decision-makers in the company to engage in critical reflection and dialogue. This supports people to practice navigating the ethical playing field, employing insights from different ethical theories to signal moral dimensions and carefully classify relevant stakeholders and their interests. Dilemma sessions are hosted to tackle recurring themes and issues within different departments in order to reflect on these issues and create practical ethical guidance tailored to specific circumstances.

a.s.r. strives to remain as inclusive as possible in its acceptance policies, providing access to essential financial products and services also to vulnerable groups of people in society. On the other hand, societal expectations and a.s.r.'s sustainability policies are increasingly playing a role in determining which clients and companies a.s.r. decides to do business with. For instance, a.s.r.'s pension department has started a pilot programme tailored ethical guidance in their acquisition and acceptance policies. Besides formally implemented measures like the CDD policy and exclusion lists based on international sanctions, this ethical guidance moves the decision-making process beyond the question 'can we accept a certain client?' to the more ethical consideration 'do we want to accept a certain client?' This tailored guidance helps to ethically reflect on the types of clients a.s.r. deems socially acceptable for its business and stakeholders, now and in the future.

Through these general and tailored ethical initiatives and policies, a.s.r. attempts to develop company-specific guidelines to help reflect on how it deals with dilemmas in the different contexts of its various business activities, enabling a.s.r. to gauge its ethical culture and consider to what degree daily decisions express its core values and contribute to society in valuable ways. By creating opportunities for dialogue about dilemmas, a.s.r. strives to be better equipped to deal with changing societal norms and circumstances as an organisation and to stimulate the growth of ethical awareness among its employees.

Two examples of actual dilemmas a.s.r. is facing are described below.

Ethical guidance for big data and artificial intelligence

Technological developments in the area of big data and AI are moving ever faster. This could significantly impact current products and services and presents new challenges for existing business models. Big data could for instance better position insurers to deliver new customer-centric products and services through a clearer understanding of customer needs and preferences, or assist them in better prevention of their risks through analysis of current and future behaviour patterns. But, big data also emphasises the need for financial companies to adequately comply with the GDPR and keep their clients' privacy and broader societal interests front and center. An example of a dilemma a.s.r. might increasingly face in the future is the effect of big data and AI on the solidarity in the insurance market, where some risks may become too expensive for traditional insurance companies to cover. To that end, a.s.r. is helping the Dutch Association of Insurers (Verbond van Verzekeraars) to create an ethical framework to guide responsible use of big data and AI for the entire insurance market in the Netherlands. This in an effort to safeguard several key ethical parameters such as customer autonomy, transparency and explainability, availability of necessary financial services, moral solidarity and privacy.

Sustainable repair

For the years to come, the non-life department aims to be a trusted, reliable and sustainable service provider for its customers, companies, business partners and employees. These ambitions require an efficient supply chain, involving a wide range of stakeholders that work closely together to visibly improve customer experience and reduce costs across all business processes. They will enable a.s.r. and its independent advisors to better inform customers about the relevance of taking preventive measures and help them to choose sustainable repair options wherever possible within the repair network.

However, these ambitions may also lead to several practical daily dilemmas. As an intermediary insurer, a.s.r. distributes the majority of its products and services through independent advisors and intermediaries, who are accustomed to cooperating with trusted partners in the non-life supply chain. This means that primary processes involve many stakeholders and interests. Consider, for example, customers, distribution partners, insurers, inspection agencies, expertise agencies and repair companies, to name but a few. While local damage repair - making use of trusted (existing) networks - may sometimes be quicker and more easily accessible for customers (due to familiarity) and may also benefit the local economy, it does not mean that damage will always be repaired in the most sustainable way.

For the long term, a.s.r. aims to further develop its broader domestic network of sustainable repair partners to help to realise its vision of achieving the most desirable sustainable non-life supply chain. However, realising this ambition through active stimulation of choices for newer, more sustainable, repair partners could conflict with the autonomy of customers and their intermediaries. It is not always easy to find the appropriate balance between the freedom of choice for customers and an easy, familiar process, on the one hand, and a.s.r.'s long-term broader sustainability goals in these situations, on the other.

In the coming years, non-life department aims to be a trusted and reliable sustainable service-provider for its consumers, companies, business partners and employees. These ambitions require an efficient supply chain, involving a wide range of stakeholders that work closely together to visibly improve the customer experience and reduce costs across all business processes. It enables a.s.r. and independent advisors to better inform customers about the relevance of preventive measures and help them to choose sustainable repair options wherever possible within the repair network.

3.5.4 Privacy

Customers or employers applying for an insurance or other financial service will be asked to provide personal data. These data are provided by them to a.s.r. via an adviser or directly, for example, via the a.s.r. website, email or telephone.

In addition to the information provided by customers, a.s.r. may receive data from third parties, such as employers or other parties, for example, Statistics Netherlands (CBS), the Credit Registration Office (BKR), the Employee Insurance Agency (UWV), working conditions services or market research firms. a.s.r. records from which sources it has received data.

Healthcare data are only collected when necessary. Employees of a.s.r. have a duty of confidentiality in respect of the processed data. The processing of healthcare data is only performed by qualified employees and generally takes place under the responsibility of a medical adviser. a.s.r. complies with the rules of the professional code for medical advisers involved in private insurance cases and/or personal injury cases. If someone participates within a.s.r. Vitality a.s.r. processes their healthcare data in the app, for example, how much a participant exercises. To ensure healthcare data are processed only within a.s.r. Vitality and to ensure data are not shared with a.s.r. insurance departments, a.s.r. has set up a separate legal entity: a.s.r. Vitality B.V.

Personal data are necessary for the performance of a.s.r.'s services. Using personal data helps a.s.r. to improve its products, perform marketing activities, reduce risks and even trace fraud or cases of abuse. In this context, a.s.r. complies with the Insurers and Crime Protocol and the Financial Institutions Incident Warning System Protocol. Both protocols have been established by the Dutch Association of Insurers.

All data are handled with due care and adequate technical and organisational measures have been taken to safeguard sufficient protection levels. a.s.r. has put in place technical and organisational measures to protect data against loss or unlawful processing. Examples include measures for using a.s.r.'s websites and IT systems safely and for avoiding abuse, but also for protecting physical spaces where data are stored. a.s.r. has an information security policy in place and arranges training programmes for its staff in the area of personal data protection. Only authorised staff can view and process data.

Data leaks may concern access to, deleting of, amendment of or posting personal data without intention of the organisation. a.s.r. is required in accordance with the GDPR to report data leaks that in potential carry serious consequences for those involved, directly to the Dutch Data Protection Authority (DDPA). These notifications are carried out by Compliance. Although the reported data leaks in potential carry serious consequences for those involved, there have been no reports of any damages related to misuse or abuse of leaked data in 2019. Most data leaks are the consequence of human error. a.s.r. took appropriate measures to mitigate risks related to the reported and non-reported data leaks. It is currently the expectation of the company that none of the leaked data will have a serious impact for those involved.In 2019 no fines have been imposed for the reported data leaks to the DDPA. a.s.r. has procedures in place to ensure adequate processing in case of a data leak.

Data leaks at the Dutch Data Protection Authority

	2019	2018	2017
Notifications of data leaks at the Dutch Data Protection Authority	19	58	38

Compliance reports quarterly on the number of data leaks and type to responsible management, the EB, the a.s.r. Business Executive Committee (BEC) and the A&RC of the SB. When necessary, a.s.r. has taken

measures to improve processes and awareness of dealing with data to avoid data leaks in the future.
Data are kept no longer than necessary. Some retention periods for data are prescribed by law. a.s.r. has drawn up a retention period policy to ensure data is no longer kept than needed.

Data are only provided to third parties if it is permitted by law and if it is necessary for a.s.r.'s business operations. Sometimes, a.s.r. is required by law to pass on specific personal data to the authorities e.g. disclosures concerning life insurance policies to the tax authorities. To ensure a sound acceptance and risk policy and to prevent fraud, a.s.r. records data in the Central Information System of the CIS foundation in The Hague. The CIS foundation supports insurers in their acceptance and claims processes. With the information concerning the CIS foundation, a.s.r. is permitted, under strict conditions, to exchange information via the CIS foundation. More information on this can be found on the website of the CIS foundation.

In an Incident Register, financial institutions can record behaviour of (legal) persons that has been or could be detrimental to the financial institutions. If data are shared with organisations, companies or third parties outside of the European Economic Area (EEA), arrangements are made with them so that a.s.r. complies at all times with the rules applicable in the EEA.

Anyone has the right to ask a.s.r. what personal data is being processed and to have incorrect data be adjusted or deleted. In certain cases and under certain conditions, individuals have the right to let a.s.r.'s personal commented data on them be removed. If someone is of the opinion that a.s.r. processes their personal data unlawfully or that the data processed are incorrect, they may under certain conditions and in certain cases request the processing to be restricted. This means that the data may no longer be processed by a.s.r. for a certain period of time. Individuals may at any time object against the processing of their personal data that takes place on the basis of a.s.r.'s justified interest or the justified interest of a third party.
In that case, a.s.r. will no longer process their data unless there are urgent and justified grounds for the processing that bear more weight, or unless the processing takes place in relation to instituting, exercising or substantiating a claim.

Complaints

	2019	2018	2017
Complaints of customer privacy	58	85	58

In newsletters or digital (email) personal offers, a.s.r. always points out the right to unsubscribe from the newsletters or personal offers.

The use of social media is everyone's own responsibility. a.s.r.'s privacy statement does not apply to the way in which social media platforms deal with the personal data provided by individuals.

a.s.r. produces profiles of its customers on the basis of the data collected with the purpose of analysing these data and thus obtaining insight into (future) actions and preferences. When doing so, a.s.r. complies with legislation and regulations. This means, among other things, that a.s.r. asks permission in advance if this is required by law.

Please see www.asrnl.com for more detailed information.

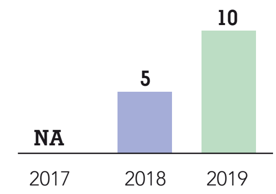
3.5.5 Integrity

Integrity and ethical conduct are prerequisites for a.s.r.'s reputation as a trustworthy insurer. In addition to the use of clear frameworks, sound and controlled business operations are above all driven by sound, intrinsically embedded core values and ethical behaviour.

The a.s.r. code of conduct sets out the required attitude and behaviour of a.s.r.'s employees. The aim of the code is to protect a.s.r.'s reputation through the integrity and professional conduct of all its employees. For more information about the a.s.r. code of conduct, see www.asrnl.com.

a.s.r. continuously emphasises the importance of the a.s.r. code of conduct and underlying policies and rules, and invests in awareness-raising. In 2019, a.s.r. took various initiatives to further improve knowledge on integrity-related subjects. a.s.r. employees keep their knowledge up to date through compliance training, presentation and dialogue, but also, for example, through 'gamification' (on a voluntary basis). By answering relevant questions each day, employees can refresh their knowledge of the code of conduct. Training of employees includes the main compliance related topics, with a focus on conflict of interests (e.g. insider trading, outside business activities and incentives), code of conduct, CDD, privacy and risks related to intermediary distribution. In 2019, ethical dilemma sessions and workshops have been organised by Compliance to develop ethical awareness at employee, management, departmental and a.s.r. level, by engaging in ethical dialogue about daily dilemma's from different perspectives. This ethical dilemma programme is also an integral part of the a.s.r. academy. In 2020 a.s.r. will further improve monitoring and awareness on insider trading, outside business activities and incentives.

Ethical workshops



a.s.r. has taken a number of control measures to prevent, recognise and defy unethical behaviour, including combating corruption. Examples of control measures include an integrity screening carried out by the Investigations department prior to hiring new employees. All employees have taken an oath or made a solemn affirmation, either swearing or promising that they will comply with legislation and regulations and codes of conduct and that they will observe ethics in their actions. This also applies to everyone who regularly works for a.s.r., including suppliers and brokers. Anyone who carries out work at or for a.s.r. must take the professional oath or make a solemn affirmation within three months of taking up their duties. In this way, a.s.r. seeks to prevent the risk of physical, financial or reputational damage to the company, its customers and/or other business relations.

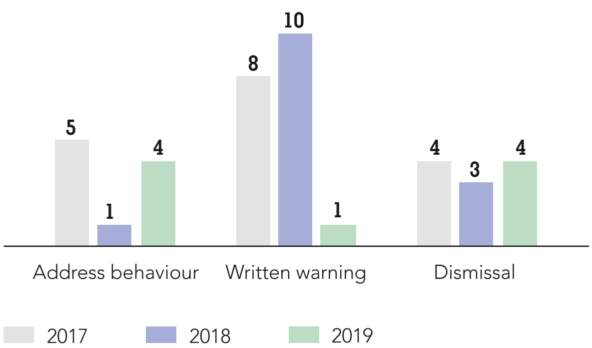
a.s.r. has a fraud policy at group and divisional level. This policy provides for identifying and detecting fraud during the processes of acceptance and claims handling. a.s.r. investigates signals of unethical behaviour, including corruption and fraud, from employees, intermediaries and suppliers. Should integrity be compromised, including through corruption and/or fraud, a.s.r. will take appropriate measures, with due regard for the applicable laws, regulations and sector-based protocols. The risk of corruption has been discussed in more detail in various policies, including in relation to anti-corruption policy and an incentive policy. a.s.r. operates a policy of zero-tolerance, and uses the definition formulated by the Dutch National Bank (DNB): ‘The risk of corruption is the risk of financial companies in the Netherlands being involved in bribery and/or conflicts of interest which impair the integrity of, and trust in, that company or in the financial markets’.

Under the whistleblower scheme, employees and third parties, including former employees, clients and other contracting parties, can report alleged malpractice anonymously, freely and without feeling threatened.

a.s.r. has a central Compliance department which monitors the sound and controlled business operations, including reputational risks, of a.s.r. The framework for monitoring and review is based on the rules, regulations and standards of a.s.r. itself, including the a.s.r. code of conduct. In 2019, the Compliance department monitored compliance with the CDD regulation, the Insurance Distribution Directive (IDD) regulation, the outsourcing policy (in cooperation with the Group Risk Management (GRM) department) and the quality of information provided to clients. The Compliance department played a central role in a.s.r.’s CDD optimisation project. In order to guarantee sound and controlled business operations, a.s.r. has taken a number of control measures to prevent, recognise and defy unethical behavior, including combatting corruption.

In 2019, 108 cases of alleged lack of integrity were investigated by the Investigations department.
41 disciplinary measures were taken in the case of a proven lack of integrity in the conduct of an employee, intermediary or supplier. With respect to employee conduct, 9 employees were found to have violated the a.s.r. code of conduct. Following investigation, a lack of integrity, e.g. fraud and inappropriate conduct or behaviour, was proven. These employees were disciplined for infringing the company’s principles. This resulted in addressing behaviour, written warning or dismissal. The Investigations department reports quarterly on the number of incidents and measures taken. This report is discussed with the EB and the SB.

Violations measures taken



3.5.6 Investors

a.s.r. attaches great value to a strong relationship with the investment community in the broadest sense and sets high standards with respect to transparent communication and fair disclosure. The aim of a.s.r.’s investor relations is to provide all relevant information which may help investors make well-informed investment decisions. a.s.r. does its utmost to ensure that the information it discloses is accurate, complete and timely.

a.s.r. provides relevant insight into its activities through selected financial and non-financial disclosures. To that end, it regularly updates the markets on its financial performance, the progress it is making on the execution of its strategy and any other relevant developments through press releases, webcasts, conference calls and other forms of communication.

In 2019, a.s.r.'s management continued to actively seek dialogue with its investor base and potential investors. A total of 385 investors were seen in 232 meetings. In addition to holding conference calls and in-house meetings with investors, management took part in 26 international roadshows and attended broker-organised investor conferences. The main topics, in addition to financial and operational business progress, were consolidations in the Dutch market, and the upcoming Solvency II framework, capital management and OCC, the impact of the low interest rate i.e., investment returns. For more information about a.s.r.'s policy on fair disclosure and bilateral dialogue see www.asrnl.com.

Dividend

a.s.r.'s dividend policy is based on a pay-out ratio of 45-55% of net operating result distributable to shareholders (i.e. net of tax and hybrid costs), while taking into account the aim to offer a progressive regular dividend per share.

For the 2019 financial year, a.s.r. proposes to pay a total dividend of € 1.90 per share, which is paid as an interim dividend of € 0.70 per share and a final dividend of € 1.20 per share. The total dividend represents an increase of 9% compared to last year (2018: € 1.74 per share). The dividend increase reflects a.s.r.'s continued strong operational and financial performance throughout 2019. Following the approval of the Annual General Meeting (AGM) on 20 May 2020, the final dividend will be payable with effect from 27 May 2020. The a.s.r. shares will trade ex-dividend on 22 May 2020.

In 2018, a.s.r. introduced an interim dividend, set at 40% of the total dividend for the prior year. The interim dividend falls within the dividend policy and is conditional on adequate results and solvency. a.s.r. holds cash at the holding to cover operating holding costs and hybrid expenses for the next 12 months, and cash to pay the final and interim dividend.

Since the Initial Public Offering (IPO) on 10 June 2016, a total cash amount of € 1,184 million has been returned to shareholders (including the proposed final dividend over 2019). This amount includes € 255 million of share buy-backs in 2017 during the sell down process by NL financial investments (NLFI). On 31 December 2019 there were 140,748,799 million shares outstanding (31 December 2018: 141,000,000 shares).

Shareholders

a.s.r.'s shares are held by an international and diversified shareholder base. As at year-end 2019 and based on public filings and company information, investors in the US and UK represent the majority of a.s.r.'s shareholders, owning approximately 52% of the outstanding shares. The remainder is primarily held by investors in the Netherlands, Germany, Norway and the rest of Europe. Approximately 1% of the shares are held by retail shareholders in the Netherlands.

Major shareholders

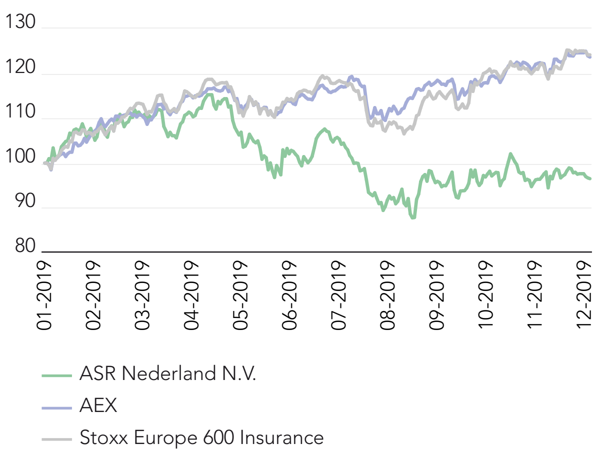
Dutch law requires shareholders to report their holdings in Dutch listed companies to the AFM if they exceed 3% of total outstanding share capital (and at certain higher thresholds). As per the AFM register, the following shareholders held a position in a.s.r. of between 3% and 5% as at 31 December 2019: Old Mutual Residual Asset Management, Aberdeen Standard Investments, Norges Bank Investment Management, Fidelity Management & Research, Dimensional Holdings. BlackRock Inc. held a position of more than 5%.

Shares and share price performance

a.s.r.'s shares are listed on Euronext Amsterdam (symbol: ASRNL, ISIN: NL0011872643). Since 19 March 2018, a.s.r. has been included in the AEX index (Amsterdam Exchange Index).

The share ended 2019 at € 33.36 (2018: € 34.58). The total shareholder return[1] amounted to 1.8% in 2019 (including dividend reinvestment in a.s.r. shares). Total shareholder return since the IPO came to 95.3%. The Euronext AEX index and the Stoxx Insurance 600 Insurance Index appreciated by respectively 23.9% and 24.4% in 2019.

Share price index development ASRNL



1 Source: Bloomberg.

Share price performance

	2019	2018	2017
Introduction price as at 10 june 2016: € 19.50	-	-	-
Starting price as at 1 January	€ 34.58	€ 34.31	€ 22.60
Highest closing price	€ 39.91	€ 42.18	€ 35.74
Lowest closing price	€ 30.30	€ 33.70	€ 21.90
Closing price as at 31 December	€ 33.36	€ 34.58	€ 34.31
Market cap as at 31 December (million)	€ 4,695	€ 4,876	€ 5,043
Average daily volume shares	422,419	474,054	602,768

a.s.r. is included in the following indexes:
- AEX since 19 March 2018;
- FTSE4Good Index Series, confirmed on 10 July 2018;
- Ethibel Sustainability Index (ESI) Excellence Europe since 21 September 2018;
- a.s.r. is also included in several MSCI indices.

Ratings and bonds

In 2019, a.s.r. has been active on the bond market. In April a € 500 million Tier 2 bond was issued to finance the acquisition of Loyalis. In September a.s.r. tapped € 200 million from the 2017 Restricted Tier 1 bond to make this bond an issue of in total € 500 million. In addition, the two grandfathered Tier 1 bonds with an amount of € 17 million and € 192 million were redeemed on schedule, following the earlier tender in 2014. At the end of 2019 there are four listed bonds outstanding with a total nominal amount of € 2 billion.

a.s.r. has ratings from S&P. In 2019, it had several conference calls with the rating agency and a meeting at the a.s.r. offices to discuss developments both in a.s.r. and on the Dutch insurance market. This resulted in a comprehensive S&P analysis report on a.s.r. on 18 July 2019, which confirmed the ratings and outlook. The single A rating of the insurance entities has applied since 29 September 2008, and the stable outlook since 23 August 2012.

More information on a.s.r.'s bonds and ratings can be found on the website: www.asrnl.com.

Ratings

Standard & Poor's		Rating	Outlook	Rating & outlook since
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	IFSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	IFSR	A	Stable	23 August 2012
5.000% Tier 2 hybrid bond		BBB-		16 September 2014
5.125% Tier 2 hybrid bond		BBB-		29 September 2015
3.375% Tier 2 hybrid bond		BBB-		1 May 2019
4.625% Tier 1 hybrid bond		BB+		18 July 2019

3.5.7 Political engagement

a.s.r. takes part in open dialogues within politics and with its stakeholders. To this end, a.s.r. holds meetings with government bodies, financial institutions and socially relevant organisations on an ongoing basis in order to explore social issues. In view of the challenges that society as a whole is faced with, a.s.r. believes it is vital to cooperate – as partners, government bodies and institutions – and to identify sustainable solutions. a.s.r. engages itself in political lobbies as part of the democratic process and contributes its expertise and knowledge to support the government's policy development. a.s.r. shares its insights to cooperate in regulatory and macroeconomic challenges. a.s.r. ensures that all public affairs, lobby and political network activities are performed in line with the Code of Conduct of the Dutch Association for Public Affairs (BVPA), which is a minimum standard obligatory for contacts with representatives from politics, the private sector and society. Via the BVPA, Public Affairs of a.s.r. is a signatory to the EU Transparency Code of Conduct. Public Affairs of a.s.r. monitors developments in the area of legislation and regulations while providing appropriate answers in its political contacts.

Public Affairs of a.s.r. supports the operational entities in relation to regulatory and political strategies and monitors regulatory and political subjects within a.s.r. a.s.r. is committed to democracy and wants to play a neutral yet substantive part. a.s.r. therefore does not support political parties financially in any way whatsoever.

The total of annual monetary contributions made and expenditures incurred with regard to trade associations in 2019 was € 2,320,000 (2018: € 2,111,000). The largest contribution in 2019 was paid to the Dutch Association of Insurers € 2,281,000 (2018: € 2,063,000).

3.5.8 Carbon footprint a.s.r. head office

The pursuit of climate neutral operations is part of the a.s.r. strategy. a.s.r. is actively getting to grips with waste management, mobility, energy usage and carbon emissions in order to minimise its impact on the environment. a.s.r. puts a special focus on its carbon footprint, which is of two types:

- Indirect footprint as a result of investment activities (see chapter 3.4 Our role as a sustainable investor);
- Direct footprint due to its own operations, as explained below.

It is a.s.r.'s goal to reduce its direct CO_2-emissions by 50% in the period 2019 - 2025 compared to the base year 2018. To achieve this, it is constantly striving to reduce emissions while remaining emissions are offset by the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity Standard (CCB) certificates. a.s.r.'s absolute direct footprint fell by around 2% compared to the base year 2018.

Approximately 90% of all 4,275 a.s.r. staff work from the Utrecht head office. a.s.r. has a total of 101,000 square metres of office space in use, of which the head office represents a major share of 91%. This makes the head office and its employees the most material part of a.s.r.'s direct footprint. a.s.r. uses the Greenhouse Gas Protocol's scope classification, which defines three different scopes.

a.s.r.'s own CO_2 emissions[1,2]

	2019		2018		2017	
Category of carbon emmissions	in %	tonnes of CO_2	in %	tonnes of CO_2	in %	tonnes of CO_2
Scope 1						
Fuel and heat	0.5	37	1.1	88	1.1	85
Cooling	0.7	51	0.7	56	0.7	54
Business travel as a result of lease car fleet	26.5	2,078	27.0	2,172	29.1	2,248
	27.7	**2,166**	**28.8**	**2,317**	**30.9**	**2,387**
Scope 2						
Electricity	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Scope 3						
Business travel excluding lease car fleet	4.2	329	4.0	322	4.1	317
Commuter travel	66.0	5,148	65.0	5,229	62.8	4,851
Waste	2.1	160	2.2	177	2.2	170
	72.3	**5,638**	**71.2**	**5,727**	**69.1**	**5,338**
Total	**100**	**7,804**	**100**	**8,044**	**100**	**7,725**

Scope 1: Emissions resulting from fuel consumption

a.s.r. assigns the emissions from the following sources to scope 1:

- Fuel and heat used;
- Cooling;
- Business travel as a result of lease car fleet.

With regard to the definition of the business traffic component in scope 1, a.s.r. has opted for the 'operational control' approach. In this approach, a.s.r. assumes that it has an impact on the efficiency of the lease fleet. The emissions of the a.s.r. lease fleet is included in scope 1.

Results 2019

a.s.r. achieved savings of 151 tonnes of CO_2-equivalent in 2019 compared to 2018. The savings took place in the areas of 'fuel and heat' and 'business traffic'.

Since mid-2019, renewable energy from the Aquifer Thermal Energy Storage (ATES) has been used instead of natural gas for heating and cooling the head office. The supply of natural gas to the head office has been cut off.

The decrease in CO_2-emissions from business traffic is due mainly to changes within the lease car park. Both the increase in the number of electric cars and the improved

1 The figures are based on a.s.r.'s head office (91,912 m² gross floor area). The offices in Enschede (1,830 m² gross floor area), Rotterdam (approx. 1,000 m² gross floor area of office space and 3,900 m² gross floor area of archives) and Heerlen (2,768 m² gross floor area) are not included.
2 According the definition of the Dutch Green Building Office.

fuel efficiency of new cars that do not yet drive electrically contribute positively to the lower emissions of the total fleet.

Outlook

a.s.r. aims to replace all fossil-powered lease cars with electric cars by 2025 at the latest.

Scope 2: Emissions resulting from electricity

Results 2019

The scope 2 emission remained nil because all electricity consumed was carbon neutral. The vast majority of this electricity is generated with Danish windmills. As in previous years, a proportion of the electricity was self-generated by solar cells.

Outlook

Plans are being made to install PV panels above a.s.r.'s parking deck in 2020 or 2021. The yield of these panels is estimated at 800,000 kWh of electricity per year. This additional capacity will be used to charge the heat pumps and for charging the growing number of electric cars.

Scope 3: Emissions resulting from mobility and waste

a.s.r. assigns emissions from business traffic, other than to a.s.r.'s lease cars, commuting and waste to scope 3.

Results 2019

Emissions fell by 89 tonnes of CO_2-equivalent.
97% of the head office's footprint consisted of emissions caused by mobility. a.s.r. has drawn up an ambitious mobility plan to reduce CO_2-emissions by 50% in the period 2017-2025.

A start was made on renewing a.s.r.'s mobility policy. The bicycle plan was again brought to the attention of the employees. a.s.r. offers all employees the opportunity to use a public transport Business Card, including the use of public transport bicycles. Amber electric shared cars were made available for all business trips with the aim of making a growing part of the business kilometres CO_2 -neutral.

Outlook

Plans are being made to make commuting more sustainable by introducing an environmental zone. In the future, only low-emission cars will be allowed on a.s.r.'s parking lot.

Because a.s.r. wants to remain climate neutral, all remaining emissions are offset.

Trees for all

a.s.r.'s emissions as a result of the above activities (scope 1, 2 and 3) expressed in tonnes of CO_2-equivalent are fully offset by the planting of trees. a.s.r. has instructed the foundation 'Trees for All'[1] to implement this planting. In 2019, a.s.r. had approachably 39,800 trees planted in the Kibale Forest project in Uganda.

Energy usage

In 2019, the head office used 61 kWh (scope 1 and scope 2) of energy per m² (gross floor area). If a.s.r. wants to meet the Paris targets for its head office, it must reduce its purchased energy consumption to 50 kWh m² gross floor area by the year 2050 at the latest.

Please find more detailed information about our role as a trusted company in Annex A Facts and figures.

1 Within the framework of an agreement with a.s.r., the Trees for All foundation is responsible for an investment in CO_2-sequestration in certified sustainable forest projects in such a way that the CO_2-absorption remains fixed in the long term. The CO_2-compensation for a.s.r. took place in 2019 through the Kibale Forest project in Uganda. The planting of forest enlarged the animal habitat and contributed to the protection of primeval forest. This form of offset also made a positive contribution to the climate.

3.6 Our role in society

a.s.r.'s purpose is to help people by taking on some of their risk and building up capital for future use. Part of a.s.r.'s strategy is to stimulate financial self-reliance and inclusiveness in society. This is not automatically the case for everyone. This is where a.s.r. foundation can assist. a.s.r. contributes to the resolution of social problems, working towards the long term. Besides a.s.r. foundation there is a separate sponsorship and donation policy which is in line with a.s.r.'s strategy to stimulate financial self-reliance and inclusiveness in society.

a.s.r. foundation

a.s.r. foundation encourages employees to contribute to society, in a team or at home. On annual base, a.s.r. provides hours and financial resources for this. a.s.r. foundation initiates projects with the help of the voluntary efforts of colleagues with regard to two themes:

- Financial self-reliance: providing help to prevent people from getting into debt or to get people out of debt again with the help of voluntary commitments of employees;
- Helping by doing: inspiring, motivating and mobilising a.s.r. employees to voluntarily engage in community activities in a broad sense.

Financial self-reliance

In the Netherlands, one in five households has high-risk or problematic debts. The debt burden is on average € 40,000 spread across fourteen different creditors. The chance of someone ending up with a hard to resolve debt burden is a combination of factors. However, it does appear that having a disorganised administration, a lack of proper financial upbringing and low literacy increase the risk of debt[1]. a.s.r. foundation provides support:

- In promoting financial education of children and young people (reading and teaching). To prevent children and young people from getting into financial difficulties, a.s.r. supports in becoming financially mature and independent.
- a.s.r. supports households with a risk of problematic financial debts in getting rid of their debts and building a healthy financial future.

Helping by doing

a.s.r. considers it important to play a broad social role in the community. This fits in well with the desire of many employees to be actively involved in the community in a meaningful way. Annually, a.s.r. makes time and finances available for this purpose.

- In a team context – Social Team Activity (STA)
  More and more departments within a.s.r. extend their help as a team in a social organisation. This creates a combination of team building and 'helping by doing'. The STA activities were divided into two categories: 'Rolling up your sleeves (active day-jobs or a day out) and Fresh Looks (helping with a strategic issue). Over 90 departments have joined a STA during the year.
- At home – Encouragement Plan
  An individual Encouragement Plan has been put in place to encourage volunteering in colleagues' private environment. The financial contribution of up to € 500 per plan by a.s.r. foundation is an extra backing. If an idea is only about receiving a financial contribution, the proposal will be rejected. Colleagues can apply for an Encouragement Plan once per calendar year.

New in 2019

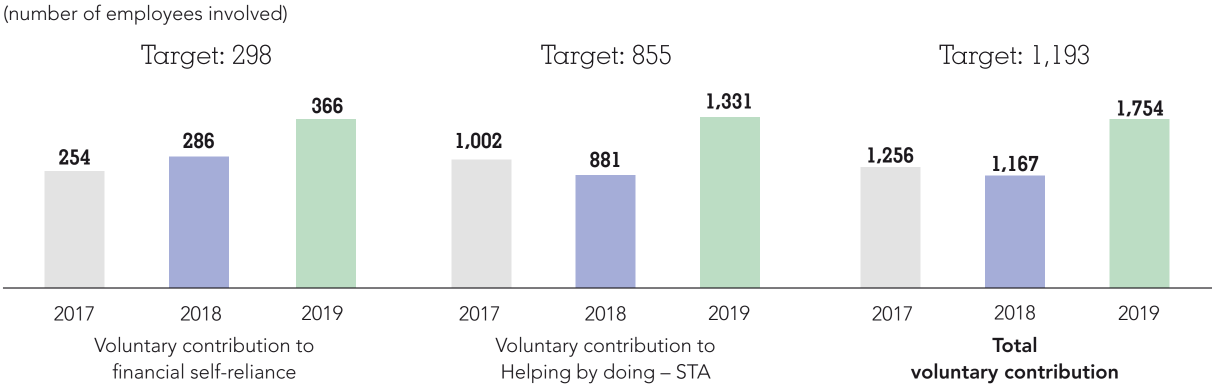
In October 2018 a.s.r. issued non-financial targets including one on the contribution to society: from 2019 onwards, a.s.r. supports colleagues to volunteer 5% more hours per year by participating in activities of a.s.r. foundation.

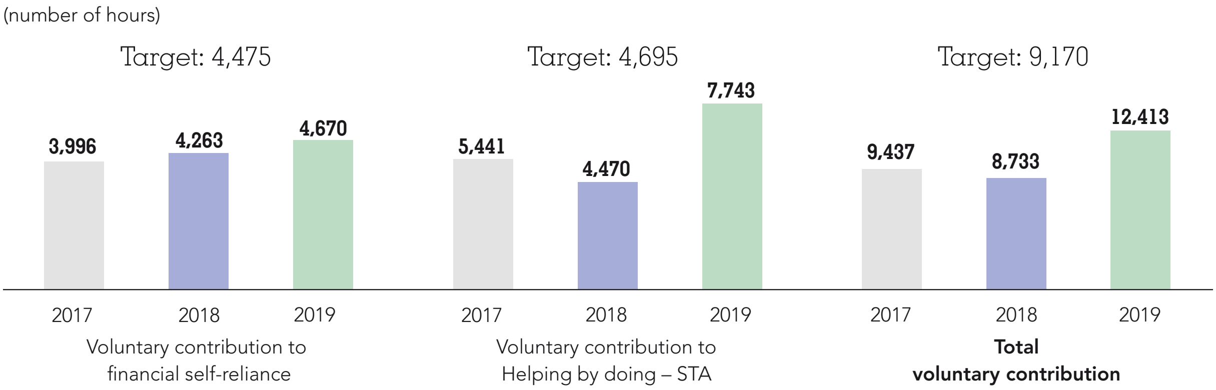
a.s.r. entered into a partnership with the 'Stichting Lezen en Schrijven' whose mission is to banish illiteracy. The www.ikdenkvooruit.nl platform is further developed and employees have participated in various activities.

Please find more detailed information about a.s.r. foundation at www.asrnl.com.

1 Households in financial debts (Panteia 2015), Chances on financial problems (National Institute for Family Finance Information 2015 and 2018).

Total contribution to a.s.r. foundation





Sponsor and donation policy

a.s.r.'s sponsorship and donation policy fits in with its strategy to stimulate financial self-reliance and inclusiveness in society. The purely financial support does not or hardly ever occur. It is often a combination of material and substantive support.

The following do not qualify for sponsoring or donations:
- Organisations or projects that serve only individual interests;
- Organisations or projects that discriminate on the basis of race, faith, sexuality, religion, gender, handicap or age;
- Organisations or projects affiliated to politics, legislation, lobbies and/or business that are directly or indirectly operated for the benefit of a government official or a person closely related to a government official;
- Organisations or projects, the supporters, participants or organisers of which promote or display offensive behaviour.

Donations, gifts and social partnerships

In €	2019	2018	2017
Cash contributions	739,052	729,042	613,613
Time	683,320	523,140	221,900
In-kind giving	188,811	105,026	567,230
Total	**1,611,183**	**1,357,208**	**1,402,743**

Please find more detailed information about our role in society in Annex A Facts and figures.

de tot
ings-
Chol
epidem

4

Business performance

Object
Showcase with silverware

About the object
Various historical objects from the history of a.s.r., including the chairman's hammer dating from 1848 and a number of richly decorated objects that were previously used by messengers.

4.1 Group and segment performance

4.1.1 ASR Nederland N.V.

a.s.r. key figures

(in € million, unless stated otherwise)	2019	2018	Delta
Operating result[1]	**858**	**749**	**14.5%**
Incidental items (not included in operating result)	**353**	**155**	**127.5%**
- Investment related	343	163	110.2%
- Incidentals	10	-8	-226.0%
Profit/(loss) before tax	**1,210**	**904**	**33.9%**
Income tax expense	-240	-196	22.3%
Profit/(loss) for the year from continuing operations	971	708	37.1%
Profit/(loss) for the year from discontinued operations	1	-36	-103.4%
Non-controlling interest	-	-2	-96.3%
Profit/(loss) for the year attributable to holders of equity instruments	**972**	**669**	**45.2%**
Organic capital creation (OCC)	**370**	**372**	**-0.5%**
Operating return on equity	**15.1%**	**14.3%**	**0.8%-p**
Return on equity	19.1%	13.7%	5.4%-p
Earnings per share			
Operating result per share (€)	4.22	3.67	15.1%
Dividend per share (€)	1.90	1.74	9.2%
Basic earnings per share on IFRS basis (€)	6.47	4.33	49.6%
Gross written premiums (GWP)	**4,666**	**4,459**	**4.6%**
Operating expenses	**-656**	**-601**	**9.1%**
Operating expenses associated with ordinary activities	-597	-565	5.6%
Provision for restructuring expenses	-30	-25	19.7%
Number of internal FTEs	3,906	3,683	6.1%
Capital management			
Solvency II ratio (standard formula, post proposed dividend)[2]	194%	197%	-3%-p
Financial leverage	29.2%	26.7%	2.5%-p
Double leverage	102.0%	99.7%	2.2%-p
Total equity attributable to holders of equity instruments (IFRS-based)	6,093	5,479	11.2%

1 The comparative figures have been restated for an adjustment in the definition of the operating result. The depreciation of the VOBA and intangible fixed assets of business combinations are from now on incidental. As a result, the operating result for 2018 increased by € 7 million from € 742 million to € 749 million.

2 After proposed dividend, exclusive of a.s.r. bank, a.s.r. asset management and a.s.r. real estate.

Operating result

The operating result improved by € 109 million to € 858 million (2018: € 749 million), a record operating performance. A strong Non-life performance, the contribution of acquisitions and growth of fee based businesses were the main drivers of the increase in the operating result. The total contribution of Loyalis to the operating result, which mainly relates to Disability in the Non-life segment, is circa € 28 million[1].

Gross written premiums

GWP increased with 4.6% to € 4,666 million (2018: € 4,459 million).

Operating expenses

Operating expenses increased by 9.1%, to € 656 million (2018: € 601 million). The operating expenses associated with ordinary activities (which excludes incidental expenses) increased by 5.6% to € 597 million (2018: € 565 million), due to the additional cost base of acquisitions (€ 37 million). Excluding these acquisitions, regular operating expenses declined by € 5 million. These lower costs are mainly IT-related due to the reduction of applications following the integration of Generali and lower project costs from system rationalisation at Individual life, as well as lower FTE's. The impact of acquisitions mainly relates to Loyalis (€ 32 million as of 1 May 2019) as well as the acquisitions of Melching Groep, ArGon Groep and ZZP Nederland (total impact € 5 million).

The incidental operating expenses increased € 23 million to € 59 million (2018: € 36 million). This increase is driven by preparation costs for the a.s.r. Vitality programme and Merger and Acquisitions (M&A) related costs.

FTEs

The number of internal FTEs, including redundant employees still under contract, increased by 6.1% to 3,906 FTE (2018: 3,683 FTE). This increase is caused by the addition of the acquired companies. Excluding these acquisitions, the number of internal FTEs decreased. The completed integration of Generali Nederland into a.s.r. platforms led to a reduction in internal IT-related employees.

Profit before tax

Profit before tax rose 33.9% to € 1,210 million (2018: € 904 million). The increase was driven by a higher operating result (€ 109 million), higher indirect investment income (€ 180 million) and a positive contribution from incidentals (€ 18 million) compared to 2018.

The increase in indirect investment income is mainly due to realised capital gains on equities and an increase in the unrealised gains on real estate. The contribution of incidentals increased this year, mainly due to the purchase gain on the acquisition of Loyalis (€ 118 million, of which € 29 million in the scond half of 2019 due to a reassessment). Several other items, including the own pension scheme, regulatory costs for the implementation of IFRS 17/9 legislation, integration costs and the harmonisation of a technical provision in the Non-life segment, led to incidental charges.

The closing of the Loyalis transaction took place on 1 May 2019. As a result, a.s.r. fully included the results and the balance sheet positions in the a.s.r. consolidated financial statements as from that date. Loyalis' total contribution to the operating result is circa € 28 million. In December 2019, a.s.r. established the final acquisition balance sheet of Loyalis, in accordance with IFRS 3 business combinations, within twelve months of the closing date. The gain as a result of the purchase amounted to € 118 million, which is recognised as an incidental item and therefore not part of the operating result.

Operating return on equity

Operating return on equity improved 0.8%-point to 15.1% (2018: 14.3%) and is well above the medium-term target range of 12-14%. IFRS return on equity increased 5.4%-point to 19.1% (2018: 13.7%) and was also driven by a higher contribution from (indirect) incidental items.

Solvency II ratio and Organic capital creation

The Solvency II-ratio per 2019 amounted to 194% (2018: 197%) after the proposed dividend. During 2019, the Solvency II ratio increased 32%-points from OCC (+10%-points), hybrid capital transactions (+13%-points) and market and business developments (+9%-points). The increase was more than offset by the impact of the acquisition of Loyalis (-7%-points), the reduction of the Ultimate Forward Rate (UFR) (-3%-points), tightening of the VA (-18%-points) and the 2019 dividend (- 7%-points).

The OCC amounted to € 370 million and remained fairly stable compared to last year (2018: € 372 million). Good performance of the business segments was offset by an increase in the 'UFR drag' due to lower interest rates.

As from 2020, the OCC definition will be more aligned with market practice. Based on the new definition, OCC for 2019 amounted to € 501 million. The main adjustment relates to the long term investment margins. The excess returns for fixed income have been changed to market observable spreads, while the post-tax total return assumptions for equities have been set at 5% and for real estate to 4.1%. Furthermore, refinements have been made to the new business strain in Non-life, the run-off of market risk from the life book and the addition of the time value of options and guarantees (TVOG). OCC, under the new definition, will remain sensitive to changes in the interest rates and will became more sensitive to credit spreads.

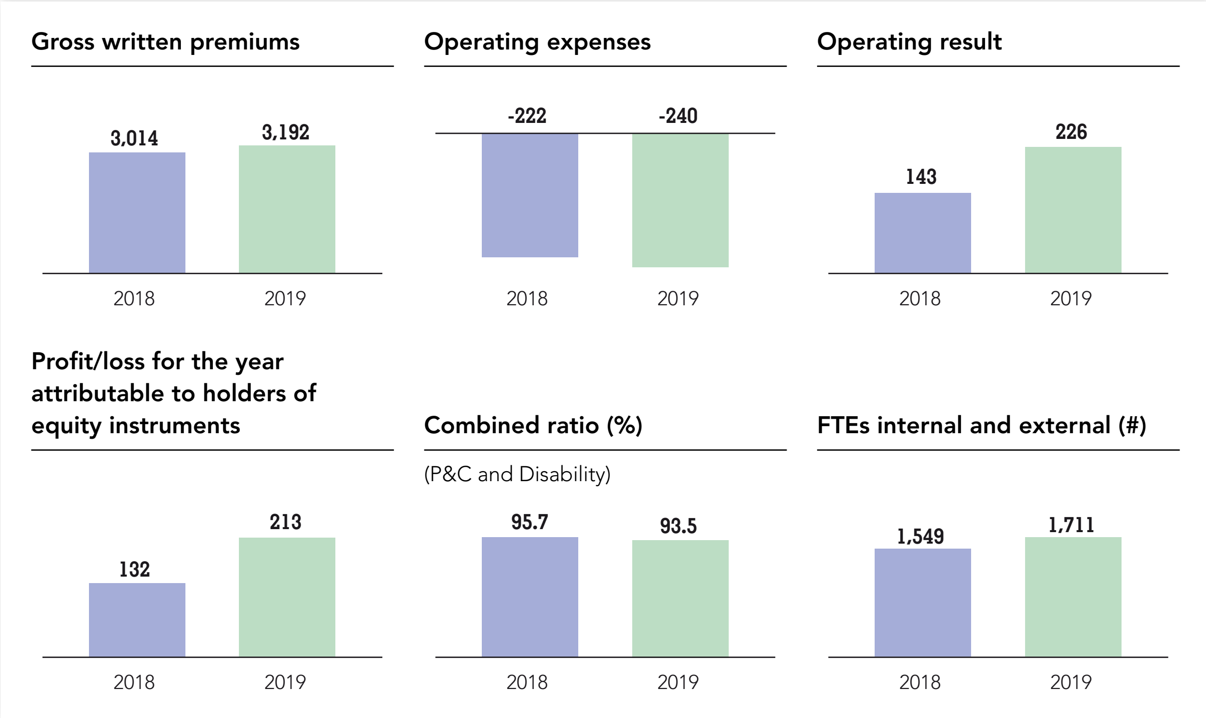
1 The integration is already in progress and therefore the result can no longer be precisely determined.

4.1.2 Non-life

The Non-life segment consists of P&C, Disability and Health. The main legal entities of the Non-life segment are ASR Schadeverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V.

Financial performance

(In € million, unless stated otherwise)



Gross written premiums

GWP amounted to € 3,192 million, an increase of 5.9% (2018: € 3,014 million). All product lines contributed to the € 111 million organic growth and an increase of € 67 million was due to the acquisition of Loyalis Disability. The organic growth of Disability (€ 66 million) was mainly related to the sickness leave portfolio, especially in the mandated brokers distribution channel driven by increased tariffs. The growth in Health (€ 19 million) reflects higher premiums including tariff adjustments for supplementary health insurances. The increase of the P&C business (€ 26 million) mainly relates to the corporate and mandated broker channel. The 'Vernieuwd Voordeel Pakket' (a product that combines several insurance coverages) remained successful.

Operating expenses

The operating expenses increased by € 19 million to € 240 million (2018: € 222 million). Excluding the increase in cost base, due to the acquisition of Loyalis Disability (€ 19 million), operating expenses remained stable. The cost ratio of P&C and Disability (including Loyalis) remained stable at 8.4% (2018: 8.3%). Cost synergies were realised thanks to the integration of Generali Nederland and the migration of Europeesche Verzekeringen portfolio into the a.s.r. and Ditzo platforms last year.

Operating result

The operating result rose by 58.5% to € 226 million. Disability improved due to profitable growth, especially within sickness leave, where price increases led to an improvement in the COR. P&C underwriting result improved due to a relatively low level of large claims and a lower impact from calamities, particularly compared to the € 30 million impact from the January storm in 2018, and profitable growth. Disability also absorbed the impact of a correction in the actuarial interest rate in the claims reserve (VPU) for recent years in the second half of 2019 and P&C absorbed the impact of lower discount rate on further bodily injury claims.

Profit before tax

The profit before tax for Non-life increased by € 133 million to € 292 million (2018: € 159 million). Besides the improved operating result (€ 83 million), a higher level of indirect investment income (€ 86 million), primarily consisting of realised capital gains, contributed to the increase. The contribution of insurance related and other incidental items decreased (€ -37 million) and included, amongst others, the alignment of the P&C technical provision under IFRS with Solvency II this year (€ -13 million).

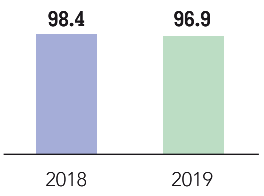
Combined ratio

The COR of P&C and Disability showed a strong improvement of 2.2%-points to 93.5% (2018: 95.7%) driven by both product lines.

P&C

With a market share of 15% in 2018[1], P&C business strengthened its position in the non-life market. a.s.r. was the third largest general provider of P&C insurance products in the Netherlands in 2019, as measured by GWP. a.s.r. offers a broad range of P&C insurance products under the brands a.s.r., Ditzo and Europeesche Verzekeringen. The P&C COR improved 1.5%-point to 96.9% (2018: 98.4%) due to favourable underwriting results.

Combined ratio P&C (%)

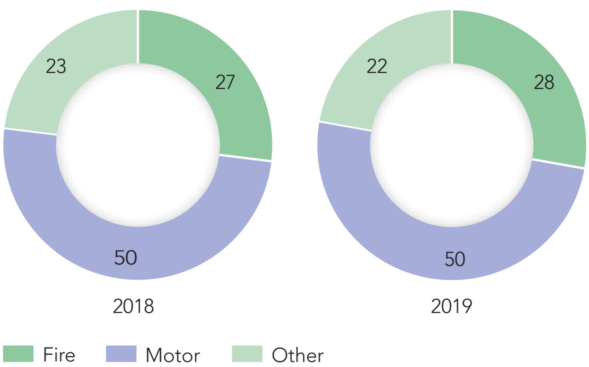


Products

a.s.r.'s broad P&C insurance product range offering can be divided into the following categories:

- Motor
  Motor policies for retail and commercial customers provide third-party liability coverage for motor vehicles and commercial fleets property damage and bodily injury as well as coverage against theft, fire and collision damage;
- Fire
  Fire policies for retail and commercial customers provide coverage against various property risks, including fire, storm and burglary. Private coverage is provided on both a single-risk and a multi-risk basis, with multi-risk policies providing coverage both against loss of or damage to dwellings and damage to personal goods;
- Other
  Non-life insurance products such as travel, leisure, transport goods in transit only, liability, agricultural and construction motorised vehicles, construction all risk and assistance.

Product share P&C (%)



Market

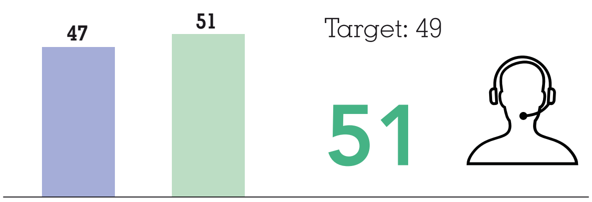
The non-life market consists of many insurers with similar products, especially in the retail market. The market has become more rational in P&C pricing. Consolidation has led to a decrease in the number of P&C insurers in the Dutch market. The top 3 P&C insurers have a market share of approximately 70%. Compared to last year, the impact of calamity damage was low. Large claims and storms can impact the bottom line performance. Over the past years, a.s.r. has built and strengthened a solid foundation for a successful and profitable P&C business.

Insurers distribute their insurance policies either through intermediaries or directly. A shift in distribution is taking place from provincial to authorised agents. The authorised agents market has grown strongly in the last decade and currently amounts to approximately € 3.1 billion in GWP for non-life products (2018). The share of the authorised agents portfolio in the total GWP is also increasing. Online distribution in the P&C market has increased. Consumers use the internet to inform themselves, compare and purchase products. In the small and medium-sized enterprises (SME) market, advisors continue to maintain their dominant position, particularly due to the fact that products involved have become more complex.

Strategy and achievements

a.s.r. endeavours to leverage its existing strengths and achieve a COR of less than 98%. The P&C business is expected to grow in line with Gross Domestic Product (GDP) development. a.s.r. has been able to add organic and inorganic growth onto its platform with a marginal expense impact. a.s.r. aims to strengthen its current role of risk bearer and expand into a broad service provider of more relevant services. In addition, a.s.r. aims to make its services more sustainable in view of its social responsibility.

NPS P&C



With an NPS score of 51 in 2019 (47 in 2018), the P&C business (concerning a.s.r. excluding Ditzo and Europeesche Verzekeringen) improved its customer satisfaction. In addition, the P&C business won first prize in the Adfiz Performance Survey in 3 categories of 'Best Partner' – Efficiency, SME insurability and retail insurability.

In reaction on the climate change process, a.s.r. has expand the insurance for buildings with flood cover. As of 1 January 2020, all private and corporate customers

1 Source: DNB (based on SII) - At the moment of writing, the market share figures for 2019 are unknown.

will automatically be granted an extension of their current precipitation cover. This applies to the residential premises, home contents, leisure home, commercial buildings, movable property and inventory items insurance. With the extension of this precipitation cover, the customer is insured against loss caused by water that has unexpectedly entered the building as a result of flooding caused by the failure of a non-primary water-control structure.

To further improve efficiency, service levels and customer satisfaction, P&C has rationalised its product portfolio. Another important part of its business strategy is to further simplify its infrastructure. The new non-life platform will lead to improved and digitised services to customers and intermediaries. It will also reduce costs, which further strengthens a.s.r.'s competitive position. The retail portfolios of a.s.r., Generali and Europeesche Verzekeringen have been successfully converted into the new P&C platform. The organisations of both the Europeesche Verzekeringen and Generali have been integrated into the a.s.r. P&C and Ditzo organisation.

In the field of sustainability, P&C has taken several initiatives. The three pillars of the initiatives are: prevention, safety and sustainability. The ambitions of P&C are the following:
- To be recognised by customers, advisors and employees for its contribution to prevention, safety and sustainability;
- To advise and communicate on how to prevent damage;
- To make the customer's environment safer;
- In the event of damage: to promote sustainable recovery.

To achieve these ambitions, P&C took the following actions in 2019:
- Knowledge sessions were organised for advisors on developments in the P&C market, such as climate change, emerging causes of damage and sustainable repairs;
- a.s.r. helps build and maintain relationships with business premises staff by assisting them with repairs in the event of defects in electrical installations of solar panels;
- Safety on the road thanks to a.s.r. Driver's Day 2019. This day was dedicated to prevention and was held for professional drivers in freight transport;
- Online magazines are published with preventive and sustainable repair content.

Outlook 2020
P&C will implement its SME products on the new non-life platform. Ditzo will convert the remaining Europeesche Verzekeringen portfolio, improving its service to customers and reducing its operating costs. In the new non-life platform, an online log-in portal will be available for retail customers. In addition, a.s.r. aims to strengthen its current role of risk bearer and expand into a broad service provider of more relevant services. A cyber proposition for the SME market is expected to be launched. The estimated growth of the GWP is 3-5% in 2020.

Ditzo and Europeesche Verzekeringen

As of the beginning of 2019, Ditzo and Europeesche Verzekeringen have operated as one integrated organisation with independent labels in the market and different distribution models. Ditzo aims to empower consumers to make their own decisions when insuring their properties and lives. Europeesche Verzekeringen aims to insure travellers sensibly as they explore the globe.

Key themes in their business strategies are as follows:
- A focus on customer satisfaction by enhancing customer service;
- A continuous optimisation of customer acquisition costs through online and touroperator channels;
- An increase in the share of bundled propositions for existing customers with regard to both health and non-life insurance policies.

In 2019, the Generali Nederland Direct non-life portfolio was migrated to the Ditzo platform with the help of process robotics.

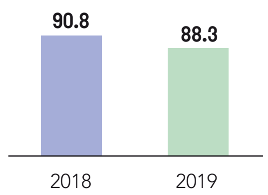
In the beginning of 2019, the Ditzo and Europeesche Verzekeringen organisations were merged into one single organisation, supporting two different market propositions. By the end of 2019, all Europeesche Verzekeringen products were implemented in the Ditzo platform. The conversion of the Europeesche Verzekeringen portfolio into this new platform will take place in the beginning of 2020. Subsequently, the Europeesche Verzekeringen IT environment will be decommissioned, which will result in further cost reductions and a simplification of the IT environment.

Market research has shown that almost one third of Dutch travellers travel without taking out a travel insurance. This is predominantly a result of the fact that consumers perceive limited risks when travelling, find insurance policies too expensive and assume that their health insurance policies also cover medical expenses incurred abroad. Europeesche Verzekeringen has presented this research in a white paper to its business partners. Europeesche Verzekeringen supports travellers by its implementation of a tool that provides them with information on sensible travelling.

Disability

With a market share of 27.3%[1] in 2018[2], measured in GWP, a.s.r. has been a traditional leader in this market. The Dutch disability insurance market measured in GWP amounts to € 3.71 billion in 2018. The COR of Disability (including Loyalis) improved by 2.5%-points to 88.3% (2018: 90.8%) due to the inclusion of Loyalis and an improvement in the sickness leave portfolio.

Combined ratio Disability (%)



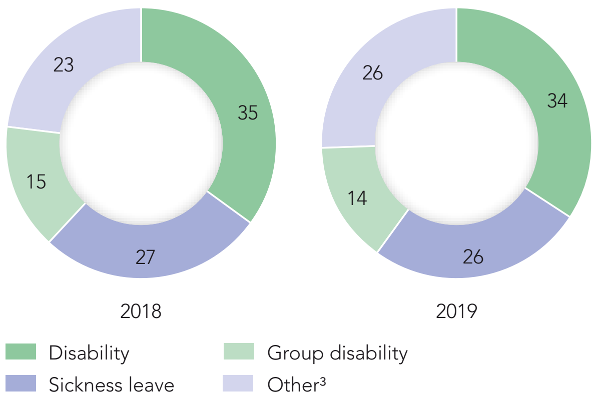
Under the brands of 'De Amersfoortse' and 'Loyalis', a.s.r. offers a broad range of disability insurance products as well as services of in-house experts and external parties in the context of prevention and reintegration for large businesses, SMEs (employers and employees) and self-employed persons.

Products

The disability insurance product range offering can be divided into the following categories:

- Disability of self-employed persons:
  - Products for self-employed persons to protect against loss of income in the event of sickness or disability;
  - Products for employees to protect the payment of fixed expenses in the event of sickness or disability and to cover loss of income above the wage limit (WIA - Work and Income Act) supplementary insurance, in the event of disability.
- Sickness leave: Products for employers to cover the costs associated with the employers' obligation to continue to pay wages in the event of employee sickness;
- Group disability:
  - Products for employers to cover their own Return to work (Partially Disabled Regulations (WGA)) risk carrier status;
  - Products for the benefit of employees (taken out by employers) to cover loss of income due to the inability to (fully) perform work as a result of disability as defined by the WIA.

Product share Disability (%)



Market

The disability market is divided into several productlines.

- Disability self-employed (with 36% the largest) for the entrepreneur who has no social security concerning loss of income caused by sickness or occupational disability and is able to insure disability risk up to retirement age;
- Sickness leave (33%) which protects the employer for its responsibility for continued payment of salary to the employee in case of sickness leave up to 2 years. As an extension thereof the third division;
- Group Disability (25%), provides the employee, who may appeal to the WIA in covering possible significant loss of income. WIA is a public act covering all employees in the Netherlands and is administered by UWV.

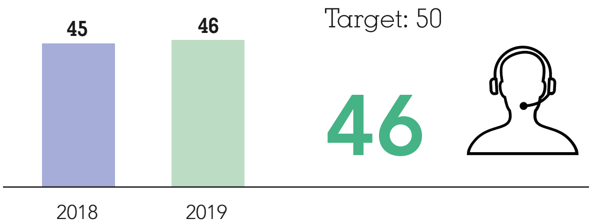
The disability market is mainly distributed by intermediaries, where a.s.r. is well positioned with its brand De Amersfoortse at SMEs and self-employed. Loyalis has a strong position in direct distribution at large businesses. The authorised agents disability market in the Netherlands has grown strongly in the last decade up to € 579 million[4]; 15% of total GWP. 24% of a.s.r.'s disability GWP comes from authorised agents.

Strategy and achievements

Through its brands De Amersfoortse and Loyalis, a.s.r. has a strong position in the disability insurance market. a.s.r. is well positioned to capture profitable growth opportunities. On 1 January of 2020, a.s.r. acquired the insurer Veherex. With this acquisition, a.s.r.'s market share will increase. a.s.r. has a significant position in the intermediary distribution channel. Important elements for sustainable value creation are enhanced offering on pricing and underwriting, and deployment of dedicated multidisciplinary teams. With an NPS score of 46 in 2019 (45 in 2018) Disability slightly improved its customer satisfaction.

1 Including Europeesche Verzekeringen accidents, Generali and Loyalis.
2 Source: DNB (based on SII) - At the moment of writing, the market share figures for 2019 are unknown.
3 a.s.r. also offers products relating to sickness leave and group disability via authorised agents and mandated brokers. Due to the importance of this distribution channel, a.s.r. presents these sales as part of a separate product category ('Other').
4 Source: Marketreport 2018, CVS statistics Financial annual income results.

NPS Disability



a.s.r. continues to provide high-quality products and services that focus on sustainable employability, for one, by encouraging its participations to cooperate. Recently introduced products and services include:
- The 'Doorgaan' policy, an integrated disability and health insurance, is expanded with a 'natura' policy;
- The 'Langer Mee AOV' an affordable product with preventive care up to the retirement age;
- a.s.r. Vitality; a health programme - based on behavioural science – that encourages customers to get moving and live healthier lives in a positive way;
- The 'MKB Verzuim ontzorgverzekering' (SME sickness leave insurance to make life easier) with an 'ontzorgmanager' (a manager to make life easier), who is the contact during reintegration in case of sickness leave and who has knowledge of all relevant legislation and regulations.

Please find a more detailed description of these products in chapter 3.2 Our role as a sustainable insurer.

As part of a.s.r.'s strategy to meet customer needs and improve cost effectiveness, Disability has developed and implemented several digital initiatives such as:
- Assisting intermediary channels with e-based underwriting systems and online channels to provide online product offerings;
- Making progress in the number of connections linking the payroll system and the insurance administration, as a result of which personnel transactions are processed directly in the administration;
- Linking health services administration and the insurance administration, as a result of which sickness leave transactions are processed directly in the administration.

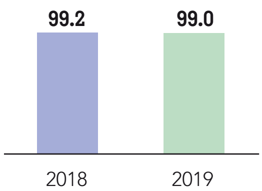
Outlook for 2020

a.s.r. is not expecting any major changes in the country's social systems. Recently, Disability developed a long-term vision focusing on sustainable employability as a growth area. Within that area, a.s.r. intends to become the thought leader/director by forward and backward integration of partners into the chain.

Health

With a market share of 1.9% (2018: 2.0%), a.s.r. was the seventh largest provider of health insurance products on the Dutch market in 2019, as measured by number of customers. a.s.r. offers health insurance products under the Ditzo and De Amersfoortse brands. The COR of Health improved by 0.2%-points to 99.0% (2018: 99.2%) mainly due to an improved pricing of the supplementary insurance portfolio.

Combined ratio Health (%)



Products

The health insurance market in the Netherlands comprises of two product types: basic insurance and supplementary insurance. Basic insurance provides a broad coverage of healthcare costs of which contents are prescribed by the government on an annual basis. Supplementary insurance covers specific risks that are not covered by basic insurance, such as the costs of dentistry, physiotherapy, orthodontics and medical support abroad.

Market

The health insurance market is a highly regulated market. All Dutch residents are obliged to have basic health insurance coverage. Basic coverage has limited variations across all insurers, since it is a statutory requirement. Although supplementary insurance coverage is not obligated, 84%[1] of the market chose a form of supplementary health insurance in 2019. Health insurance contracts are taken out for a year at the time. At 6-7%, the percentage of customers that switch between health insurance providers per calendar year has been relatively stable over the past four years. In 2019, the percentage of customers that switched was 7%.

It is mandatory for insurers to accept all persons who are statutory obliged to have basic health insurance coverage. This is made possible by a government-run system of risk spreading, which provides compensation to insurers related to the costs in their customer base. Government and the health insurance industry are constantly seeking to improve the system of risk-based cost compensation.

The GWP for basic coverage has been increasing across the board due to rising health care costs. In the period from 2017 to 2019, the GWP of the market as a whole rose by more than 9%[1].

1 Source: NZA Monitor Zorgverzekeringen 2019.

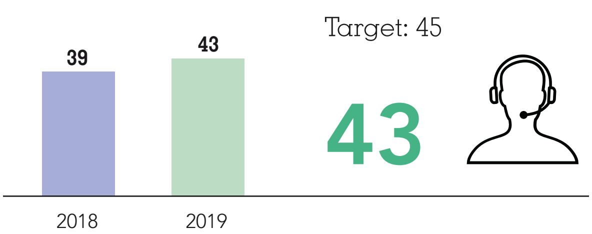
Strategy and achievements

In line with a.s.r.'s mission statement, the strategy of Health is to help its customers to improve their health. It therefore provides information, services and products to customers that could help them improving their condition and general health. The introduction of a.s.r. Vitality, available for all health insurance customers, is an example of the execution of its mission.

Given that it considers the health of its customers as one of its main priorities, a.s.r. ended the outsourcing of healthcare procurement in 2017 and started to bring the contracting of healthcare providers in-house in 2018. This continued in 2019. With the switch to in-house healthcare procurement, a.s.r. aims to strengthen its relationship with healthcare providers for the benefit of its customers, while at the same time facilitating smooth declaration processes in order to benefit both customers and healthcare providers.

Health aims to increase customer satisfaction by organising an efficient and client-focused customer service process. Health puts considerable effort into streamlining and digitising the process of paying declarations, customer onboarding and other services, thereby leading to faster and more accurate payments to customers, lower operating costs and efficient processes. Furthermore, Health prides itself in continuously improving client interaction, and serving customers at the time and manner chosen by them. Health continuously updates the practical information it provides to its employees so that they can in turn improve the quality, accuracy and speed of the information they give to customers. With an NPS score of 43 in 2019 (39 in 2018), the health business improved its customer satisfaction.

NPS Health



a.s.r. puts significant time and effort in evaluating and developing its high-quality products and services. In 2019, both Ditzo and De Amersfoortse launched a new type of basic health insurance policy; an in-kind policy which is the most common kind of policy in the Dutch market; 75% of the insured population have an in-kind policy[1]. An in-kind policy is also called contracted care. If an insured person visits a contracted care provider, the healthcare costs will be reimbursed. If they visit a non-contracted care provider, they will have to pay part of the healthcare costs, usually around 20-30%. This introduction enables Health to service a larger part of the market and supports the introduction of a.s.r. Vitality, which is available for clients of Health.

De Amersfoortse introduced a new proposition; Zorg voor Ondernemers (health for entrepreneurs). This proposition is made for entrepreneurs, including self-employed persons without a disability insurance. The proposition aims to reduce the risk of (physical) ailments by providing coverage, services and help to support entrepreneurs in staying healthy and productive before – or as soon as – ailments appear. This proposition could also increase the interest in the broader range of product and services for sustainable employability, including disability insurance.

Outlook for 2020

a.s.r. aims to set up cross-sell programmes focusing on the Doorgaan proposition under De Amersfoortse brand, the benefit-package for Ditzo customers and health improvement through a.s.r. Vitality. Vitality focuses on health related themes such as exercise, nutrition and mental wellbeing. The programmes will be offered to customers in order to help them better understand health risks and motivate them to actively change their lifestyle. Customers will be able to subscribe to a programme and receive regular newsletters with tips and motivational challenges. The programmes can be used to provide customers with a better understanding of the benefits of a.s.r. Vitality and drive cross-sell. The main goal is to inspire and motivate customers to start and maintain a healthier lifestyle. a.s.r. believes that this goal can be impacted positively if more health customers become (more) active through the a.s.r. Vitality programme.

a.s.r. will also look into possibilities for further improving the unique proposition of Doorgaan (combination of health care insurance, disability insurance and services aimed at sustainable employability).

1 Source: NZA Monitor Zorgverzekeringen 2019.

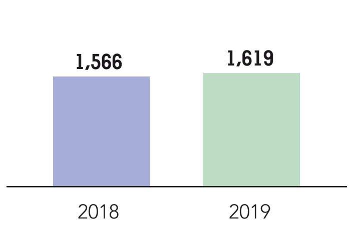
4.1.3 Life

The Life segment comprises the life insurance entities Pensions, Individual life and Funeral. The segment offers insurance policies that involve asset building, immediate (pension) annuities, asset protection, term life insurance and funeral expenses insurance for consumers and business owners. The market share of Life in 2018 was 14.3% (2017:13.0%)[1].

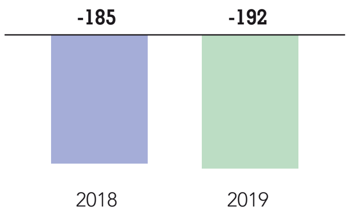
Financial performance

(In € million, unless stated otherwise)

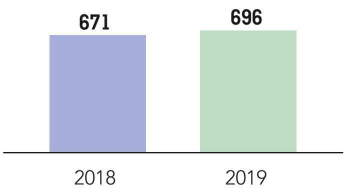
Gross written premiums



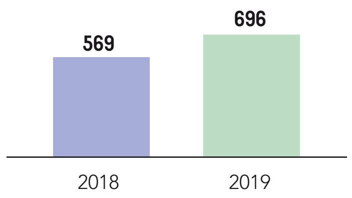
Operating expenses



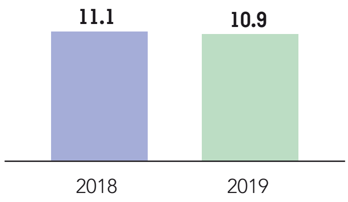
Operating result



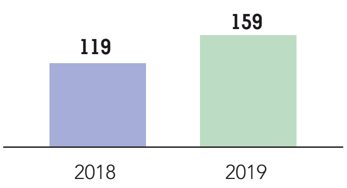
Profit/loss for the year attributable to holders of equity instruments



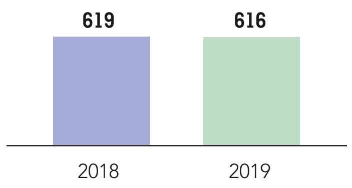
Cost/premium ratio (APE) (%)



New business APE



FTEs internal and external (#)



Gross written premiums

The GWP amounted to € 1,619 million (2018: € 1,566 million). Recurring premiums (€ +41 million) as well as single premiums (€ +12 million) increased. This year, the WnP product continued to be successful and the AuM further increased to € 1.3 billion (2018: € 0.7 billion) primarily due to the growth of the portfolio and higher stock markets. The number of active participants is now over 80,000 (2018: 55,000). The additional contribution from Loyalis (€ 59 million) and WnP portfolio growth exceeded the decrease of the existing DB/DC Pension portfolio and recurring premiums in Individual life. The level of surrenders of nominal policies at Individual life was stable at 0.79% (2018: 0.83%). Excluding the single premium in the figures of the previous year related to the acquisition of PC Uitvaart (as from October 2018), GWP from Funeral increased this year (€ +2 million).

Operating expenses

The acquisition of Loyalis resulted in an increase in operating expenses by € 6 million to € 192 million (2018: € 185 million). Underlying operating expenses decreased (€ 6 million) due to the integration of Generali Life and system rationalisation at Individual life. This year a.s.r. completed the large-scale migration to a.s.r.'s Software as a Service (SaaS) platform. In total, more than 800,000 policies from all nine different Individual life systems, including several 'closed-book' systems, have been converted.

1 Source: DNB (based on SII) - At the moment of writing, the market share figures for 2019 are unknown.

Life operating expenses expressed in bps of the basic life provision improved to 53 bps (2018: 56 bps), in line with the target of 45-55 bps for 2019-2021. Operating expenses in relation to the premiums (measured in APE) improved, which is reflected in a slightly improved cost-premium ratio (APE) of 10.9% (2018: 11.1%).

Operating result

The operating result increased by € 25 million to € 696 million (an increase of 3.7%). The increase was primarily driven by a higher investment margin (€ +46 million).The increase in the investment margin is due to less required interest at Individual life and higher investment income as a result of the re-risking of investments and the integration of the Loyalis investments. The technical result decreased by € 11 million to € 98 million largely due to the decline of a substantial part of the book.

Profit before tax

The profit before tax increased by € 107 million to € 913 million (2018: € 805 million). This increase mainly relates to higher incidental items (€ 83 million), including higher indirect investment income (€ 100 million) as a result of re-risking the asset mix. The contribution from insurance related and other incidental items decreased (€ 17 million) and relates to several items including restructuring costs.

Pensions

a.s.r. is a major provider of pension insurance products in the Netherlands. The DB product forms the largest component of its portfolio followed by the growing DC proposition. The current customer base of these portfolios comprises approximately 25,000 companies and 728,000 participants. Under the brand of a.s.r. pensions has a joint venture with Brand New Day for an Institution for Occupational Retirement Provision (IORP).

Products

a.s.r. provides pension products based on DC with recurring premiums where benefits rebased on investment returns on specified funds, in some cases with guarantees. It has been five years since a.s.r. successfully launched its DC proposition, WnP. In 2019, WnP had more than 80,000 participants and € 1.3 billion in AuM in SRI funds.

In addition to the fixed annuity product a.s.r. introduced a new pension product, the variable pension. This product offers customers a sustainable product for the accrual phase of their pension, with a good balance between risk and return.

Historically, a.s.r. also offered DB products but due to market changes DB products are no longer offered.

Market

As a provider of various insurance pension products, a.s.r. plays an important role in the Dutch pensions market, both under the brand of a.s.r. and in a joint venture with Brand New Day for an IORP. Driven by the low interest environment and the current pension debate in the Netherlands, there has been a steady shift in the pensions market towards capital-light products. This trend is expected to continue in the years to come. With its DC and IORP proposition, a.s.r. believes it is well positioned to increase its market share through high-level service, cost effectiveness and execution capabilities.

a.s.r.'s DB pension products are traditional insurance products based on lifelong guaranteed pension payments with recurring premiums, either with or without profit sharing, including an option for additional single premiums for indexation and back services. a.s.r. is also active in the DB pension market through Het nederlandse pensioenfonds (Hnpf), for which it provides pension administration and asset management.

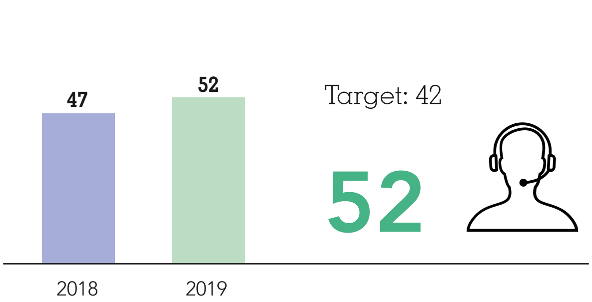
Strategy and achievements

The business strategy in Pensions is to focus on clear, simple, cost-conscious pension products. a.s.r.'s DC proposition (WnP) is competitively priced and has been rewarded for its fund selection (SRI funds) by independent intermediaries.

The renewal of DB contracts is considered if customers intend to shift to DC in the near future and meet strict financial criteria. The strategy for the existing DB book is to maintain its value, reduce capital requirements, enhance cost coverage and minimise risks. The DB book will become a service book as more employers opt for other pension solutions.

In 2019, Pensions improved its digital customer service by taking further steps to introduce robotics into its day-to-day operations and by investing in more user-friendly client portals and a more fully integrated online environment for its portfolio. All communications to participants are digital. With an NPS score of 52 in 2019 (47 in 2018), Pensions improved its customer satisfaction.

NPS Pensions



Cost control and cost variability are essential for value creation and value retention. Various plans were implemented in 2019 to further simplify the organisation and processes. The migration of the Generali Nederland and Loyalis books and their integration into the existing a.s.r. platform is on track (completion scheduled for 2020).

The same services will be offered to customers and the market position will improve.

Outlook for 2020
Pensions' focal areas include a further growth in WnP, Hnpf and immediate annuities, further improving customer satisfaction through enhancing online and personal customer services, and further developing client portals. In addition, attention will continue to be placed on cost variability by simplifying and computerising operational processes and by migrating the Loyalis and Generali Nederland pension portfolios. The Individual life and Pension departments of a.s.r. will be integrated in 2020.

Individual life

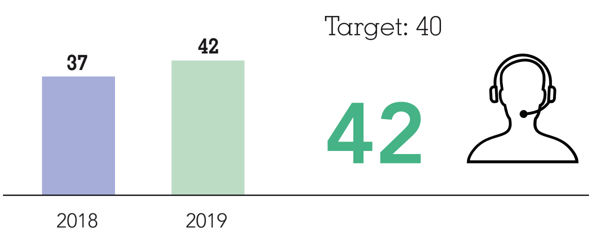
a.s.r. is one of the largest providers of individual life insurance products in the Netherlands, measured in GWP.

Products
Term life insurance, the sole selling proposition, consists of traditional life insurance policies that pay out death benefits without a savings or investment feature. 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. a.s.r. only offers term life insurance products. All other products are managed as a closed service book.

Market
The premium volume in the individual life market has declined in recent years due to low interest rates and tax reforms. The decline is expected to continue in the years to come.

Strategy and achievements
Individual life aims to maximise and maintain the current value of the individual life book. To realise this aim, the strategy is to optimise customer satisfaction as it is crucial to efficiently manage the way in which customers behave and, in addition, it limits unnatural lapses. Life aims to further digitise and robotise its services to improve their quality and user friendliness. With an NPS score of 42 in 2019 (37 in 2018), the individual life business improved its customer satisfaction.

NPS Individual life



In order to preserve the value of the individual life book, Life has simplified its organisation, shifting its cost base from fixed costs to more variable costs. Life is in the process of simplifying processes and rationalising and migrating its service book to a (SaaS) platform. With the migration of more than 800,000 policies from 9 different Life systems to the Keylane platform (SaaS), including the book of Generali Nederland, the Service Books programme was finalised after five years. This successful project shows a.s.r.'s strength to carry out large-scale migrations. Migrating the recently acquired Loyalis and VvAA life books is planned for 2020.

a.s.r. plays an important part in consolidating the Dutch (life) insurance market. In 2018, Generali Nederland was acquired, in 2019 Loyalis, and in 2020 the life book of VvAA.

Outlook for 2020
The main focus will be further improving customer satisfaction through digitisation and robotisation, data management and operational excellence. Individual life will complete the planned migrations of VvAA and Loyalis to the SaaS platform. The individual life and pension departments will be integrated in 2020. Consolidation opportunities will be looked into seriously.

Funeral

As at 31 December 2019, the funeral portfolio consisted of 6.4 million policies and 4.7 million customers. Based on the volume of premiums, Ardanta, a.s.r.'s funeral brand, is the second largest funeral insurer in the Netherlands.

Products
Ardanta's primary objective is to insure funeral expenses, for which it offers capital and in-kind insurance products.

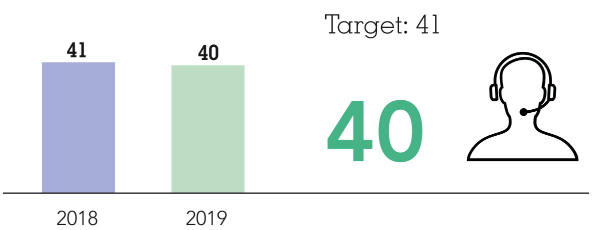
Market
The market is characterised by rapid consolidations. Due to the low interest rate environment, funeral insurance premium levels increased in recent years. The distinguished proposition of Ardanta was recognised in the market: business targets were well exceeded in 2019. The 'multichannel' distribution strategy of Ardanta proved to be successful as 65% of new business was derived from direct channels (internet, direct mail and own advisors) whereas the remaining 35% came from the traditional independent intermediaries. For comparison: in 2014, 60% of new business was derived from indirect (broker) channels.

Strategy and achievements
The focus of Ardanta continues to be undiminished capital generation and a further strengthening of its competitive position through cost leadership. Ardanta offers practical support to its customers and their relatives in overcoming personal losses and in practical matters relating to bereavement. Practical guidance consists of initiatives such as the

portal www.doodgaanendoorgaan.nl and the services of a 'funeral coach', who assists relatives in the days immediately after a loved ones has passed away. In a recently developed online initiative, Ardanta provides answers to frequently asked questions in short video clips. In 2019, the active product range was reviewed. In 2020, new products will be launched that focus on the theme of 'enhanced flexibility for customers'.

Ardanta is committed to increasing digital process support. In 2019, the '100% digital in 2023 programme' was launched. The digital transformation means fundamental changes in customer interaction and customer experience, value propositions and business models, as well as operational processes. Also in 2019, the first business processes were robotised. All of these actions aim to increase customer satisfaction with Ardanta.

NPS Funeral



With an NPS score of 40 in 2019 (41 in 2018), the funeral business slightly decreased its customer satisfaction.

Ardanta's CSR initiatives focus on 'address enrichment' in order to contact customers again with whom Ardanta has lost contact over the years. In addition, the 'Old Case Team' project tries to trace relatives of deceased customers in order to make payments they are entitled to.

Outlook for 2020

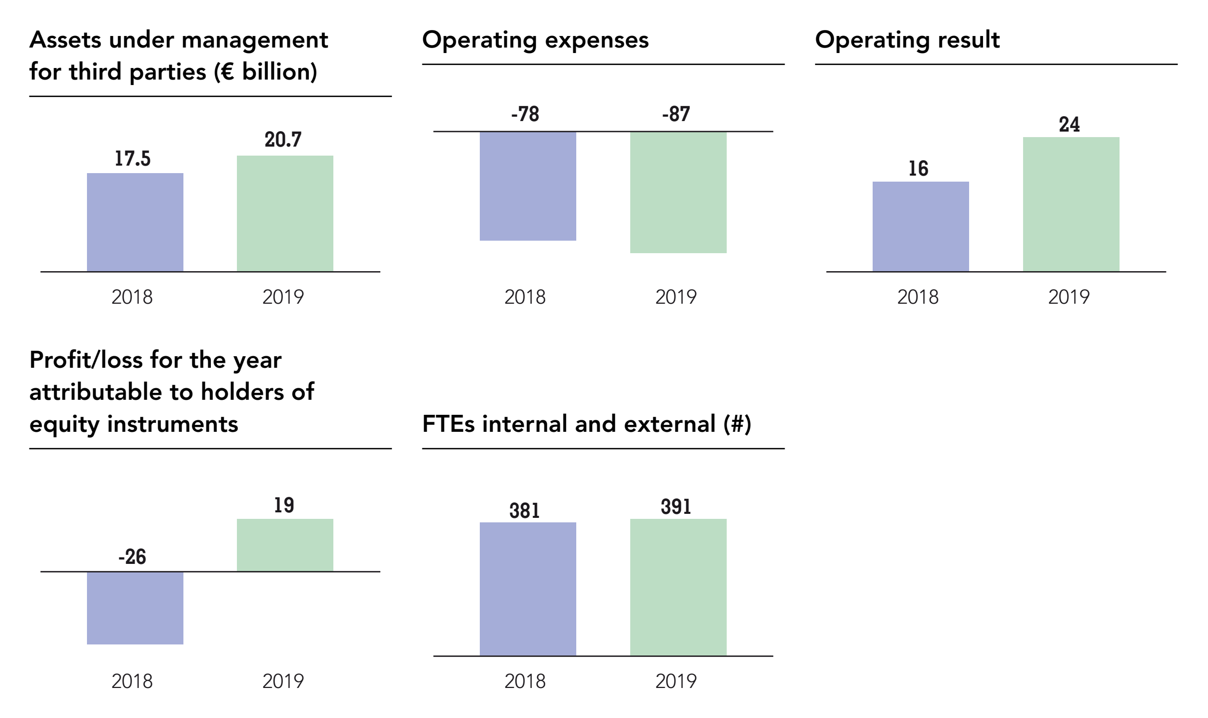
With regard to new consolidation opportunities, Ardanta will keep an eye on new developments. Ardanta will continue to focus on providing good and innovative services to existing customers and achieving organic growth through smart customer activation and care duty campaigns that create value for customers.

4.1.4 Asset Management[1]

The Asset Management segment relates to all banking activities and activities related to asset management, including investment property management. The related entities include ASR Vermogensbeheer N.V., ASR Real Estate B.V., ASR Hypotheken B.V., ASR Bank N.V. and ASR Financieringen B.V.

Financial performance

(In € million, unless stated otherwise)



Assets under management for third parties

The AuM for third parties of a.s.r. asset management and a.s.r. real estate increased by € 3.2 billion to € 20.7 billion (2018: € 17.5 billion). The increase of a.s.r. asset management by € 2.9 billion to € 18.8 billion was primarily driven by inflow into ASR Hypotheekfonds (€ 2.1 billion), positive revaluations of the funds (€ 2.1 billion) and inflow into the ESG-Funds (€ 0.6 billion).

These increases were partly offset by an outflow in mandates (€ -1.5 billion) of some local governments as a result of specific regulation ('schatkistbankieren'). The increase of inflow at a.s.r. real estate by € 0.3 billion to € 1.9 billion primarily relates to new participants in the various funds.

The payment arrears and credit losses remain well below the limits due to arrears prevention, favourable economic conditions and strict monitoring. Payment arrears of more than 90 days on the mortgage portfolio amount to 0.05% (2018: 0.10%) and have been decreasing for years reaching the lowest level ever. Credit losses were reduced substantially and amounted to 0.28 bps (2018: 0.80 bps).

a.s.r. completed the sale of its banking activities to Dutch insurer Achmea. These activities consist of a saving portfolio (volume of around € 1.7 billion with approximately 125,000 customers) and the transfer of the mortgage portfolio (volume of € 1.5 billion). The financial result from a.s.r.'s banking activities is not included in a.s.r.'s operating result. The profit for the year from discontinued operations and including the realisation of the transfer of all assets and liabilities amounted to € 1 million (2018: € -37 million). In the beginning of 2020 the final step for phasing out the banking activities was taken with the partnership agreement with Van Lanschot Kempen for investment accounts in the portfolio of a.s.r. bank. Once these investment accounts are transferred, the banking licence will be terminated.

Operating expenses

The operating expenses increased by € 9 million to € 87 million reflecting a higher mortgage production and higher personnel costs due to growth and expansion of the various (third party) funds.

1 Bank and Asset Management segment was renamed to Asset Management segment as Bank was sold during the year. The Asset Management segment involves all activities related to asset management including investment property management, and the discontinued banking activities. As of October 2018, all activities of ASR Bank N.V. were classified as discontinued, and most of these activities were sold during the year.

Operating result
The operating result of the Asset Management segment increased by € 8 million to € 24 million (2018: € 16 million). Both a.s.r. asset management (€ 4 million) and a.s.r. real estate (€ 4 million) contributed to this increase.

The operating result of a.s.r. asset management increased by € 4 million to € 12 million due to the growth of external AuM, mainly as a result of inflow in the ASR Hypotheekfonds (mortgage fund) and the ESG funds. The operating result of a.s.r. real estate also increased by € 4 million to € 14 million, mainly due to growth in AuM (€ 0.3 billion) reflecting higher inflows and revaluations.

Asset Management

ASR Vermogensbeheer N.V. has conducted all of a.s.r.'s asset management activities – with the exception of direct real estate – and is active in the market as a.s.r., the Dutch asset manager.

Products
Asset Management offers services to pension funds, insurance companies, guarantee and donor-advised funds, charities, local and regional authorities, health care and educational institutions and other parties in the social sphere. The product range consists of euro corporate bonds, interest rate overlay, euro government bonds, euro equities, balanced mandates, tailor-made bond portfolios, loans, fixed-income index investments, real estate and the mortgage fund proposition. Asset Management offers tailor-made solutions with a sound return on investment. These asset categories are offered, among other things, via institutional investment funds and segregated mandates.

Market
The asset management market is consolidating progressively, while complying with increasing and more complex legislation and regulations and achieving economies of scale. The number of independent Dutch asset managers is decreasing whereas there is a need for specific knowledge of the Dutch market. This provides opportunities for Asset Management, a practical, 'no-frills', Dutch asset manager.

Strategy and achievements
a.s.r.'s investments aim at long-term value creation. In its investment activities, Asset Management considers the fact that the present generation has inherited the earth, hoping to pass it on to the next generation. Sustainable investment is of crucial importance. Asset Management applies the same strict criteria when investing on behalf of its customers as it does when investing for itself.

Asset Management invests in fixed-income securities such as government bonds (rates) and corporate bonds (credits), including overlay/LDI, European and US equities, real estate and mortgages. Asset Management believes that selective, risk-controlled deviations from the index can generate higher returns. This approach to investment is referred to as Index Plus investing. Selective deviations from the index can be based on quality criteria and sustainability aspects, for example.

At the beginning of 2019, Asset Management introduced a marketing campaign that stressed the importance of long-term investments. The campaign aimed to increase brand awareness of Asset Management and underline the ESG profile and the long term investment horizon.

In 2019, the asset base grew, both for internal and third-party clients. Asset Management has been highly successful with the ASR Hypotheekfonds, which was launched in 2017. The ASR Hypotheekfonds increased by € 2.1 billion and the € 5.0 billion milestone, including commitments, has been achieved. In addition, the ESG Index Plus fund range (rates, credits, European and US equities) received substantial inflows during the year and the LDI proposition was further developed

Asset Management also offers asset management solutions for the successful DC pension proposition, based on the same Index Plus approach to investment.

Asset Management continuously looks for possibilities to further streamline its processes. This is done, for example, by computerising repetitive tasks. Another innovation example is the integration of ESG factors into the entire investment process, which has given Asset Management a leading position in ESG investing. In 2019, Asset Management made significant progress in measuring the carbon footprint of its investment portfolio. By the end of 2019, the carbon footprint of 92% of the portfolio was calculated, well ahead of the target of 80%.

Outlook for 2020
In 2020, Asset Management will continue to serve its clients through a combination of asset management solutions and individual asset categories, such as fixed income, equities, mortgages and LDI. As part of a.s.r.'s ESG strategy, the focus will be placed on impact investing and further measuring the carbon footprint of the investment portfolio.

Real Estate

For more than 125 years, Real Estate has been investing in property on behalf of institutional investors.

At year-end, the real estate portfolio totaled € 6.3 billion (2018: € 5.0 billion), divided in € 4.4 billion on behalf of a.s.r. and € 1.9 billion on behalf of institutional investors. The total inflow of new capital amounted to € 0.2 billion. The total value of acquisitions in several non-listed real estate funds came to € 0.3 billion.

Products
Real Estate offers 4 different investment funds. Each fund has its own specific characteristics. The funds areas follows:

DPRF, DCRF, DMOF and Dutch Science Park Fund (DSPF). These substantial retail, residential, office and science park funds are open to institutional investors who are looking for stable capital growth, enabling them to participate in these funds or outsource their national and international real estate investment management to a.s.r. The rural estate portfolio that Real Estate manages on behalf of a.s.r. is the largest of its kind in the Netherlands.

Market

The solid growth of the Dutch economy and real estate market slowed down just slightly in 2019. The economic base remained steady, with substantial GDP growth, low unemployment and positive consumption growth. This resulted in good occupancy demand, higher occupancy rates and rental growths in most sectors. The looming nitrogen debate has made it more challenging to develop real estate. Market dynamics in the retail sector are more challenging, as well. Yields are still constricted due to the very low interest rates and the fierce competition for prime assets. The search for real estate yields continues and investors increasingly target secondary assets, locations and niche markets. Investment volumes are still well above historic averages.

Strategy and achievements

Real Estate's strategy is to create long-term value for investors. To this end, agreements are made to generate returns at acceptable risk levels. In the longer term, it is important for Real Estate to make a substantial contribution to the (economic) objectives of tenants and leaseholders. Real Estate also has a strong focus on quality, believing that quality retains its value. It therefore invests continuously in maintenance, good-quality materials, sustainability of buildings and sustainable land use. Sustainability is an integral part of Real Estate's investment and management practice.

Real Estate launched the DSPF in 2019. This fund has similar characteristics to the other three unlisted real estate funds under management by Real Estate (retail, residential and office) and is open to institutional investors. The fund invests in commercially exploitable real estate at Dutch science parks and has developed and signed a unique partnership-model with TU Delft. By investing in science parks, DSPF actively stimulates to create unique areas of growth in which links are made between education, research, business activities and supporting facilities, such as retail and housing concepts.

Real Estate has started several projects from the Digital Business Programme. One project, for example, is a tenant portal where tenants are given access to their rental contracts. A large number of business intelligence dashboards have also been operationalised. In addition, a start has been made with predictive analysis and combining climate risk data with Real Estate's asset portfolio information.

In 2019, Real Estate made significant progress in measuring the carbon footprint of its investment portfolio. By the end of 2019, the carbon footprint of 78% of the portfolio was calculated.

Outlook for 2020

The positive and low interest economic climate is favourable for both occupants and investors in real estate markets. Real Estate predicts positive market dynamics, increasing rents and decreasing vacancy levels on average. Positive market dynamics in the retail sector are harder to find due to the increasing impact of online shopping. Prime high street units and dominant district shopping centres are most resilient to the ongoing headwinds and might profit from vulnerable streets and/or assets being redeveloped. The availability of supply will determine the level of decrease in investment volumes. Geographical differences will nonetheless remain substantial. Real Estate will therefore continue to focus on key regions, towns and locations. However, acquiring and building high-quality products will continue to be a challenge in view of current investor demand and low supply levels on good locations.

Mortgages

Mortgages provides mortgage loan services such as acceptance, arrears management and recovery, and reporting for mortgages recognised on a.s.r.'s balance sheet. It also provides these services for a.s.r. mortgage fund management activities.

Products

Mortgages is active in the residential mortgage market. Mortgage loans are issued by Life, which is a component of ASR Levensverzekering N.V. Part of the mortgages were subsequently acquired by ASR's Hypotheekfonds. Mortgages are distributed via the intermediary channel only. a.s.r.'s residential mortgage portfolio includes annuity mortgages, linear mortgages and interest-only mortgages.

All other operations with respect to the mortgage portfolio are conducted by Stater N.V., a mortgage service provider, based on a contract that was concluded between Stater N.V. and Life.

Since 2018, Mortgages has offered the 'Welthuis Startershypotheek' (Starters mortgage). Starters have a hard time on the housing market due to high house prices. With the Starters mortgage, they can opt for a longer term, to a maximum of 40 years, thus reducing their monthly costs.

In 2019, Mortgages introduced the 'Verduurzamings-hypotheek' (Sustainability mortgage). This allows customers to borrow extra money for energy-saving measures in, at and around their home. As Mortgages aims to contribute to reducing CO_2-emissions of the housing stock, this loan has an extra low interest rate.

Market
The Dutch mortgage market is growing. Although the four major banks still hold dominant positions, insurers, smaller banks and institutional investors play an important role on the Dutch market. The product most chosen is a mortgage based on annuity instalments. Interest-only mortgages are still popular and represent nearly 30% of the new production. The Dutch Banking Federation (NVB) and the Dutch Association of Insurers started a campaign informing customers on the risks involved in this kind of product (residual debt). The duration of the interest term is moving towards an ever longer period. The most popular interest term is now 20 years fixed but also 30 years fixed is becoming more popular.

Strategy
The strategy with regard to mortgage loan services is to have lean and reliable processes and to achieve economies of scale by servicing growing mortgage loan portfolios. The growth of loan assets under administration was partly a consequence of the organic growth of the mortgage loan portfolio in Life, but chiefly of the introduction of the ASR Hypotheekfonds. a.s.r. considers mortgage loans to be an attractive asset category in which to invest insurance premiums, and offers institutional clients the opportunity to invest in mortgages through the ASR Hypotheekfonds. Mortgages aspires to be a front-runner in supporting mortgage customers in the energy transition of their homes.

In 2019, Mortgages made significant progress in measuring the carbon footprint of its mortgages portfolio. By the end of 2019, the carbon footprint of 82% of the portfolio was calculated.

Outlook for 2020
A further growth of the mortgage business is expected for 2020. The mortgage market appears to be consolidating to some extent, but demand for mortgages to finance investments continues to increase. A further growth will result in improved cost efficiencies.

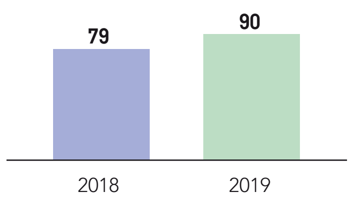
4.1.5 Distribution and Services

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. (and Van Kampen Geld B.V.), Dutch ID B.V., SuperGarant Verzekeringen B.V. (and as of July 2018 ZZP Nederland Verzekeringen B.V.), Corins B.V., ANAC, All-Finance Nederland Advies-Combinatie B.V. and Loyalis Kennis & Consult B.V.

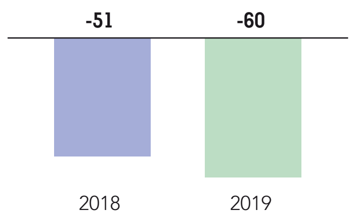
Financial performance

(In € million, unless stated otherwise)

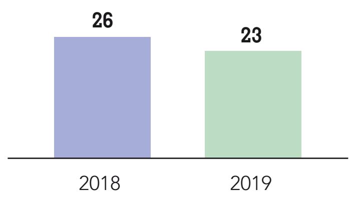
Total income



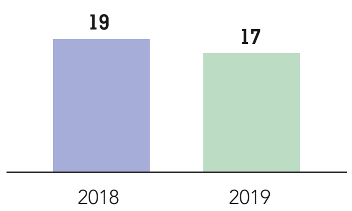
Operating expenses



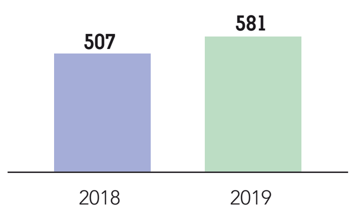
Operating result



Profit/loss for the year attributable to holders of equity instruments



FTEs internal and external (#)



Operating expenses

The operating expenses increased by € 9 million to € 60 million (2018: € 51 million) primarily as a result of the addition of the acquired activities of Loyalis Kennis & Consult (as of May 2019), ZZP Nederland by SuperGarant (as of July 2018), ArGon Groep by SuperGarant (as of August 2019) and Melching Groep by Van Kampen Groep (VKG) (as of July 2019).

Operating result

The operating result of the Distribution and Services segment decreased as expected by 12.5% to € 23 million (2018: € 26 million) as fee-income was under pressure. Several tariffs for mandated broker services were lowered resulting in a decrease in fee-income of Dutch ID. Additional growth of mandated broker services, transfers, premium increases and the growth in outsourcing back-office activities to Dutch ID partially offset the decrease in fee income. The operating result of Poliservice was lower due to increased depreciation charges on acquired portfolios. The operating results of the other distribution companies (SuperGarant, Corins, VKG and ANAC) remained stable. The recently acquired companies (ArGon Groep and Melching Groep) will contribute to the operating result as of 2020.

ArGon Groep supports organisations in the transition to, or the optimisation of, own management in vitality, prevention, absenteeism and reintegration policies. Melching Groep is a mandated broker and service provider in the insurance business and acts as a link between insurance companies and intermediaries.

Market

In the above distribution business, developments in 2019 have shown that the distribution landscape remains fluid. The ongoing consolidation and growth of larger distribution businesses remain the most important developments in this market.

The overall trend is for larger distribution businesses to gain market share on the strength of both organic and inorganic growth; the top 50 companies in the distribution field increase their power within the overall distribution landscape. Hybrid distribution models of insurance products also remain in place and, last year, the independent intermediary channel gained some market share in one or two subsidiary markets.

With its own distribution businesses, a.s.r. is well positioned for these developments as well as for supporting the independent intermediary channel.

Strategy and achievements
a.s.r. continued its growth path in the distribution business in 2019. On 1 July 2019, VKG acquired Melching Groep, a full-service provider for intermediaries. In 2019, SuperGarant acquired ArGon Groep, a service provider certified under the working conditions rules, to further improve its services to customers. Dutch ID acquired an IT company (Humannet) to further optimise the IT applications of its product offerings. Following the acquisition of Loyalis in 2019, the distribution and services activities of Loyalis (Loyalis Kennis & Consult) were added to the distribution and services segment.

The additional distribution and services activities, combined with organic growth in the distribution businesses that were acquired in previous years, strengthened a.s.r.'s footprint in the distribution landscape. The portfolio of the activities of these distribution businesses showed steady growth compared with the corresponding period in the prior year.

a.s.r.'s footprint in the distribution landscape has given it forward integration into the insurance chain and has improved insights into intermediary and customer needs. a.s.r. believes this will be beneficial for aligning its product range more closely with customer needs and better connecting with the intermediary landscape.

a.s.r. also believes the acquisitions provide learning and innovation opportunities as they facilitate the development and testing of new product ideas with direct input from the distribution and customer sides. The integrated chain approach enables a.s.r. to accelerate the implementation and marketing of innovations and new products.

Van Kampen Groep
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 2019, VKG acted as service provider and mandated broker to 25 financial institutions, and distributed products from 118 insurers, banks and other credit institutions. VKG provides access to the insurance exchange and mortgages.

Based on these associations, VKG offers administration and consulting services to intermediaries for their commercial and back-office operations. As at 31 December 2019, VKG had agreements with approximately 3,000 intermediaries in the Netherlands, 500 of whom had fully outsourced their administrative processes to VKG. The acquisition of Melching Groep is expected to further strengthen the position of VKG as a full service provider.

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

Dutch ID acts as an intermediary for insurance products and provides mandated brokerage services for some of the products and business lines offered by insurance companies. Based on these associations, Dutch ID provides administration services as a service provider to other intermediaries in the fields of their commercial and back-office operations. It also offers these services to insurers, as it does consulting and other services, such as claims management, risk management, prevention, reintegration and leasing. Dutch ID focuses primarily on the agricultural, transport, overhaul and civil construction sectors. It has ties with business associations, with the Agriculture and Horticulture Organisation Netherlands (LTO) and, for example in the transport sector, the Entrepreneurs organisation for the Logistics and Transport sector (EVO).

Corins
Corins is a successful and reputed high-quality underwriting agency in the Dutch Non-life co-insurance market. The company services over 50 brokers and will continue to represent the multiple insurers it currently does business with. The inclusion of Corins in a.s.r. in 2016 has contributed to a.s.r.'s expansion in the Dutch commercial P&C insurance market. a.s.r. participates in the pool of Corins, which enables a.s.r. to grow in the Dutch co-insurance market within the terms of its own risk appetite.

SuperGarant
SuperGarant operates as an intermediary and underwriting agent. As a service provider, SuperGarant constitutes a unique advisory centre offering integrated disability propositions consisting of prevention, reintegration and disability insurance products aimed at the retail sector. The acquisition of ArGon Groep, a service provider, is expected to further strengthen the services offered. SuperGarant also sells P&C products to its customers. SuperGarant works in close collaboration with SME trade associations and has a direct line of contact with franchise and purchasing organisations.

Following the acquisition of ZZP Nederland, SuperGarant also acts as one of the biggest independent service organisations for freelancers.

ANAC
ANAC operates as an underwriting agent and intermediary. With two entities, Anac BackOffice and Anac Verzekeringen, it provides dedicated solutions for intermediaries (as a full service provider) and insurance companies (for run-off claims handling) as well as for companies in the automotive sector.

With its highly flexible way of working and software solutions, ANAC works with the Corporate Brandings of its customers, used on their request at their websites, policies, bank accounts and (email) communication. ANAC has 'white label propositions' of car importers, large car dealer companies and dedicated intermediaries. ANAC also offers solutions such as online workspaces, call centre activities and servicing of websites. For several years now, ANAC has been rewarded by its customers as the best small service provider in the Netherlands (awarded by Bureau DFO; Best Small Service Provider P&C 2016, 2018 & 2019).

Poliservice

Poliservice is an intermediary for a.s.r. and its business. It sells, advises on and manages different types of insurance, gives direct mortgage and pension advice to its customers and manages the portfolios of intermediaries that have ceased to operate. It acts as a tied agent and is also an insurance intermediary for a.s.r.'s own employees. In 2019, a.s.r. integrated into Poliservice a part of its independent intermediary Stoutenburgh, which then ceased to exist.

Loyalis Kennis & Consult

Loyalis Kennis & Consult supports its customers – mainly corporates – with advice and assistance about sustainable employment. It provides advice on absenteeism policies, mobility and vitality. It also offers customised coaching to employees by using, among other things, an income scan and a future scan for people of over 55 years of age and by paying extra attention to a good work-life balance. It also provides social security training and answers questions about disability, dismissals and reintegration.

Outlook for 2020

For the year to come, it is important to note that the market anticipates decreasing commission levels for distribution companies, as was experienced in 2019. a.s.r. continues to aim at organic growth of its Distribution and Services segment, and unlocking the earnings potential of last year's acquisitions. In terms of development of the results for this segment, the growth plans which are being pursued may compensate for the downward pressure on commission levels.

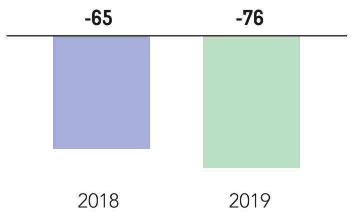
4.1.6 Holding and Other (including eliminations)

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, the real estate development business (ASR Vastgoed Projecten B.V.) and the activities of ASR Deelnemingen N.V.

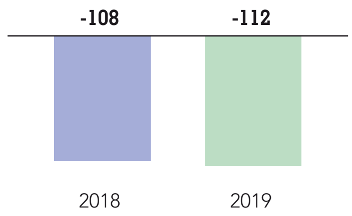
Financial performance

(In € million, unless stated otherwise)

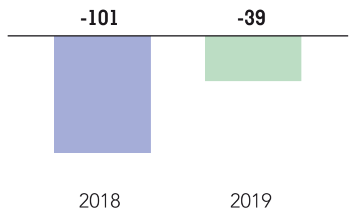
Operating expenses



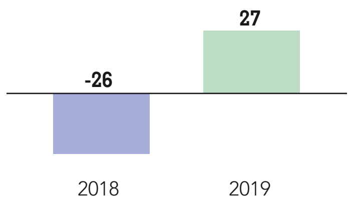
Operating result



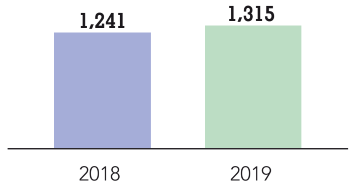
Profit/loss before tax



Profit/loss for the year attributable to holders of equity instruments



FTEs internal and external (#)



Operating expenses

Operating expenses increased by € -12 million to € -76 million (2018: € -65 million) primarily as a result of incidental costs. The incidental cost items in 2019, classified as other incidentals, amounted to € -51 million (2018: € -34 million). Incidental items this year mainly relate to preparation costs for the a.s.r. Vitality-programme, regulatory costs for the preparation of the implementation of IFRS 17/9, Loyalis and Generali Nederland integration costs and advisory costs related to M&A activities.

The incidental items, which amount to € 73 million this year, mainly relate to a purchase gain as a result of the Loyalis acquisition (€ 118 million, including a reassessment in the second half of the year) and the incidental costs of € - 51 million.

Operating result

The operating result decreased by € 4 million to € -112 million (2018: € -108 million). This was mainly the result of an increase in the interest expenses (€ -12 million) on the newly issued € 500 million Tier 2 subordinated loan in April 2019. The proceeds were primarily used to fund the acquisition of Loyalis. This decrease was partly offset by an expansion of the interest in HumanTouch Holding B.V., a service provider in the field of reintegration, at the beginning of this year.

Profit before tax

The higher contribution from incidental items is also reflected in the development of the profit before tax, which increased to € -39 million (2018: € -101 million).

4.2 Risk management

Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic objectives are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met.

Risk appetite

a.s.r. is exposed to a number of risks, including strategic risks, market risks, counterparty default risks, liquidity risks, underwriting risks (Life and Non-life) and operational risks.

Risk appetite is defined as the level and type of risk a.s.r. is willing to bear in order to meet its objectives while maintaining the right balance between risk, return and capital. Risk appetite is formulated to give direction to the management of (strategic) risks. Risk appetite contains a number of qualitative and quantitative risk appetite statements (RAS) and is defined for both financial risks (FR) and non-financial risks (NFR). The statements highlight the organisation's risk preferences and limits and are viewed as key elements for the realisation of a.s.r.'s strategy.

In 2019, to ensure alignment with a.s.r.'s strategy, the RAS and limits were evaluated and updated by the EB and approved by the SB. The RAS of ASR Nederland N.V. can be found in chapter 6.8 Risk management.

Management of financial risks

a.s.r. strives for an optimum trade-off between capital, risk and return. Steering on capital, risk and return is done by decision-making throughout the entire product cycle from PARP 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 (RAS) and are monitored by the Financial Risk Committee (FRC). The FRC evaluates FR positions against the RAS on a monthly basis. Where appropriate, a.s.r. takes additional mitigating measures.

In 2019, the Actuarial Function (AF) performed its regulatory tasks by assessing the adequacy of the Solvency II technical provisions, giving an opinion on reinsurance and underwriting, and contributing to the Risk Management Framework (RMF). The AF report on these topics was discussed by the EB, Risk Committee and A&RC. See the Financial Statements (chapter 6.8 Risk management) for further information on a.s.r.'s management of FR.

Coronavirus

In December 2019, a pneumonia outbreak was reported in China which in 2020 rapidly developed into what is now commonly referred to as the coronavirus. The virus has resulted in a significant number of confirmed cases of infection in large portions of the world, including the Netherlands. Globally, governments are taking various measures to contain the outbreak and to mitigate its impact on the economy. In the Netherlands, the Dutch government issued a series of far reaching measures to stop the spread of the coronavirus. Both the virus and the countermeasures have a significant impact on Dutch society and economics in the short term. The government has also presented a significant economic relief program to support both companies and individuals that are financially impacted by the corona outbreak. As the number of infections caused by the virus is still increasing, and the result of both the countermeasures to the virus outbreak as well as the economic relief program still has yet to take effect, the impact of the coronavirus is unsure, specifically in the longer term.

At this point in time it is too early to make a realistic and credible assessment of what the impact of the coronavirus will be on a.s.r.'s business and financial performance. The effect on the financial results will depend on a number of factors, including the extent and duration of the period of disruption and the impact on the global economy and financial markets. As published in this report, a.s.r. is financially healthy and its capital position is solid. In the recent weeks, a.s.r.'s Solvency II ratio proved resilient to absorb these extraordinary developments in the financial markets. Based on the closing market position as of 19 March 2020, which is the most recent analysis available at the time of publication of this annual report, a.s.r. estimates its Solvency II ratio, on the standard formula, to be substantially higher than year-end 2019. The ratio reflects observed market movements as at 19 March 2020, but does not yet allow for any change in insurance claims or changes in experience or assumptions that may arise from the corona crisis. The estimate includes the positive impact from the significantly higher volatility adjustment which increased with over 40 bps since year-end 2019, as well as the flattening of the interest rate curve. It also includes the negative impact of the further reduction of the UFR and the € 75 million share buyback that is currently being executed. Because of the current high volatility in the financial markets, the estimated Solvency II ratio may vary substantially from day to day. a.s.r.'s liquidity position of € 1.6 billion at year-end 2019 has also proven resilient. a.s.r. continues to closely monitor the impact of the corona outbreak on the operating performance of our various business lines. a.s.r. furthermore continues to monitor the potential IFRS impact relating to the valuation of financial instruments and valuation of technical provisions which are sensitive to developments in the (long-term) interest rates.

a.s.r.'s prime concern is the personal well-being of its customers and its employees, their partners and their families. As a leading Dutch insurer, a.s.r. is committed to help its customers through this challenging period and to do everything in its power to help overcome the corona crisis in the Netherlands. To protect its employees all a.s.r. employees are working from home which most employees are already very familiar with, given the 'independent time and place working' policy of a.s.r.

Management of non-financial risks

NFR appetite statements are in place to manage the risk profile within the limits determined by the EB and approved by the SB. The Non-Financial Risk Committee (NFRC) monitors and discusses on a quarterly basis whether NFR are adequately managed. Should the risk profile exceed the risk appetite, the NFRC will decide on the steps to be taken. The risk profile and internal control performance of each business is discussed with senior management in the business risk committees and the NFRC each quarter.

The most important operational risks in 2019 are described below.

- Outsourcing risk (internal and external) remains relevant for a.s.r., especially in view of the increasing focus from regulators, i.e. European Insurance and Occupational Pensions Authority (EIOPA). a.s.r. is fully aware of the potential risks and regulatory developments. An outsourcing policy is in place defining responsibilities, processes, risk assessment and mandatory controls. Outsourcing risk is managed and reported as part of the overall operational risk. An update for the outsourcing policy is scheduled for the forthcoming year.
- Information security risk is highly relevant for a.s.r. See risk priority 3. Information (cyber) security risks for further information.
- Data quality and end-user computing are also relevant for a.s.r. When user-defined models (e.g. spreadsheets) are used to support the Risk Management Framework (RMF), the 'a.s.r. Standard for end-user computing' – as well as the general security policy – defines and describes best practices in order to guard the reliability and confidentiality of these tools and models. a.s.r. recognises the importance of sound data quality and information management systems.
- At a.s.r. asset management, Brexit will mainly impact flexibility with regard to the current portfolios in derivatives positions and new derivative transactions to be concluded in the future. Within a.s.r. asset management, a working group has been set up that is in contact with all relevant counterparties and contract adjustments are implemented.

During 2019, a.s.r. took various actions to further enhance the measurement and reporting of data quality for financial reporting purposes and to mitigate end-user computing risks. Adherence to the 'a.s.r. Standard for End-User Computing' is accommodated by the explicit integration of relevant controls into the risk and control frameworks of the business lines.

a.s.r. will continue to look for opportunities to improve the management of its NFR in 2020, for example by focusing on the use of application controls and data analytics. New developments such as AI and robotics and their effects on risk management will also be further explored.

In 2019, all business units applied the Governance and Risk Compliance (GRC) tool 'Cerrix'. The functionality and performance of this tool were improved in 2019. a.s.r. will continue to seek opportunities to improve the management of its operational risks in 2020, including the use of data analysis.

In order to enhance controlled (efficient and effective) projects, a.s.r. rolled out the 'project risk management' policy. This policy was implemented during 2019. In 2019, the most important projects at a.s.r., including IFRS 9/17, Service Books and a.s.r. Vitality, fell within the risk appetite.

Risk priorities

a.s.r.'s risk priorities and emerging risks are defined annually by the EB, based on strategic (top-down and bottom-up) risk analyses. Risk priorities are regarded as the most important strategic risks which could materially affect the strategic and financial objectives of a.s.r. To determine the degrees of risk, a.s.r. uses a risk scale based on likelihood and impact (Level of Concern). For each risk priority, the degree of risk is determined for the gross risk and net risk. Gross risk is the degree of risk when no (control) measures are in place. Net risk is the degree of risk taking into account mitigating (control) measures. Each of a.s.r.'s risk priorities has a very high degree of gross risk (Level of Concern 4, outside risk appetite boundaries) and a high degree of net risk (Level of Concern 3, outside risk appetite boundaries).

a.s.r.'s risk priorities for 2019 were:
- Pressure on result and renewal of the cash-generating business model;
- Low interest rate environment and pressure on investment returns, exacerbated by geopolitical tensions;
- Information (cyber) security risks;
- Juridification of society;
- Impact of supervision, laws and regulations.

The coronavirus will be a priority for 2020, given the rapid development in the coronavirus in the first quarter of 2020.

In addition to these risk priorities, a.s.r. also identified several emerging risks. Emerging risks are defined by a.s.r. as new or existing risks with a potentially significant impact, the level of which is hard to define.

Emerging risks:
- Climate change;
- Energy transition;
- Longevity risk.

Pressure on result and renewal of the cash-generating business model
This risk priority concerns the risk of the cash-generating business model coming under pressure due to developments in the insurance market, since a highly competitive insurance market may lead to margin and volume decreases.

The insurance market continues to change, e.g. with new entrants on the insurance market, evolving customer demand and technological developments. Customers buy (insurance) products more frequently through direct, digital distribution channels. It is important to meet customers' needs, taking into account changing customer demand.

The risk of contraction in the portfolio relates to this risk priority. Since the portfolio is contracting rapidly, the risk exists that the process of lowering costs may not be fast enough. a.s.r. continually monitors and assesses its product portfolio and distribution channels for relevant alterations in order to meet changing customer needs and to achieve planned cost reductions as premiums fall. For example, it actively monitors the market to examine potential acquisitions or mergers.

Low interest rate environment and pressure on investment returns, exacerbated by geopolitical tensions
Since interest rates are historically low, it remains a challenge to generate sufficient returns on investments and reinvest on attractive terms. The pressure to generate investment returns (search for yield) creates a considerable tension between risk and return.

Unforeseen political developments and/or macroeconomic trends could weaken a.s.r.'s solvency position. a.s.r. will remain permanently alert to the risk of a scenario developing in Europe with a major impact on capital and solvability. It therefore continuously monitors its interest rate position and reports the findings to the FRC. The consequences of potentially low investment returns and interest rate fluctuations are examined more fully in the annual SAA study and in the annual Own Risk and Solvency Assessment (ORSA).

Information (cyber) security risk
Information (cyber) security risks are continuously evolving and imminent. Nation state actors are (covertly) probing and intruding, pushing the development of more sophisticated attacks and implicitly the progression of new detection measures to improve 'older' detection techniques. The trend of cyber-attacks continues where it left off in 2018; i.e. the same type of attacks are visible around the world and at a.s.r. The growth in digital communication is also increasing the risks of cyber-attacks, as is the introduction of technological initiatives.

Increased focus on, and attention for, emerging cyber security risks is a daily requirement for a.s.r. and its supply chain. Investing in detection and prevention skills and techniques and learning from incidents in the financial industry strengthens cyber resilience. Since the battle against malicious intentions is ongoing, cyber security efforts continued to dominate risk reports in 2019.
a.s.r. is aware of the trust invested in it by its customers, and makes conscious choices in the risk exposure it is willing to tolerate. A dedicated cybersecurity team, regular testing, continuous awareness programmes and scrutinised vulnerability programmes ensure that a.s.r. is fully aware of its risks and takes measures where appropriate. All measures are continuously monitored and updated where necessary. a.s.r.'s suppliers are periodically reviewed and assessed for their cyber resilience. Partnerships with financial institutions and public agents, such as the Dutch National Cyber Security Centre (NCSC) and i-CERT (a cybersecurity partnership between insurance companies), are crucial in mounting an effective defence against cybercrime. a.s.r. is actively involved in these partnerships.

Juridification of society

Risk description
Political, regulatory and public attention has focused on unit-linked life insurance policies for some time now. Elements of a.s.r.'s unit-linked life insurance policies are challenged on multiple legal grounds in current legal proceedings, and may continue to be challenged in the future. There is a risk that one or more of the current and/or future claims and/or allegations will be upheld.
To date, a number of rulings relating to unit-linked life insurance products have been issued by the Financial Services Complaints Board (FSCB) and (appeal) courts in the Netherlands against a.s.r. and other insurers in specific cases. In these proceedings, different (legal) approaches have been taken to arrive at a ruling. The outcomes of these rulings are diverse. As the record of (a.s.r.'s) policies dates back many years, it contains a wide variety of products with different features and conditions and, since rulings are so diverse, no reliable estimate can be made of the timings and outcomes of these current and future legal proceedings.

Although the financial consequences of these developments could be substantial, a.s.r.'s exposure cannot be reliably estimated or quantified at this point. If one or more of these legal proceedings succeed, there is a risk that a ruling, though only legally binding for the parties involved in the proceedings, could be applied to, or be relevant for, other unit-linked life insurance policies sold by a.s.r. Consequently, the consequences of any current and/or future legal proceedings brought upon a.s.r. could be substantial for a.s.r.'s life insurance business and may have a materially adverse effect on a.s.r.'s financial position, business, reputation, revenues, operating results, solvency, financial condition and/or prospects.

Compensation scheme for unit-linked products
In 2008, Life concluded an outline agreement with two leading consumer protection organisations to offer compensation to unit-linked policyholders if the cost and/or risk premium exceeded a specified maximum. A full agreement on the implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial costs relating to the compensation scheme for Individual life in a.s.r.'s income statement up to 2019 was € 1,031 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2019 amounted to € 50.5 million and is available only to cover potential additional compensation (for distressing cases and costs relating to the compensation scheme). Individual cases have a limited impact on the risk profile.

Legal proceedings
a.s.r. is the subject of a number of legal proceedings initiated by individual unit-linked policyholders, represented in most cases by claims organisations. Future legal proceedings regarding unit-linked life insurance policies could be brought against a.s.r. by consumers individually, by consumer organisations acting on their behalf or in the form of a class action. There is also ongoing lobbying by consumer protection organisations to gain sustained media attention for unit-linked life insurance policies. These organisations argue, amongst other things, that consumers were not paid sufficient compensation under the compensation scheme.

a.s.r. is currently subject to three collective actions. The claims are all based on similar grounds and have been rejected by a.s.r. and a.s.r. defends itself in these legal proceedings. The timing and outcome of these collective actions is currently uncertain.
In June 2016, Woekerpolis.nl initiated a collective action, requesting the Midden-Nederland District Court to declare that a.s.r. has sold products in the market which were defective in various respects e.g. lack of transparency regarding cost charges and other product characteristics, and risks against which the insurer had failed to warn, such as substantial stock depreciations, inability to realise the projected final policy value, unrealistic capital projections due to the difference between geometric and arithmetic returns, and general terms and conditions governing costs which Woekerpolis.nl considered unfair.

In March 2017, the Consumentenbond also initiated a collective action against a.s.r. based on similar grounds to that initiated by Woekerpolis.nl. In a decision of 11 March 2020, the district court of Midden Nederland rejected the Consumentenbond claims.

Woekerpolis.nl issued a notice of appeal on 16 April 2019. In December 2019, claim organisation 'Wakkerpolis' initiated a collective action against a.s.r. Although the claim from 'Wakkerpolis' is largely based on similar grounds as the other two collective actions, it primarily concentrates on the lack of transparency of cost charges.

Impact of supervision, laws and regulations
Due to growing political and regulatory pressure, there is a risk that:
- a.s.r.'s reputation will suffer if new requirements are not complied with in time;
- Available resources will largely be utilised to align the organisation with new legislation, leaving fewer resources to spend on core customer processes;
- Processes will become less efficient and pressure on the workforce will increase;
- a.s.r. will have administrative fines or sanctions imposed on it for failure to comply with requirements (on time).

a.s.r. constantly monitors changing laws and regulations and assesses their impact and the corresponding actions required (in conjunction with Compliance and Legal). The availability of capacity is also continuously monitored to ensure that there are sufficient resources to process all regulations in a timely manner. a.s.r. has a multidisciplinary legislation and regulation committee to help the various businesses signal and adopt legislative amendments in good time. The committee reports to the NFRC.

In November 2018, a.s.r. set up an internal centralised CDD optimisation project in order to optimise compliance with the CDD-rules. A fit-gap analysis was conducted and policy guidelines were formulated. These actions have been largely implemented in 2019, with some further actions due in Q1 2020.
In May 2017, the International Accounting Standards Board (IASB) published IFRS 17, the new IFRS standard for insurance contracts which will replace the existing IFRS 4 standard. IFRS 17 is expected to be effective from 1 January 2022, subject to endorsement by the EU, based on the Exposure Draft IFRS 17 published in June 2019. The revised IFRS 17 is expected to be published in mid-2020. European Financial Reporting Advisory Group (EFRAG) is currently preparing the endorsement of IFRS 17 for use in the EU following the IASB publication. a.s.r. is now in the process of preparation and implementation, while acknowledging that the amendments are still pending (including the implementation date).

IFRS 17 is designed to facilitate comparability between insurers and to increase transparency in relation to risks, contingencies, losses and embedded options in insurance contracts. IFRS 9 Financial Instruments was published in July 2014 and has had a major impact on the processing of financial instruments (investments). In order to maintain cohesion between the two standards a.s.r. applies the option in IFRS 4 which allows for the deferral of the implementation of IFRS 9 until the implementation of IFRS 17. Since 2017, a.s.r. has an internal programme in place to prepare for the implementation of IFRS 17 and IFRS 9 throughout the Group. The IFRS 17 and IFRS 9 programme will have a major impact on the Group's primary financial processing and reporting and could have a significant effect on its capital, financial statements and related KPIs. Finance, Risk, Audit and the business lines have all been given attention in the programmes due to the need to develop an integrated vision. See chapter 6.3.3 New standards, interpretations of existing standards or amendments to standards, not yet effective in 2019, for more information.

Emerging risks
In addition to the risk priorities, a.s.r. also identified emerging risks. Emerging risks are defined by a.s.r. as new or existing risks with a potentially major impact, where the level of risk is hard to define.

Climate change
Insurers increasingly need to take climate change risks into account. Claims ratios might increase as a result of climate change. It is currently difficult to estimate the likelihood of extreme weather. In the long term, it is a challenge to estimate the effects of climate change, as a result of which climate change risks may be underestimated.

Energy transition
The transition to a climate-neutral economy was part of a.s.r.'s risk priorities for 2019. The transition entails uncertainties, changes and risks. The extent and impact of the risks depends on, among other things, the pace of energy transition, government policies, technological developments and changing consumer behaviour. An abrupt energy transition could have a major impact on the economy, business models and financial stability.

Please see for more information about climate risk and energy transition, chapter 4.4 a.s.r.'s approach to addressing climate change.

Longevity risk
Recent mortality tables (2018) issued by the Dutch Association of Actuaries (AG) indicate that the life expectancy of the Dutch population has not significantly improved. Nevertheless, it should not be ruled out that the life expectancy of a.s.r.'s policyholders could improve significantly compared to current mortality tables due to relatively sudden (medical and/or technological) developments in health care. Certain improvements could ultimately result in a lower solvability for a.s.r. Unexpected break-throughs could ultimately lead to a lower solvency position. Mitigating measures such as longevity reinsurance are continuously investigated from a risk management perspective.

4.3 Compliance

The Compliance function is a centralised function which is headed by the a.s.r. Compliance Manager for both a.s.r. and the supervised entities. The compliance function, the second line of defence, is considered a key function in line with the Solvency II regulation. The CEO bears ultimate responsibility for the compliance function and the a.s.r. compliance manager has a direct reporting line and access to him. The a.s.r. compliance manager also has an escalation line to the Chairman of the A&RC and/or the Chairman of the SB in order to safeguard the independent position of the compliance function and enable it to operate autonomously. The a.s.r. compliance manager is entitled to scale up critical compliance matters to the highest organisational level or to the SB.

Responsibilities and duties

To enhance and ensure a controlled and sound business operation where impeccable professional conduct is self-evident the Compliance function is responsible for:

- Encouraging compliance with relevant rules and regulations, ethical standards and the internal standards derived from them ('rules') by providing advice and formulating policies;
- Monitoring compliance with rules;
- Monitoring the management of compliance risks by further developing adequate compliance risk management, including monitoring and, where necessary, making arrangements relating to measures and actions;
- Creating awareness of the need to comply with rules and of social and ethical issues, in which ethical behavior within a.s.r. is self-evident;
- Coordinating contacts with regulators in order to maintain effective and transparent relationships with them.

Compliance risks 2019

Developments in rules and the management of high compliance risks and action plans provide the basis for the annual compliance plans and the compliance monitoring activities. a.s.r. continuously monitors changing legislation and regulations and assesses their impact and corresponding actions to be taken.

In 2019 a.s.r. paid specific attention to the main compliance risks described below.

- Customer Due Diligence risk (including Anti Money Laundering)
  CDD remains relevant for a.s.r. in order to guarantee sound and controlled business operations. The Compliance department played a central role in a.s.r.'s CDD optimisation project and continued monitoring compliance with CDD regulation. To mitigate risks of non-compliance related to CDD, a.s.r. decided to further centralise CDD screening and tooling. A central CDD-desk consisting of Compliance, Investigations and Legal, has been implemented to ensure a consistent screening approach within a.s.r. The CDD-desk also functions as a expertise center.
- Outsourcing risk
  Outsourcing risk is relevant for a.s.r. in view of regulatory and legislative developments. In 2019 a.s.r. took steps to further control risks corresponding with outsourced activities and monitored compliance with the a.s.r. outsourcing policy. In 2019 Compliance and (GRM) continued its monitoring on the effectiveness of the outsourcing policy. This has contributed to (1) an improved awareness of risks related to outsourcing and (2) improvements in control measures taken by business management to further mitigate risks. Recommendations were discussed with (business) management and include a further improvement of the regular monitoring of the outsourced services.

Other monitoring activities on Group and business line level were compliance with the IDD regulation and the quality of information provided to customers. a.s.r. further improved the effectiveness of the compliance function. The compliance risk and monitoring framework was updated and rolled out within a.s.r.

To guarantee furthermore sound and controlled business operations, a.s.r. has taken a number of control measures to prevent, identify and combat unethical behaviour, including corruption. In 2020 a.s.r. will implement tooling to further improve monitoring and awareness throughout the business, see chapter 3.4.5 Integrity.

Reporting

The Compliance Manager issues quarterly reports on compliance matters and the progress made in the relevant actions at Group level, supervised entity (OTSO) level and 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 OTSO level is presented to and discussed with the individual members of the EB and the BEC and submitted to the A&RC of the SB. The report is shared and discussed with the DNB, the AFM and the (internal and) external auditor.

4.4 a.s.r.'s approach to addressing climate change

As a leading Dutch insurer and long-term steward of its clients' assets, a.s.r. regards the physical and transition impacts of climate change as strategically important to its business. This is a.s.r.'s first report detailing its approach to managing climate risks and opportunities in line with the recommendations set out by the TCFD.

4.4.1 Climate governance

The EB sees climate change as a driver of both risks and opportunities for its business, customers and society at large. As such, the EB is actively involved in managing climate-related risks and strategies, e.g. by:

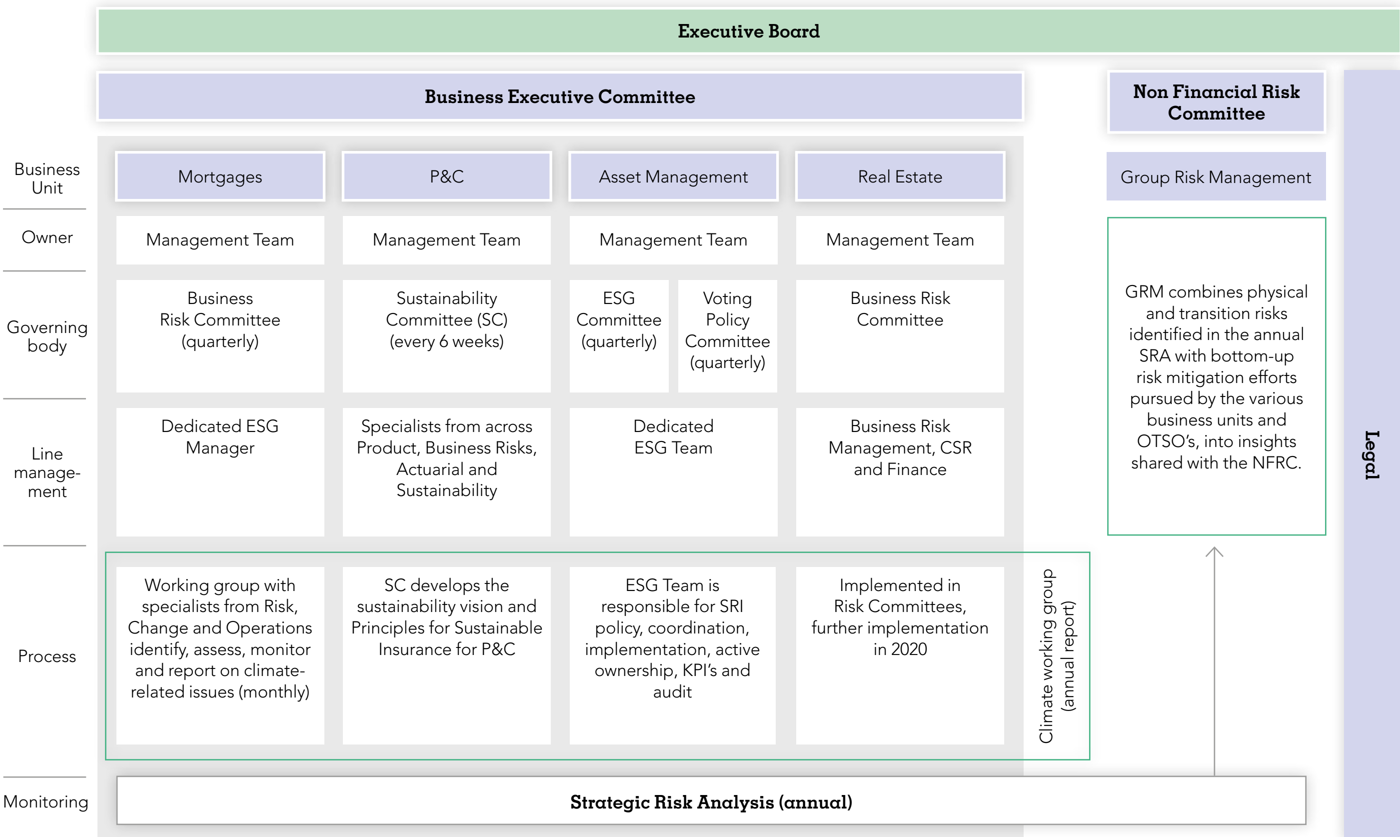
- Reviewing and approving the sustainable growth strategy, with a strategic focus on climate change and energy transition;
- Setting and monitoring performance against climate-related goals and targets;
- Reviewing and approving climate-related content in the annual report.

The BEC (see chapter 5.1.2 Executive Board) is responsible for:

- Directing the development and implementation of climate-related policies;
- Overseeing progress, performance and reporting on climate for the relevant business lines;
- Leading external engagement and advocacy on climate-related matters.

In addition to the BEC, there are several other management-level committees in which a.s.r.'s various business lines cooperate to drive action on climate change, such as the NFRC, the Sustainability Committee (SC) of the P&C business, the ESG Committee within a.s.r. asset management and the Central Investment Committee. In 2019 a.s.r. moreover established a group-wide TCFD project team focused on climate, to align the various businesses, ensure consistent and coherent reporting and drive a.s.r.'s programme going forward.

a.s.r. has no company-wide variable remuneration and climate-related performance indicators are thus not linked to variable executive pay. The following reporting lines and responsibilities have been established:



4.4.2 Climate strategy

To understand the potential physical and transition impacts of climate change on its business, a.s.r. has developed a top-down and bottom-up management approach. a.s.r. is focusing on delivering quantitative scenario-driven insights into the resilience of the most material parts of the business, while continuously improving a qualitative assessment of the remainder, with a view to leveraging lessons across various segments in order to be able to provide group-wide insights and strategic policy responses.

The bottom-up approach revolves around the relevant business lines within a.s.r. developing measures and tools to mitigate identified climate-related risks or capture its opportunities. This ranges from portfolio construction, exclusions and engagement within its asset management business, to developing new products and services within the real estate, mortgages and P&C businesses.

In the top-down approach, a.s.r. has used four climate scenario sets that combine both physical and transition effects.

- 1.5°C temperature rise (approximately Representative Concentration Pathways (RCP) 2.6 of the Intergovernmental Panel on Climate Change (IPCC)) with an orderly transition towards a low carbon economy. To achieve the ambitious reduction in carbon emissions, significant investments are made in low-carbon technologies and replacing fossil fuels with clean energy sources. Globally, the transition has a positive impact on GDP growth in the short and medium term of 7%.
- 1.5°C temperature rise (approximately RCP 2.6 of the IPCC) with a disorderly transition towards a low-carbon economy. The difference with the orderly transition is that during the energy transformation additional shocks to the economy due to stranded assets are added.
- 2.0°C (approximately RCP 4.5 of the IPCC) temperature rise with an orderly transition towards a lower carbon economy. The current low-carbon and energy measures are expanded and investments made in energy efficient measures, renewable technologies and market instruments. Globally, the transition has a positive impact on GDP growth in the short and medium term of 1%.
- 4.0°C+ temperature rise assumes no action is taken to limit global warming, resulting in no additional economic growth. The impact of physical and transition impacts slowly enter the global economy, reducing asset returns.

During the reporting period, a.s.r. carried out a detailed analysis on its AuM for its own account (€ 70,599 million AuM) to test the resilience of the investment strategy and policy.

Physical risks	Transition risks
Risks arise due to e.g. extreme weather events, increasing sea levels, floods and disruptions in the food chain - and can have implications for the geographical location of companies as well as concentration risks for investments, including real estate and insurance companies. Higher temperatures can moreover lead to subsidence, which in turn can have a negative impact on mortgage portfolios - while changing (seasonal) precipitation and hail patterns can increase claims on P&C insurance policies, and increase damage and costs of a.s.r.'s real estate portfolio.	Risks arise from industries that rely heavily on fossil fuels in their operations or supply chain (e.g. utilities, oil and gas or transportation) and those relying on historic weather patterns for yield (e.g. agriculture, horticulture). Overall this implies that there is a higher climate-driven risk associated with these sectors due to the nature of their business, which can be driven by new regulation or policy. Moreover, a transition to energy-efficient housing could negatively impact valuations of high energy label housing in the Netherlands (E, F and G). Furthermore, reputation and regulation risks associated with the transition to a low-carbon economy can impact business models and returns.

Physical and transition risk within the investment portfolio

a.s.r. asset management aims to provide tailor-made, long-term and sustainable investment solutions for its clients. The normal process includes an extensive analysis of the target asset mix in different economic environments (i.e. neutral, optimistic stagflation and deflation).

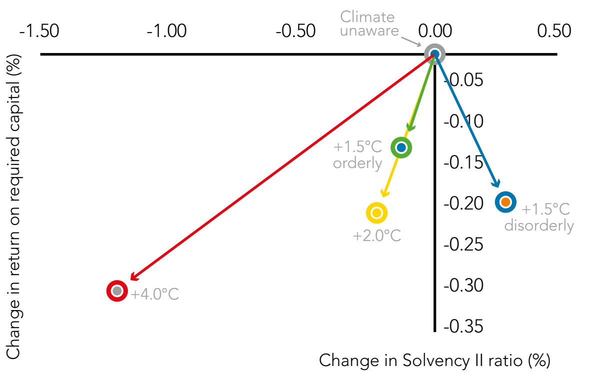
As of 2019, in addition to these economic environments, a.s.r. now validates its investment strategy and SAA by analysing the impact on various metrics in its RAS of the expected impact of climate change, based on the chosen scenarios. a.s.r. has used climate scenarios developed by Ortec Finance and has incorporated the impact of the different climate pathways on assets in the annual SAA study.

In the SAA, the a.s.r. balance sheet in its entirety is projected forward for 20 years. Each scenario set consists of 2,000 scenarios and these have been fed into a stochastic financial model which in turn translates the impacts of these climate-adjusted GDP shocks on a range of more than 600 financial and economic variables. Following this approach, a.s.r. has been able to quantify climate risk-aware economic outlooks per pathway, applied to the neutral economic scenario.

The result is the impact of the different economic environments and climate scenarios on the RAS. The average impact on the Solvency II ratio is less than 2% which is considered limited. The small impact is due to three reasons:

- In a.s.r.'s dynamic investment strategy, the portfolio is de-risked (re-risked) when the Solvency II ratio decreases (increases). This results in lower (higher) returns and lower (higher) capital requirements, leading to a stable Solvency II ratio.
- The a.s.r. investment portfolio is tilted towards European investments. Europe is more resilient to climate change than other economies around the world, resulting in a lesser effect of global warming on the economy. Under the Paris Agreement, developed economies are moreover required to do more to limit carbon emissions than developing economies, leading to higher investments in the 1.5°C and 2.0°C pathways.
- a.s.r.'s SRI policy reduces exposure to sectors with high transition risks and increases exposure to sectors with high transition opportunities[1]. This is indirectly observed in the SAA climate scenarios.

Impact of the global warming scenarios on the average Solvency II scenario



- The graph on this page shows the average impact of the four climate change scenarios on the Solvency II ratio and the return on required capital (annualised) over 20 years, relative to the climate unaware outlook. On average, there is little difference between the impact of the climate scenarios on the Solvency II ratio.
- In the 1.5°C disorderly scenario, sudden sales of stranded carbon-related investments occur around 2025. This causes a financial crisis in which the portfolio is de-risked in accordance with the dynamic investment policy to maintain the Solvency II ratio. This leads to lower returns; however, the de-risking is on average slightly more than required, causing the Solvency II ratio to increase slightly (by approximately +0.3%).
- As global warming increases, returns on the asset portfolio decrease due to an increase of the impact of the materialising physical risks.
- In the 4.0°C+ orderly scenario, the decrease of risk and return is slightly less than is required to perfectly maintain the Solvency II ratio, causing a decrease of approximately 1.2% of the Solvency II ratio.

a.s.r. aims to use the same climate scenarios to further support quantitative assessments within other a.s.r. business lines going forward, most notably Real Estate. Within the asset management business, a.s.r. has now embedded this assessment of its resilience in the yearly cycle and intends to build on this work to develop emission reduction pathways for its investment portfolios.

Physical and transition risk within the P&C business

Due to more extreme weather, both the frequency and intensity of damage will increase and become more volatile. This could lead to a further increase in claims. Non-life insurance policies are reviewed annually in terms of coverage, conditions and price. This gives a.s.r. the chance to regularly reassess climate risks and opportunities. Furthermore, the purchase of reinsurance limits the financial loss due to physical risks. Reinsurance contracts are reviewed annually based on the latest insights. Transition risks are low, based on a qualitative assessment, and will be continually monitored within the P&C business.

1 In July 2019, a.s.r. ranked first in an annual study conducted by the VBDO on responsible investing policies, and in November 2019 a.s.r. also ranked first in a biennial study among 80 large Dutch insurers and pension funds on how institutional investors include the risks and opportunities of climate change in their investments.

Opportunities in a decarbonising world

Transitioning to a low carbon economy presents opportunities for investment and insurance.

Sustainable finance
a.s.r. has set itself a target to invest € 1.2 billion by the end of 2021 in a mix of listed equities, fixed income, mortgages, private debt , private equity and real estate that delivers positive environmental and social impacts aligned to the SDGs (specifically SDGs 7 and 13) alongside responsible financial returns.

Progress to date shows the exposure to this target of € 927 million at 31 December 2019. Holdings include a stake in Fund 1 of Social Impact Ventures, which provides venture capital for early stage growth social enterprises such as SpinDye, Black Bear Carbon, GoodFuels and Taxi Electric. But a.s.r. has also invested in several private loans to develop wind energy in the Netherlands and abroad, or listed bonds to sovereigns, corporates and multilateral agencies that meet a.s.r.'s definition of impact investing, over and above the criteria set out in a.s.r.'s SRI policy.

Products and services
As one of the largest insurers in the Netherlands, a.s.r. continuously develops new offerings within its mortgages and P&C insurance portfolios that take climate risk into account. a.s.r. positions itself as playing an active role in the energy transition, particularly in the built environment, and wants to work with its customers and distribution channels to increase awareness of sustainability in general, and climate change in particular.

a.s.r. does this through, for example, working to improve energy labelling within the mortgage portfolio so that it can work towards mandating energy efficiency improvements when it finances higher label properties (E, F or G). This in turn can feed in to the annual policy recalibration or re-insurance processes, which review coverage, acceptance, terms and price. A recent example of how a.s.r. addresses climate risk in its P&C product range is the expansion of coverage for buildings and contents with damage due to the flooding of secondary rivers. This means that with effect from 1 January 2020, approximately 2 million private and business building and content coverages will automatically be expanded to include cover for damage following secondary flooding. Furthermore, due to changing governmental policies and/or new technologies in the transition to a low-carbon economy, new developments are arising which will require new insurance solutions. New products and technologies such as electric cars, heat pumps and solar panels are already included within the existing product portfolio. Also, if a policyholder reports repairable damage to their property or goods, a.s.r. aims to have it repaired in a sustainable way.

4.4.3 Climate risk management

Climate change is part of the annual group-wide Strategic Risk Analysis (SRA) process conducted by all business lines, support departments and the EB, and is coordinated by GRM. The SRA process is built on a series of workshops and provides a detailed inventory of strategic business risks and translates these into (operational) control measures. All risks in scope (e.g. strategic risk, market risk, counterparty default or liquidity risk) are weighted according to a scale of risk with 'levels of concern'.

Climate-specific risks incorporated in the SRA process are:
- Physical risks associated with climate-induced extreme weather events;
- Transition risks associated with the energy transition;
- Reputational risks associated with consumer sentiment towards financial institutions;
- Regulation and litigation risks as announced under the EU Sustainable Finance Action Plan.

The business lines and support departments are responsible for developing mitigation and control measures, such as policies, training or analysis. Monitoring of the strategic risks is done through the quarterly Business Risk Committees (BRC) which include representatives from each business line, Enterprise Risk Management (ERM), Audit and Compliance, and whose reporting flows back up to the NFRC, BEC-risk meeting and the A&RC.

In 2020 the annual ORSA process, as specified through Solvency II, will run continuing on the SRA process. This is a quantitative assessment of the strategic risks identified in the SRA, based on SAA calculations.

Climate risk in asset management

Asset Management is organised through a range of oversight lines in order to minimise climate-related risks. The first line of defense are the portfolio managers. Each client mandate is managed according to the guidelines and restrictions of the SRI policy, which sets out the minimal standards. Customers are only able to opt for additional SRI restrictions.

Climate is integrated into the investment process for all asset classes and customer portfolios, for example through the integration of environmental scores and carbon emission data in the portfolio construction and specific portfolio guidelines on carbon emissions, energy transition scores or (environmental) indicators following the SDG framework. All this is supported by internal and external research and data, including qualitative and quantitative analysis and forward-looking indicators.

The investment restrictions of client portfolios, including a.s.r.'s SRI criteria, are integrated into the portfolio management systems with real-time monitoring, including pre-trade compliance rules. Any breaches will be reported to the portfolio manager and the risk department, the latter being the second line of defense. Post-trade monitoring is done through daily portfolio screening of the compliance rules, including ESG criteria. Any findings are accounted for and reported to management.

Climate risk in real estate

Each business line within a.s.r. is responsible for designing and implementing its own climate risk mitigation and control processes. Within Real Estate, this includes developing a detailed understanding of climate risks through plotting all its assets in GIS (Geographic Information System) and enriching this with climate impact data sourced from the Dutch Climate Impact Atlas curated by the Royal Dutch Meteorological Institute (KNMI). This work has generated a climate risk scoring mechanism down to asset level, which in turn has allowed us to identify the highest risk assets in the portfolio.

Going forward, more work needs to be completed to be able to generate projections around return estimates, maintenance plans or hold-sell assessments, as well as on how to incorporate climate risk within a.s.r.'s acquisition process. This is planned for 2020, alongside developing a more structured governance to control climate risk within the business line.

Climate risk in P&C

Within the ORSA, various stress scenarios are used with a five-year time horizon. This includes 'storm' scenarios. In addition, climate impact on the (non-life) portfolio is regularly reviewed both retrospectively and through various climate scenarios for the future. For short and medium-term climate risks (0-5 years) portfolio and actuarial risk analysis are performed. Product managers prepare an annual product forecast which also focuses on new risks and technologies. Risks are managed through risk assessment and selection processes, exposure limitations, exclusions, deductibles, premiums, coverage limits and reinsurance.

a.s.r. is a signatory of the Paris Pledge 2015 and commits to a safe and stable climate in which the increase in global average temperature should be limited to well below 2 degrees °C and preferably below 1.5 degrees °C.

a.s.r. is a signatory of the Dutch Climate Agreement and commits to a 49% reduction of its carbon footprint by 2030, based on the 1990 baseline.

a.s.r. is a signatory of the Spitsbergen ambition and commits to measure the climate impact of the investments in order to contribute to the Dutch climate objectives: at least 49% CO_2 reduction in 2030, 100% in 2050.

a.s.r. is an active participant in developing and implementing the SBT methodology, which will provide sectoral decarbonisation pathways and absolute reduction targets (expected in 2020)

a.s.r. is an active participant in developing and implementing the PCAF approach to calculating the climate impact of its investments.

4.4.4 Climate metrics and targets

a.s.r. has publicly committed itself to several climate-related targets and initiatives and has developed various metrics in line with the top-down and bottom-up approach that guides it in controlling its climate-related risk while capturing climate-related opportunities.

Climate metrics and targets

Metric	Target	2019 progress
RAS limits on Solvency II ratio and liquidity	Proven resilience of a.s.r. to climate risk	Proven resilience of a.s.r. to climate risk
% compliance to SRI policy for all assets managed by a.s.r.	100% compliant	100% compliant
Carbon footprint (%) for all asset classes[1]	Carbon footprint: 95% of investment and mortgages portfolio (for own account) measured in 2021	89%
Impact investing[2] (€)	€ 1.2 billion impact investments (for own account) in 2021	€ 927 million

1 This applies to 'own assets' which are managed by a.s.r. asset management.
2 The impact investment target and 2019 progress concern impact investments with the intention to make social and environmental impact. Climate-related investments are part of these investments.

4.5 Statements of the Executive Board

a.s.r.'s consolidated and company financial statements for 2019, as well as chapters 1 - 5 of the annual report, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with Part 9, Book 2 of the Dutch Civil Code.

As required by Section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the EB declares that, to the best of its knowledge:

I. The financial statements provide 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;
II. The management report provides 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 confronting a.s.r.

In accordance with best practice 1.4.3 of the Dutch Corporate Governance Code of December 2016 and based on the evaluation carried out, the EB declares that, to the best of its knowledge:

I. The report provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems (see chapter 4.2 Risk management);
II. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies (see chapter 4.2 Risk management, 4.3 Compliance and 6.8 Risk management);
III. Based on the current state of affairs, the preparation of the financial reports on a going concern basis is justified (see chapter 2. Operating environment and 6. Financial statements); and
IV. The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report (see chapter 2.1 The story of a.s.r., 2.2 SWOT analysis and 6 Financial statements).

Utrecht, the Netherlands, 24 March 2020

Jos Baeten, CEO
Annemiek van Melick, CFO
Ingrid de Swart

4.6 Assurance report of the independent auditor

To: Shareholders and the SB of ASR Nederland N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2019 of ASR Nederland N.V. at Utrecht. A review is aimed at obtaining a limited level of assurance.

Based on our procedures 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 adequate view of:

- The policy and business operations with regard to sustainability;
- The thereto related events and achievements for the year 2019

in accordance with the reporting criteria as included in the section Reporting criteria.

The sustainability information is included in the following chapters of the annual report:

- 1. About a.s.r.;
- 2. Operating environment;
- 3. Sustainable value creation;
- 4.1 Group segment information;
- Annex A: Facts and figures;
- Annex B: About this report;
- Annex C: Glossary;
- Annex E: Materiality analysis and stakeholder dialogue;
- Annex F: GRI Content index.

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on 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 further described in the section Our responsibilities for the review of the sustainability information 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. This includes 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).

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

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. ASR Nederland N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards (option: Core) of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as disclosed in Annex B About this report and Annex C Glossary of the annual report.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The EB is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section Reporting criteria, including the identification of stakeholders and the definition of material matters. The choices made by the executive board regarding the scope of the sustainability information and the reporting policy are summarised in Annex B About this report and Annex C Glossary of the annual report.

The EB is also responsible for such internal control as the executive board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The SB is responsible for overseeing the reporting process of ASR Nederland N.V.

Our responsibilities for the review of the sustainability information

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

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the review performed by a multi-disciplinary team, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the EB;
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These further review procedures consisted amongst others of:
  - Interviewing management and relevant staff at corporate level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends.
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review;
- Evaluating the overall presentation, structure and content of the sustainability information;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the SB regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

The Hague, 24 March 2020

Ernst & Young Accountants LLP

Signed by R.J. Bleijs

This page has intentionally been left blank.

LEVENSVERZ MIJ HOLLAND
ROKIN 63
TER GELEGENHEID VAN HET
25-JARIG-BESTAAN
DER LEVENSVERZ: MAATSCHAPPY "HOLLAND"
AANGEBODEN DOOR HET GEZAMENLYKE
PERSONEEL
29 JULI 1895
29 JULI 1920
ANTVERPIA
PIETAS
UTRECHT

5

Governance

Object
De Amsterdam tile tableau

About the object
The tableau was presented to the management of the Holland life insurance company by the staff in 1920, on the occasion of the company's 25th anniversary.

5.1 Corporate Governance

5.1.1 General

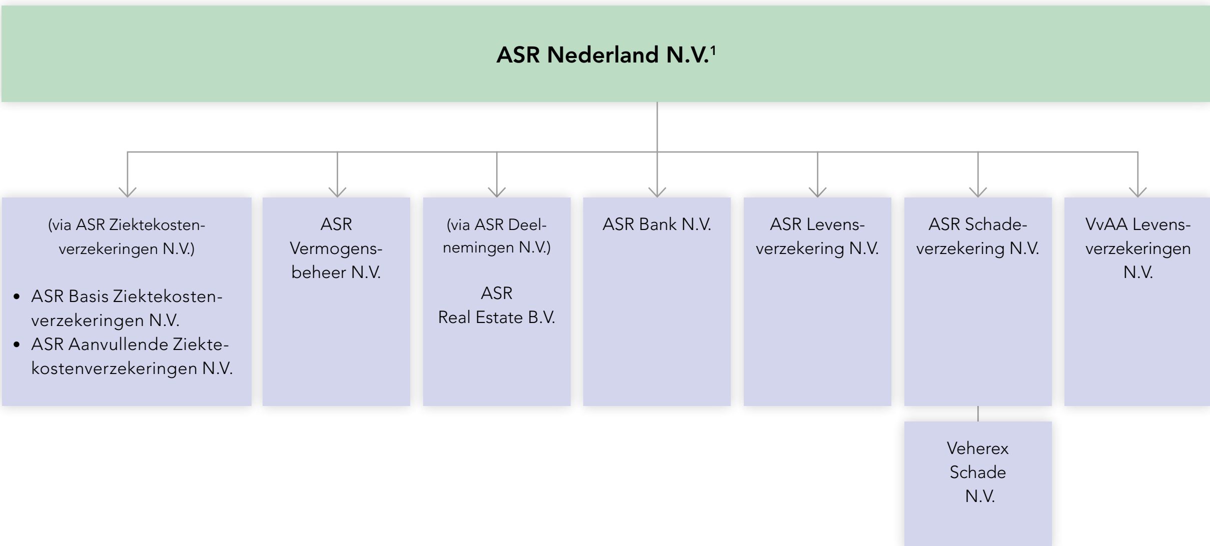
a.s.r. is a public limited company which is listed on Euronext Amsterdam and governed by Dutch corporate law. It has a two-tier board governance structure consisting of an Executive Board (EB) and a Supervisory Board (SB). The EB is responsible for the realisation of corporate objectives, the strategy with its associated risks and the delivery of the results. The SB is responsible for advising the EB, supervising its policies and the general state of affairs relating to a.s.r. and its group entities. As of 1 February 2019 a.s.r. changed its management structure. This was effected through the appointment of a Business Executive Committee (BEC). The BEC works alongside the EB and shares responsibility for the implementation of the business strategy. More information on the governance structure can be found in chapter 5.1.2 Executive Board.

Legal structure

ASR Nederland N.V. is the Group's holding company. The supervised entities (OTSOs) within the Group are ASR Levensverzekering N.V., ASR Schadeverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V. and ASR Bank N.V. On 1 May 2019, ASR Nederland N.V. completed the acquisition of Loyalis N.V. Loyalis N.V. was legally merged into ASR Nederland N.V. on 1 August 2019. The operating companies Loyalis Leven N.V. and Loyalis Schade N.V. legally merged with ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. respectively on 1 October 2019. Loyalis' non-life insurance business will remain in Heerlen and continue to offer products under the name Loyalis. On 19 July 2019, ASR Nederland N.V. announced the acquisition of VvAA Levensverzekeringen N.V. The completion of the acquisition was effected on 1 January 2020. In addition, ASR Nederland N.V. announced the acquisition of Veherex Schade N.V. on 23 August 2019. This acquisition was also completed on 1 January 2020 and will be integrated within the Loyalis brand.

A personal union exists between ASR Nederland N.V., ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. through cross-membership of the EB and the SB. ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V. and ASR Bank N.V. have their own EBs. The SBs of these entities consist of a combination of members of the EB and members of the SB of ASR Nederland N.V.

ASR Vermogensbeheer N.V. and ASR Real Estate B.V. (formerly named: ASR Vastgoed Vermogensbeheer B.V.) are two AIFMD-licensed AIFMs. These entities have their own EBs.



1 Situation as of 1 January 2020.

General Meeting of Shareholders and consultation with Shareholders

At least one AGM is held per annum, no later than 30 June. The main purpose of the AGM is to decide on matters as specified in a.s.r.'s articles of association and under Dutch law, such as the adoption of the financial statements. The articles of association also outline the procedures for convening and holding general meetings and the decision-making process. The draft minutes of the AGM must be published on the corporate website (www.asrnl.com) no later than three months following the AGM. Shareholders are given three months to respond to the draft minutes. The minutes of the AGM are subsequently adopted and signed by the Chairman and Company Secretary.

The AGM in 2019 was held on Wednesday 22 May. A total of 71.1% of the total issued share capital with voting rights was present in person or represented by proxy or voting instructions. The agenda of the AGM included the proposal to adopt the annual financial statements, the approval of the proposed dividend payments for the financial year 2018, the proposal to grant a discharge to each (former) member of the EB and SB from liability in respect of the exercise of their duties in the financial year 2018, the proposal to adjust the remuneration policy for the members of the EB as of 1 January 2020 and the proposal to determine the remuneration of the members of the SB as of 1 July 2019, the proposal to appoint KPMG as external auditor for the financial years 2020 up to and including 2024, the proposal to reappoint Kick van der Pol as Chairman and member of the SB, and the proposals to extend the autorisation of the EB to issue ordinary shares and/or to grant rights to subscribe for ordinary shares, to restrict or exclude the statutory pre-emptive right and to acquire the company's own shares. All agenda items were approved by the AGM. The next AGM will be held on Wednesday 20 May 2020.

An Extraordinary General Meeting (EGM) was held on 30 October 2019. The agenda of the EGM included the proposals to appoint Gisella van Vollenhoven and Gerard van Olphen as new members of the SB. A total of 71.5% of the total issued share capital entitled to vote was present in person or represented by proxy or voting instructions. These proposals were approved by the EGM.

Contacts with shareholders are currently conducted entirely in line with the Policy on fair disclosure and on the basis of bilateral dialogue with shareholders. The Policy on fair disclosure and the bilateral dialogue with shareholders is published on www.asrnl.com. The Group's Disclosure Committee supervises compliance with laws and regulations in relation to the disclosure of price sensitive information.

Anti-takeover measures

Stichting Continuïteit ASR Nederland (the 'Foundation') was established on 26 May 2016 under Dutch law in connection with a.s.r.'s listing on Euronext Amsterdam. The Foundation has an independent board consisting of three members. The role of the Foundation is to promote and protect the interests of a.s.r., its business and stakeholders, and to work against possible influences that could threaten the continuity, independence, strategy and/or identity of a.s.r. or its associated business to the extent that they could conflict with the aforementioned interests. If the interests of a.s.r., its business, stakeholders or continuity were to be undermined, the Foundation would be entitled - provided certain conditions under the call option agreement were to be met - to exercise a call option right on preference shares such that the number of preference shares acquired under the call option would never exceed the total number of shares forming the issued capital of a.s.r. at the time the call option was exercised, minus the number of preference shares already held by the Foundation (if any) at the time and minus one. See chapter 8 Report of Stichting Continuïteit ASR Nederland for more information.

5.1.2 Executive Board

The EB is collectively responsible for the day-to-day conduct of business at a.s.r. and for its strategy, structure and performance. In carrying out its duties, the EB is guided by a.s.r.'s interests, which include the interests of the businesses connected with it, which in turn include the interests of customers, shareholders, employees and society at large. The EB is accountable to the SB and the AGM with regard to the performance of its duties.

Certain resolutions made by the EB require the approval of the SB and/or the AGM. These resolutions are outlined in the a.s.r. articles of association and the Rules of Procedure of the EB. Both can be viewed at www.asrnl.com.

Composition of the Executive Board

The articles of association specify that the EB must consist of a minimum of two members, including at least a CEO and CFO. Only candidates found to meet the 'fit and proper test' under the Dutch Financial Supervision Act are eligible for appointment. In accordance with Article 17.1 of the articles of association of ASR Nederland N.V., the SB appoints the members of the EB and may suspend or dismiss any EB member at any time. The SB also notifies the AGM of proposed (re)appointments. At the beginning of 2019, a.s.r. was in a period of transition following the previous announcement of a change in its management structure. Following the introduction of its new management structure, the EB now consists of three members: the CEO, CFO and a member. The existing Chief Operating Officer (COO) position has been withdrawn and Karin Bergstein and Michel Verwoest resigned as COOs of the EB with effect from 1 February 2019. The selection procedure for a new EB member began in November 2018. Between 1 February and 1 December 2019, the EB temporarily consisted of two members under the chairmanship of Jos Baeten. In anticipation of the appointment of the new member, the portfolio was temporarily divided between the CEO and CFO. On 29 May 2019, the SB announced the nomination of Ingrid de Swart as member of the EB. At the 2019 EGM, the SB discussed the proposed appointment of Ingrid de Swart as a member of the EB. The SB subsequently appointed Ingrid de Swart for a four-year term with effect from 1 December 2019. On 1 October 2019, a.s.r. confirmed the resignation of Chris Figee as CFO and EB member. As of 1 February 2020, Chris Figee stepped down. The selection procedure for a suitable successor for the CFO position has begun immediately after the announcement. On 20 December 2019, a.s.r. announced the nomination of Annemiek van Melick as candidate as CFO and EB member. Annemiek van Melick was appointed by the SB after the EGM on 12 February 2020.

Executive Board

Name	Current term of office	Appointed until
Jos Baeten	26 January 2017	General Meeting 2020
Chris Figee	31 May 2018	1 February 2020
Annemiek van Melick	12 February 2020	General Meeting 2023
Ingrid de Swart	1 December 2019	General Meeting 2023

Business Executive Committee

On 1 February 2019, a BEC was established. Through the creation of the BEC, a.s.r. increased direct involvement of the senior managers of the product lines in further strengthening a.s.r.'s innovative power. It also enables a.s.r. to act decisively with respect to potential inorganic opportunities. The BEC consists of the members of the EB, the Chief Risk Officer (CRO) and senior managers representing specific business areas. The following business areas are represented in the BEC: Service Books (Individual life & Funeral), Pensions, Disability, Health, P&C, Asset Management, Mortgages and Innovation & Digitisation. Through the creation of the BEC, a.s.r. increased direct involvement of the senior managers of the product lines in further strengthening a.s.r.'s innovative power. It also enables a.s.r. to act decisively with respect to potential inorganic opportunities.

The BEC supports the EB, and is co-responsible for the implementation and realisation of the business strategy. Only the members of the EB have voting rights in the meeting of the BEC. The BEC will ensure the direct involvement, knowledge and skills of a.s.r.'s senior management responsible for specific business areas in the decision-making process at board level. With part of the industry in motion, it is vital that a.s.r. is able to respond quickly to opportunities that arise and efficiently anticipate constantly changing customer needs.

The SB will continue to maintain contact with the members of the EB as its primary role. As is already common practice, relevant senior managers will join SB meetings depending on what is on the agenda. The SB supervises the functioning of the BEC as a whole and the relationship between the EB and the BEC. The performance of the senior managers is also discussed between the EB and SB in the context of the review of senior management and succession planning.

Sustainability governance

a.s.r. seeks to be a leader in sustainable business practices in the financial sector and takes account of sustainability wherever possible. It does so from five roles: 'Sustainable insurer', 'Sustainable investor', 'Sustainable employer', 'A trusted company' and 'Role in society'.

a.s.r. engages in dialogue with all stakeholders on the principles and objectives of its sustainability policy. To this end, it maintains close contact with internal stakeholders and a broad group of external stakeholders, including customers, shareholders, regulators, politicians and government ministers, as well as trade bodies. In order to continue to drive and monitor sustainability in all its aspects within a.s.r., sustainability has been earmarked as a separate topic. Within the EB, the CEO is ultimately responsible for a.s.r.'s sustainability themes. The Task Force supports the CEO in his responsibility for the definition and implementation of a.s.r.'s sustainability strategy and policy. Each year, the SB discusses and approves the objectives and the progress made in these specific areas. The Director of Corporate Communications coordinates the implementation together with the CSR Task Force. All Task force members subsequently promote this vision and objectives within their own focus areas. The Task Force also sets sustainability KPIs and targets.

A sustainability Work Force, with delegates from the business as well as staff departments, operates under the Task Force. It reports quarterly on the set sustainability KPIs to the Task Force, which evaluates the results achieved or takes action where necessary. Each focus has a sustainability Work Force for substantive discussions and to work out (subsidiary) activities.

From 2020 on the BEC will take over the responsibilities of the CSR Task Force.

Diversity

a.s.r. is committed to an inclusive culture. In 2017, the SB adopted a formal diversity policy. a.s.r. uses the following definition for diversity: a balanced composition of the workforce, based on age, gender, cultural or social origin, competences, views and working styles. In December 2019, the EB consisted of one woman and two men. Per February 2020 the EB consists of two women and one man and therefore the current composition of the EB meets the gender target of having at least 30% women and 30% men amongst the members of the EB. a.s.r. will continue to strive for an adequate and balanced composition of the EB in future appointments by taking into account its diversity policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

Permanent education and evaluation

The 2019 self-evaluation session of the EB was conducted and discussed on the basis of a questionnaire. The general impression that emerged from this self-evaluation was positive. The main topic in this evaluation was the transition to a new composition of the EB and time will be invested in getting to know each other better in this new composition. In the context of the change of the CFO, attention is paid to knowledge transfer. Strategic themes that played a role in the past year will also play in the coming year: e.g. shrinkage of the life book and cost development. In addition other accents will also be laid, including a more customer-oriented organisation.

The performance of the members of the EB was also assessed by the SB as part of the scope of the annual assessment process. In this context, interviews are held twice a year with the individual members of the EB (by two SB members each time) in which the results of the aforementioned self-evaluation was included.

In 2019, specific sessions were also organised jointly with the SB and the senior management for the benefit of further education. The first session was a follow-up on the explanation of IFRS 17, the new accounting standard for insurance contracts, led by FRPM. The new regulations will impact future external reporting on insurance contracts. The implementation of IFRS 17 within a.s.r. is a major project. The second session focused on investment management. This knowledge session was led by a.s.r. asset management and took place at the end of the year. During this session, the SB, EB and senior management were given an update on strategic investment management, AI and robotisation in investment management, economic development and the strategic vision for 2020.

The individual EB members attended (leadership) sessions on various topics in their capacity as board members and supervisory directorships in other organisations.

Remuneration

Information on the remuneration policy for EB members and their individual remunerations can be found in chapter 5.3 Remuneration report.

Biographies of Executive Board members

Current members

J.P.M. (Jos) Baeten
(Dutch, 1958)

Chairman of the Executive Board and Chief Executive Officer (CEO)

Jos Baeten is responsible for Group Risk Management, Human Resources, Legal & Integrity, Corporate Communications and Audit.

Jos Baeten studied law at Erasmus University Rotterdam and began his career in 1980 when he joined Stad Rotterdam Verzekeringen N.V., one of a.s.r.'s main predecessors. He attended the Advanced Management Programme at Wharton University in Pennsylvania in 2002. In 2005, he was appointed Chairman of the Board of Directors of Fortis ASR Verzekeringsgroep N.V.

Additional positions
Jos Baeten is currently a member of the EB of the Dutch Association of Insurers (Verbond van Verzekeraars) and a member of the SB of De Efteling B.V. In addition, he is a member of the General Administrative Board of VNO-NCW and a Board Member of Stichting Grote Ogen and Stichting Fietshelm is Hoofdzaak.

A. T. J. (Annemiek) van Melick
(Dutch, 1976)

Chief Financial Officer (CFO)

As of 1 February 2020, Annemiek van Melick is responsible for Finance, Risk & Performance Management, Group Balance Sheet Management, Group Asset Management and a.s.r. real estate.

Annemiek van Melick studied Dutch Law at the University of Utrecht and Financial Management at Nyenrode Business University. Annemiek van Melick previously worked at De Volksbank, where she was a member of de EB and CFO from 2014 to September 2019. Prior to that, she worked from 2012 to 2014 as Chief Financial & Risk Officer at SNS Retail Bank, a business unit of SNS REAAL and as Director Corporate Strategy and M&A at SNS REAAL from 2008 to 2012. Annemiek van Melick started her career in 2001 at Goldman Sachs in London within the investment banking division focused on capital market transactions and later on joined Lehman Brothers's M&A team in Amsterdam, where she worked until 2008.

Additional positions
Annemiek van Melick is a member of the SB of Royal Swinkels Family Brewers.

I.M.A. (Ingrid) de Swart
(Dutch, 1969)

Member of the Executive Board

As of 1 December 2019, Ingrid de Swart is responsible for IT&C, Innovation & Digitisation, Services and Distribution.

Ingrid de Swart studied Dutch language and literature at Utrecht University. At CEDEP in Fontainebleau, she followed the Young Executive Programme and the General Management Programme. In addition to various other leadership, management and intervision programmes, she attended the Advanced Management Programme at Wharton University in Pennsylvania in 2014. Ingrid de Swart previously worked at Aegon Nederland, where she has been a Board Member since 2017 as Chair of Aegon Retail. Between 2014 and 2017, Ingrid de Swart was a member of the EB of Delta Lloyd.

Additional positions
Ingrid de Swart does not currently hold any additional positions.

Former member (resigned with effect from 1 February 2020)

H.C. (Chris) Figee
(Dutch, 1972)

Member of the Executive Board

Chris Figee was responsible for Finance, Risk & Performance Management, Group Balance Sheet Management, Group Asset Management and a.s.r. real estate.

Chris Figee has a degree 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 began his career at Aegon N.V., where he held various positions. In 1999, he moved to McKinsey, where he became partner in 2006. After ten years at McKinsey, he joined Achmea as Director of Group Strategy & Performance Management in 2009. Chris Figee's last position at Achmea was as Director of Group Finance.

Additional positions
Chris Figee is a member of the SB of Stichting Nederland Comité UNICEF.

5.1.3 Supervisory Board

The SB has three roles: the supervisory role, the advisory role and the employer's role for the EB. The SB supervises the policy pursued by the EB and the general course of affairs at a.s.r. and its group entities. Specific powers are vested in the SB, including approving certain EB decisions.

Composition of the Supervisory Board

In line with a.s.r.'s articles of association, the SB should consist of at least three members. There were a few changes to the composition of the SB in 2019. According to the rotation schedule, the third term of office of the Chairman of the SB expired at the close of the 2019 AGM. With a view to preserving continuity in the SB, Kick van der Pol was nominated by the SB for a special extension of his term for (a maximum of) two years. The AGM reappointed Kick van der Pol as member and Chairman of the SB. Annet Aris resigned as a member of the SB at the end of the 2019 AGM. Due to the resignation of Annet Aris and the forthcoming changes in the composition of the SB (resignation of Cor van den Bos) in accordance with the retirement schedule, the SB nominated two candidates as new members in order to ensure continuity within the SB and its committees. At the EGM on 30 October 2019, the proposed candidates, Gisella van Vollenhoven and Gerard van Olphen, were appointed as new members of the SB. The SB now consists of six members: Kick van der Pol (Chairman), Cor van den Bos, Herman Hintzen, Sonja Barendregt, Gisella van Vollenhoven and Gerard van Olphen. The composition of the SB of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. is the same as that of ASR Nederland N.V.

Diversity

The SB has drawn up a projected 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 SB profile can be viewed on the a.s.r. website: www.asrnl.com. In 2017, the SB adopted a formal diversity policy. One of the objectives of the policy is to achieve a SB consisting of at least 30% women and at least 30% men. In 2019, the composition of the SB met this gender ratio, with 33% women and 67% men.

The composition of the SB is such that each member has the skills to assess the main aspects of overall policy and the SB as a whole matches the desired profile due to a combination of experience, expertise and independence of the individual members. The diversity of its members ensures the complementary profile of the SB. a.s.r. will continue to strive for an adequate and balanced composition of the SB in any future appointments by taking into account the diversity policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

Supervisory Board

Name	Date of initial appointment	Date of reappointment	End of current term of appointment[1]	End of the term of appointment at AGM[2]
Kick van der Pol	15 December 2008	22 May 2019	22 May 2021	2021
Cor van den Bos	15 December 2008	15 June 2015	15 June 2019	2020
Herman Hintzen	1 January 2016	-	1 January 2020	2028
Sonja Barendregt	31 May 2018	-	AGM2022	2030
Gerard van Olphen	30 October 2019	-	AGM2023	2031
Gisella van Vollenhoven	30 October 2019	-	AGM2023	2031

Independence and conflicts of interest

In line with the Dutch Corporate Governance Code, SB members are appointed by the AGM for a four-year term. They can be reappointed for a single additional four-year term and subsequently reappointed for a period of two years, which appointment may be extended by two years at most. Reappointments following an eight-year period must be justified in the SB report. SB members retire no later than by the AGM immediately following the end of their term of appointment.

All the SB members passed the 'fit and proper test' required under the Dutch Financial Supervision Act. In 2019, there were no reports of potential conflicts of interest relating to members of the SB. The SB was also able to carry out its tasks independently pursuant to principles 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code.

1 SB members are reappointed or must resign no later than the next AGM held after this date.
2 Based on the possibility of an appointment for a maximum of twelve years (2 x four years and 2 x two years in accordance with principle 2.2.2. of the Dutch Corporate Governance Code).

Supervisory Board profile

Name	Date of initial appointment	End of current term of appointment	Years in Board	Year of birth	Gender	General business management strategy	Finance (balance, solvency & reporting)	Financial markets/disclosure, communication	Audit, risk, compliance, legal & governance	Insurance (life, non-life, asset management & banking)	M&A	IT/Digital & innovation	Social/employment	Sustainability/ politics
Kick van der Pol	12-2008	05-2021	11	1949	M	•	•			•			•	•
Cor van den Bos	12-2008	06-2019	11	1952	M	•	•	•	•	•	•			
Herman Hintzen	01-2016	01-2020	4	1955	M	•	•	•	•	•	•			
Sonja Barendregt	05-2018	05-2022	2	1957	F	•	•	•	•	•			•	
Gisella van Vollenhoven	11-2019	05-2023		1970	F	•	•	•	•	•				•
Gerard van Olphen	11-2019	05-2023		1962	M	•	•	•	•	•	•		•	•

Permanent education and evaluation

The SB is responsible for assessing the quality of its own performance. It therefore performs an annual self-assessment and discussion of its own performance and that of its committees and members. A self-assessment with external supervision is carried out every three years. The self-assessment for 2019 was carried out with internal guidance. The assessment was based on written and oral input from the members of the SB, the EB and the Company Secretary. The following aspects were assessed:

- Composition and functioning of the SB (strengths and points for improvement);
- Effectiveness of processes (information-gathering and decision-making);
- Advisory role;
- Role as an employer.

The outcome of the assessment was discussed by the members of the SB and the Company Secretary. The SB has an open, constructive and professional relationship with the EB. Dilemmas, in general or in specific files, are openly discussed both during meetings and during informal (one-on-one) contact. The EB feels and knows that it is supported by the SB in its relationship with the supervisory authorities. In terms of composition, the SB is positive about the changes in the past year and the result thereof in the dynamics. With the entry of the two new members, Gisella van Vollenhoven and Gerard van Olphen, diversity has increased. The current composition is assessed as good and multiform. However, a high degree of knowledge/experience with innovation and digitisation is relatively limited and therefore a point for attention. This will be guaranteed, among other things, through continuing education and a possible external working visit in this context. The search for a new chairman (with relevant board experience and knowledge of the insurance sector) is also a point for attention. In addition, the SB will devote specific attention in the coming year to the onboarding of the new members of the EB and the relationship with the BEC. In the coming year there will also be attention for further digitisation in the interest of the customer and the development of costs.

In 2019, specific sessions were also organised jointly with the EB and the senior management for the benefit of further education. The first session was a follow-up on the explanation of IFRS 17, the new accounting standard for insurance contracts, led by FRPM. The new regulations will impact future external reporting on insurance contracts. The implementation of IFRS 17 within a.s.r. is a major project. The second session focused on investment management. This knowledge session was led by a.s.r. asset management and took place at the end of the year. During this session, the SB, EB and senior management were given an update on strategic investment management, AI and robotisation in investment management, economic development and the strategic vision for 2020.

The individual members were given updates and presentations on various topics in view of their supervisory directorships at several Dutch and foreign enterprises and institutions.

Biographies of Supervisory Board members

C. (Kick) van der Pol
(Dutch, 1949)

Chairman of the Supervisory Board and member of the Selection & Appointment Committee and the Remuneration Committee

Kick van der Pol also serves as Chairman of the Board of Directors of Ortec Finance and is a member of the SB of the Holding Nationale Goede Doelen Loterijen N.V. In April 2019, he became Chairman of the SB of Total Care B.V. He previously served as Vice-Chairman of the EB of Eureko/ Achmea and as Chairman of the EB of Interpolis.

C.H. (Cor) van den Bos
(Dutch, 1952)

Vice-Chairman of the Supervisory Board and chairman of the Audit & Risk Committee

Until August 2008, Cor van den Bos served as member of the EB of SNS REAAL N.V., where he was responsible for all insurance operations, M&A and integration. Cor van den Bos is Vice-Chairman and a Non-EB Member of the investment firm Kardan N.V., where he is also Chairman of the Audit Committee.

H.C. (Herman) Hintzen
(Dutch, 1955)

Member of the Supervisory Board and member of the Audit & Risk Committee

Herman Hintzen acted as an adviser to the EB of APG Asset Management and served as Managing Director at the Financial Institutions Investment Banking Groups of Morgan Stanley, Credit Suisse and JP Morgan. Until January 2016, he was Chairman of Insurance EMEA at UBS Investment Bank. He currently serves as Non-EB Member of VCM Holdings Ltd. and Non-EB Member of TSC Power Ltd.

S. (Sonja) Barendregt
(Dutch, 1957)

Member of the Supervisory Board and member of the Audit & Risk Committee

Sonja Barendregt was a (senior) partner at PwC specialising in the financial services sector, until 1 July 2017. She was also Chair of PwC's International Pension Group, a member of PwC's European Strategic Diversity Council, chair of the Pension Funds Industry Group, chair of the Investment Management Industry Group and a member of the European Investment Management Leadership Team. Since 2017, Sonja Barendregt has been a member of the SB of Volksbank, of which she is also Chair of the Audit Committee. Sonja Barendregt was appointed as a member of the SB and Chair of the Audit Committee of Robeco Institutional Asset Management B.V. in 2018. She is also an accountancy examinations expert at the Erasmus School of Accounting & Assurance.

G. (Gisella) van Vollenhoven
(Dutch, 1970)

Member of the Supervisory Board, Chair of the Remuneration Committee and member of the Selection & Appointment Committee

Gisella van Vollenhoven is also a member of the SB of Waarborgfonds Sociale Woningbouw, where she is also Chair of the Remuneration Committee. She began her career at ING in 1994, holding the positions of Manager Corporate Accounts Employee Benefits at NN and later Senior Manager Credit Risk Management and Head Model Validation Corporate Risk Management at ING, among other roles. Since 2013, Gisella van Vollenhoven has worked at the DNB, where she was Division Director On-site Supervision and Banking Expertise from 2014 to 2017 and Division Director Pension Supervision from 2017 to April 2019.

G. (Gerard) van Olphen
(Dutch, 1962)

Member of the Supervisory Board

Gerard van Olphen was Manager Financial Information and CFRO at Reaal Verzekeringen, CFO at NIB Capital and CEO at NIBC Asset Management, among other roles. From 2002 to 2013, Gerard van Olphen was CFRO and subsequently Vice-Chairman of the EB of Achmea. From 2013 to 2015, he was Chairman of the EB of SNS Reaal (then known as Vivat). Gerard van Olphen has been Chairman of the EB of APG since March 2016. He is also a member of the SB of the Dutch Heart Foundation and a member of the SB of Netspar.

5.1.4 Corporate Governance Codes and regulations

Articles of Association and rules of procedure
The current articles of association (dated 9 June 2016) have been published on a.s.r.'s corporate website: www.asrnl.com. The SB and EB rules are also available on the corporate website. These rules were most recently amended and adopted in 2017 in response to the revised Dutch Corporate Governance Code.

Dutch Corporate Governance Code
Since being listed on Euronext Amsterdam, a.s.r. has been required to abide by the Dutch Corporate Governance Code. a.s.r. has complied with all the principles and best practices of the Dutch Corporate Governance Code, with the exception of those that do not apply to it. In the Corporate Governance section of its website, a.s.r. also publishes a detailed 'comply or explain' list which indicates which principles and best practices do not apply to it.

Dutch Banking Code
ASR Bank N.V. is 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 of how ASR Bank N.V. complies with the Dutch Banking Code can be found in its annual report, which is available at www.asrnl.com.

Professional oath
On 1 January 2013, the Dutch financial sector introduced a mandatory oath for EB and SB members of financial institutions licensed in the Netherlands. With regard to insurance companies, in addition to the EB and SB members, individuals holding a management position immediately below the EB who are responsible for staff who 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 individuals who may (independently) significantly influence the risk profile of the undertaking as well as those who are or may be involved in the provision of financial services.

For banks based in the Netherlands, such as ASR Bank N.V., all individuals working under the responsibility of the bank are required to take a similar bankers' oath with effect from 2015. Those who have taken the bankers' oath are subject to disciplinary rules.

Notwithstanding the above, a.s.r. has decided that all employees and other individuals carrying out activities under its responsibility must take the oath. New employees must take the oath within three months of joining the company.

Decision concerning disclosure of non-financial information and Decision concerning disclosure of diversity policy
a.s.r. also wants to be transparent concerning the non-financial information in its Management Report. Since the 2017 reporting year, the relevant legal requirements have been tightened for large companies of public interest. Such organisations, which include a.s.r., are now expected to clarify how they deal with environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery in their business operations and value chain. Large listed companies must also provide insight into their policy on diversity in relation to the EB and SB. Annex G EU Directive disclosure on non-financial information and diversity information states where the information requirements specified by the new legislation can be found in the annual report.

5.2 Report of the Supervisory Board

5.2.1 Meetings of the Supervisory Board

The Supervisory Board (SB) convened 9 routine meetings, 5 extra meetings, including 1 off-site meeting with the Executive Board (EB). In addition, 2 working visits were organised consisting of 6 two-hour meetings with the management teams of the business lines represented in the Business Executive Committee (BEC) (P&C, Disability, Pensions, Individual life & Funeral, Mortgages and Asset Management). SB members were available for consultation in between scheduled meetings. Several ad-hoc meetings were held to discuss issues relating to specific topics such as M&A, remuneration and the selection and appointment of new members of the EB and SB. Regular operational meetings were also held in the absence of the EB. During these meetings, matters such as the (self-evaluation of the SB and the evaluation of the EB members were discussed.

Attendance record of the members of the Supervisory Board (plenary sessions and committee meetings)

	Supervisory Board	Audit & Risk Committee	Selection & Appointment Committee	Remuneration Committee
Kick van der Pol	14/15	-	8/8	6/6
Cor van den Bos	15/15	10/10	-	-
Annet Aris[1]	4/5	-	3/3	3/3
Herman Hintzen	14/15	9/10	6/6	4/4
Sonja Barendregt	15/15	10/10	-	-
Gisella van Vollenhoven[1]	4/4	-	2/2	2/2
Gerard van Olphen[1]	3/4	-	-	-

The SB has a good working relationship with the EB. The Chairman of the SB has regular contact with the CEO, and several members of the SB are regularly approached outside meetings for advice on various files. The SB as a whole also receives bi-monthly updates, outside meetings, from the EB on various developments within the company, including product development, (potential) M&A transactions and personnel matters.

Highlights

2019 began with the implementation of the announced change of the management structure. Previously, several meetings were held with the SB, the EB and DNB, to discuss the design of the new management structure in order to successfully implement the strategy and achieve the goals a.s.r. has set for the future. This has resulted in a change of the composition and size of the EB, which now consists of three members, and the establishment of the BEC as from 1 February 2019. The introduction of the BEC guarantees more direct involvement of the senior managers of the product lines in further strengthening a.s.r.'s innovative power. It also enables a.s.r. to act decisively with regard to potential inorganic opportunities. As a result, the COO positions disappeared and Karin Bergstein and Michel Verwoest therefore stepped down from the EB as of 1 February 2019. The SB wishes to express its appreciation to them both for their contributions and key role in a.s.r.'s recent transition. The search for a new member of the EB resulted in the announcement of the nomination of Ingrid de Swart. After her introduction during the EGM in October 2019, the SB appointed Ingrid de Swart for a period which ends at the close of the 2023 AGM.

In September, the SB was pleased to announce two candidates for membership of the SB, Gisella van Vollenhoven and Gerard van Olphen. On 30 October 2019 both candidates were appointed by the EGM for a period which ends at the 2023 AGM. With the appointments, the SB is strengthened with two excellent members who bring in a great deal of experience and expertise. Gisella van Vollenhoven is an expert in the field of finance, risk management and supervision and Gerard van Olphen adds knowledge of the insurance sector, the management of financial institutions, customer focus and CSR.

1 Where a SB member stood down or was appointed during the year, only meetings held during his/her tenure are taken into account.

Lastly, on 1 October 2019 a.s.r. confirmed the resignation of Chris Figee as member of the EB and CFO as from 1 February 2020. The search for a suitable successor began immediately after the announcement. On 20 December 2019 the SB announced its proposal to appoint Annemiek van Melick as the intended successor of Chris Figee. The proposed appointment was discussed at the EGM on 12 February 2020. After the close of the EGM, the SB appointed Annemiek van Melick for a period which ends at the close of the 2023 AGM. The SB wishes to express its appreciation to Chris Figee for his key role in a.s.r.'s transition from a state-owned organisation to a listed company with an excellent reputation on the capital markets, since which a number of successful acquisitions have been made. a.s.r. now has a strong financial position, has become more agile, has improved its cost control and is well-placed to continue the execution of its current strategy.

M&A

Furthermore, as is now publicly known, a.s.r. looked into the possible acquisition of VIVAT by means of an extensive due diligence process, among other things. Although the M&A strategy of a.s.r. focuses in particular on acquisitions of small to medium-sized companies in the Netherlands, a.s.r. feels a fiduciary responsibility to the interests of its stakeholders to also investigate potential value creation through larger acquisitions, if these opportunities arise. During 2019, the potential acquisition of VIVAT has of course been a frequent topic of discussion between the SB and the EB. However, due to the confidential nature of this matter, no further announcements can be made about this. The SB wishes to express its appreciation for the way in which the EB and all the employees involved have shown great commitment in this process.

In view of the above, the SB is pleased that the M&A strategy for bolt-on acquisitions was also properly implemented during 2019. In 2019 a.s.r. nearly completed the integration of Generali Nederland. The last part of the integration of Pensions was completed in the beginning of 2020. Its contribution to the operating result and the return of this acquisition is higher than initially expected. Moreover, in the first half of 2019 this strategy was implemented with the acquisition and closing of Loyalis. With the acquisition of the complementary portfolio of Loyalis a.s.r. strengthens its market position in the field of disability insurance and enhances its leading role as a provider of overall solutions for sustainable employability. a.s.r. expects to realise economies of scale and capital benefits and opportunities to grow further in new segments. During 2019, the integration of Loyalis proceeded according to plan. The life and pensions activities of Loyalis are expected to be integrated into a.s.r. in 2020.

Later on, a.s.r. announced the acquisitions of VvAA Levensverzekeringen N.V. and Veherex. With this acquisition, VvAA guarantees sustained access to life insurance products for its more than 120,000 members. With the acquisition of Veherex, a.s.r. expands and strengthens its market position in the area of occupational disability insurance, whilst reinforcing its leading position in the provision of integrated sustainable employability solutions for employers. The SB has every confidence in the successful outcome of these acquisitions and supported the EB with the disciplined execution of the portfolio strategy during 2019.

Strategy based on long-term value creation

Each year, the EB presents various matters to the SB for approval, such as the (quarterly) figures, multi-year budget, the investment plan and the risk appetite. These matters were all discussed and approved by the SB in 2019. Throughout the year, the EB discussed a.s.r.'s strategy in detail with the SB and obtained the support of the SB for its value creation model. For a.s.r. as a multiline insurer, this involves the portfolio strategy (as described in chapter 2.1.3 Portfolio and execution of strategy) and the strategy for small and medium-sized acquisitions. Acquisition opportunities and possible divestments were discussed in the context of the execution of the strategy. The SB supported the EB with bolt-on acquisitions, which was also implemented in 2019 as mentioned above.

Following a comprehensive process, a decision was made to define a.s.r. bank as a non-core activity from 2019 and to offer it for sale, as its strategic fit was considered insufficient. As a result a.s.r. announced the sale of the savings portfolio of a.s.r. bank to Achmea Bank N.V., which was completed on 2 December 2019. With the sale of the savings portfolio of a.s.r. bank, a.s.r. underlines its focus on value-generating activities. Furthermore, in the beginning of 2020, a.s.r. announced that a.s.r. and Van Lanschot Kempen entered into a partnership agreement for a.s.r.'s investment accounts. This partnership is the final step for a.s.r. in the phase-out of its banking activities and the SB is convinced of the correct settlement of the banking activities.

The SB concludes that a.s.r. is on track to achieve the strategic priorities and the revised medium term targets which were announced at the CMD on 10 October 2018. Organic growth was achieved in line with the strategy. Costs were also generally further reduced (excluding acquisitions), customer service was improved and brand awareness of a.s.r. grew. a.s.r. is also increasingly appreciated for the role it plays in society.

In 2019, SB discussions included the following topics:
- Strategy, including a.s.r.'s long-term value creation in various business areas, such as Pensions, Disability and Health in combination with the introduction of a.s.r. Vitality, Distribution and Services, Real Estate Development and specific developments such as sustainable employability and self-employed individuals;
- Several M&A files, including the evaluation of previous acquisitions such as Generali Nederland;
- Corporate governance, composition of the SB and EB

and the management structure;
- EB and senior management succession planning;
- EB remuneration, including the completion of the evaluation and proposed adjustment of the remuneration policy;
- HR & culture; reports on employee surveys, sustainable employability and compliance with the a.s.r. code of conduct;
- Innovation and technology developments;
- NPS reports and developments in the field of brand positioning of a.s.r.;
- Financial and ERM, including cybersecurity, the RAS and the ORSA;
- Annual and quarterly results, dividends, capital generation and the Solvency II capital position, including the announced new RT1 issue;
- Investor relations;
- Multi-year budget including medium-term targets, capital & dividend policy, interest risk policy and funding plan;
- Legal, regulatory and compliance issues, including the relationship with the Dutch regulators;
- Tax policy and developments.

Financial performance

The SB discussed the financial performance each quarter, covering standing issues such as developments in the COR, long-term cost development and premium developments. The SB was satisfied with a.s.r.'s financial performance in 2019.

As part of their audit process, EY issued a management letter in November 2019 and a 2019 Audit report in March 2020 to the EB and SB. In the management letter, EY recognises the following: a.s.r. has made major steps to make its management model and organisation more effective. The BEC has been established. In addition, the Finance & Risk department was restructured, an important step towards further quality and improved efficiency.

In general, a.s.r. has a well-functioning internal control system, consisting of the 'three lines of defence' model, which supports a.s.r. in achieving its objectives. The various reports that are prepared can be described as informative and of good quality providing management with the appropriate information.

In the year 2019 a.s.r. further invested in strengthening internal control. EY, however note, that due to the multiplicity and coincidence of internal and external developments, there is pressure on the workforce within the organisation. This is reflected, among other things, by the degree of external hiring, but also by delays in the closing of in- and external audit findings.

The key findings with a high priority can be summarised as follows:
- Improve the Risk Control Framework for pensions, by including a control on periodic monitoring of timely and complete data delivery of disability information from third parties (such as the UWV);
- Ensure controls are executed timely in the acceptance of business within the P&C business;
- Improve the monitoring controls on tied agents 'Volmachten', including setting more detailed standards and documentation requirements for conducting the audits at 'Volmachten';
- Ensure that the process for monitoring and periodically reviewing transactions through high privilege accounts (HPAs) and non-personal accounts (NPAs) for Business Applications is consistently applied across all entities.

In addition to these topics, EY has also provided suggestions with a more medium to low priority. EY asks for continued vigilance to ensure these items receive continuous focus so that a.s.r. is sufficiently prepared for the future.

a.s.r. welcomes all suggestions and is committed to implementing these suggestions promptly. The SB was pleased with these conclusions and thanks EY for the audit work performed during the term of the engagement. The SB will monitor the implementation of these items.

As part of the transition to KPMG as the auditor, with effect from 1 January 2020, KPMG have attended the A&RC and the relevant SB meetings since November 2019.

Risk management and solvency

At the end of the year, the SB approved the risk appetite for both a.s.r. and its supervised entities. a.s.r.'s risk appetite is mainly based on the Solvency II regime and a prudent approach to risk management translated into standards for solvency, liquidity, efficient processes and achievable returns. The SB was satisfied with the execution of the risk management framework. The level of solvency remains acceptable and adequate thanks to the organisation's prompt and adequate response to external developments based on the chosen risk appetite and associated risk-mitigating measures. The risk appetite is an important criterion for the SB in making tactical and strategic decisions. The SB appreciates the prudent approach taken to comply with Solvency II and other regulations and regularly engages in dialogue with the EB concerning its views of the targets and intervention level relating to Solvency II ratios.

Culture and customer interest
Every six months, the SB considers the theme of customer interest based on reports, including the NPS report and the complaints report. These reports provide insight into levels of customer satisfaction. In 2019, the NPS was further improved compared to the previous year. The SB was satisfied that a.s.r. goes to great lengths to deliver a good NPS performance.

Throughout the year, the SB regularly discussed the organisation and culture of a.s.r. with the EB. a.s.r.'s in-house CLA 'De Andere Cao' became effective on 1 January 2018. At the beginning of 2019 the trade unions and a.s.r. reached an agreement on the continuation of the CLA for a term of two years with retroactive effect from 1 January 2019, which includes a structural wage rise of 3% as of 1 March 2019 and 1 March 2020 and a continuing dialogue regarding sustainable employment. The SB hereby compliments the EB on the progress that has been made in this area and also on the introduction of the employee share purchase plan.

Coronavirus
In February and March 2020, the SB has discussed the a.s.r. developments related to the coronavirus and the impact on the business, as well as the operational aspects, and will continue to monitor how a.s.r. is addressing the rapidly changing environment.

Contacts with the Works Council
All SB members attended one or more routine consultative meetings of the Works Council. In addition to these routine meetings, the Works Council maintains regular contact with the Works Council-appointed SB member (Annet Aris until 22 May 2019 and as of 30 October 2019, Gisella van Vollenhoven). After the announcement that Annet Aris would resign after the 2019 AGM, the Works Council started a selection procedure that led to the appointment of Gisella van Vollenhoven. In the meantime, the Works Council has maintained regular contact with the Chairman of the SB, Kick van der Pol. The SB also greatly appreciates its bilateral dialogues with the Works Council, on several occasions together with one or more members of the EB.

The SB has great appreciation for the approach taken by the Works Council to developments impacting a.s.r., such as the acquisition of Loyalis, the evaluation of the remuneration policy for the EB and SB, the selection and appointment of the new members of the EB and the introduction of the employee share purchase plan. Taking into account the interests of both a.s.r. as a whole and its employees, the Works Council makes thorough preparations when addressing the wide range of issues it is presented with, discusses them in a constructive dialogue with the EB, and issues balanced, well-considered opinions and recommendations.

Contacts with external regulators and auditors
The SB periodically consulted with DNB and AFM. The independent external auditor, EY, attended the SB 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.

5.2.1 Supervisory Board Committees

The SB has three committees that discuss specific issues and prepare items on which the full SB takes decisions. The chairperson of each committee reports on the main points of discussion and the resulting recommendations are discussed at the subsequent SB meeting. The minutes of the committee meetings are available to the members of the SB.

The three committees are:
- The Audit & Risk Committee (A&RC);
- The Remuneration Committee (RC);
- The Selection & Appointment Committee (S&AC).

Audit & Risk Committee
- Cor van den Bos (Chairman)
- Sonja Barendregt
- Herman Hintzen

The A&RC comprises three SB members. The composition of the committee is such as to represent the specific business know-how, financial, accounting and actuarial expertise relating to the activities of a.s.r.

The committee held ten regular meetings in 2019. In accordance with the A&RC Rules of Procedure, committee meetings are also attended by the CFO, the Director of GRM, the Director of Finance, Risk and Performance Management, the Manager of Compliance, the Director of Audit and the independent external auditor.

During the year, outside the regular meetings, the committee met on two occasions with the Audit, Compliance, Risk Management and AF in their roles as countervailing powers. The Chairman of the committee also had two one-on-one meetings with each of the directors of Audit and GRM, the Manager Compliance and two meetings with the external auditor EY.

After each financial quarter, the committee discussed the financial results based on detailed financial, risk, compliance and internal and external audit reports and analyses. Progress on the recommendations of the internal and external auditor was monitored. The full 2019 reporting year was discussed in the first quarter of 2020 based on the (quarterly) internal finance report, the press release, the annual report, the financial statements, the Board Report and the actuarial report. The discussion of the actuarial report was also attended by the AF.

The committee issued positive opinions on the annual report and on the financial statements to the SB.

The committee discussed and adopted the external auditor's letter of engagement and the audit plan for 2019. The external auditors' independence and additional fees were also reviewed each quarter. The management letter of the external auditor highlighting key internal control observations was discussed. Also, the audit results report of the external auditor was discussed. Special attention was given to the reported key audit matters: valuation of insurance contract liabilities including shadow accounting, fair value measurement of non-listed investments, Solvency II ratio and explanatory notes, unit-linked exposure, the reliability and continuity of electronic data processing and the acquisition of Loyalis. The A&RC approved the updated charters and annual plans for 2020 of the Actuarial and Risk Management Function and the Compliance Function. It advised the SB to approve the updated charter and the audit plan 2020 of the internal Audit Function; this advice was followed.

Specific topics discussed in the committee included (i) cyber risks and IT security, with a focus on outsourced activities, (ii) fraud issues (both from external clients - e.g. inappropriate claims behaviour - or from employees) and measures taken, (iii) decreasing interest rates and impact on solvency through the balance sheet plan 2019 and quarterly projection updates and (iv) following the completion of the acquisition of Loyalis in early 2019, the integration plan and status report in view of the integration of Loyalis. Special attention was given to KPMG's transition plan, after their appointment at the AGM in May 2019 as the external auditor for the financial years 2020 to 2024.

a.s.r.'s solvency position was reviewed and discussed each quarter. Specific attention was paid to the UFR effect within the Solvency II framework, to the decreasing interest rates and to a.s.r.'s view on a more economic UFR scenario. The A&RC discussed the risk scenarios and the outcomes of the ORSA and discussed the balance sheet plan and the quarterly updates of this. In all risk scenarios of the ORSA, the solvency ratio remained – sometimes after specific management actions – within the boundaries set by a.s.r., demonstrating the robustness of a.s.r.'s solvency and the effectiveness of certain management actions. The future solvency ratio projections include the gradual decrease of the UFR as prescribed by EIOPA.

The a.s.r. risk appetite is based on a prudent approach to risk management and translates the risk appetite into qualitative business guidelines for NFR matters and into requirements for solvency, liquidity and returns for the FR matters; solvency takes priority over profit and profit takes priority over premium income. Moreover, a.s.r.'s updated capital and dividend policy was discussed, after which the SB approved the updated policy.

The A&RC regularly monitored the status of the risk appetite during the year through a.s.r.'s Integrated Risk Dashboard and the status report on the management of risk priorities and at the end of the year, the Committee was informed of the outlines of the reinsurance programme for 2020.

Remuneration Committee

In 2019, the composition of the RC was as follows:

- Annet Aris (Chair until May 2019)
- Herman Hintzen (temporary Chairman in the period from May to November)
- Gisella van Vollenhoven (Chair as of November 2019)
- Kick van der Pol

The RC advises the SB on matters including the remuneration policy for the EB and SB and the terms and conditions of employment of the EB, and reviews the remuneration of senior management. The profiles of senior management have been adapted towards a more competence-based model, which improves the differentiation between the different roles.

The RC met six times in 2019. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed) and the Director of Human Resources, who also acts as Secretary in association with the Company Secretary. The committee solicits support and advice from departments such as GRM, Compliance, Audit and Human Resources. Where needed, the committee is consulted by the expertise of independent legal and pay & benefit experts.

In line with the policy, the committee advised the SB on target-setting, performance appraisals and the ex-post assessments of variable payments awarded to identified staff.

From the 2018 AGM until the 2019 AGM the RC devoted considerable time and attention to the evaluation of the remuneration policy for the EB and SB. The committee carefully took into account the opinions of all stakeholders, since there was a risk of damaging the trust of a.s.r. and of jeopardising its market position as a socially responsible insurer. In May 2019, the remuneration policies for the EB and SB were approved by the AGM. An extensive report on this is provided in chapter 5.3 Remuneration report.

At the end of 2019, the a.s.r. remuneration policy was updated in line with new regulations and the RC discussed the implementation of the remuneration policy for a.s.r.'s subsidiaries and participating interests. The Remuneration Disclosure 2018 was prepared and the results of the internal audit report on the application of a.s.r.'s remuneration policy were discussed.

Selection & Appointment Committee

In 2019, the composition of the S&AC was as follows:
- Annet Aris (Chair until May 2019)
- Kick van der Pol (Chairman as of May 2019)
- Herman Hintzen (as of May 2019)
- Gisella van Vollenhoven (as of November 2019)

The S&AC advises the SB on selection and appointment procedures and the composition of the Boards; it also prepares the (re)appointment of members. The S&AC met eight times in 2019. Its meetings are also attended by the CEO and the Director of Human Resources, who also acts as Secretary of the committee in association with the Company Secretary.

At the EGM in 2019, Gisella van Vollenhoven and Gerard van Olphen were appointed as members of the SB. A selection process for the appointments of these new members began in 2019 with the help of an external agency and were prepared by the committee. Gisella van Vollenhoven was appointed with an enhanced right of recommendation from the Works Council.

The search for a new EB member as the result of the changed management structure announced in 2018 resulted in the appointment of Ingrid de Swart in December 2019. Following the announcement of the resignation of Chris Figee, the search for a new CFO started at the end of October 2019 and resulted in the announcement of the proposed candidate, Annemiek van Melick, and her appointment in February 2020.

Furthermore, the committee discussed the annual appraisals of senior management. The change to a more competence-based model for the profiles of senior managers was also a subject of discussion and was prepared by the committee. A nine-box grid was used to evaluate senior managers and to discuss their individual development and possible successors. The committee was also informed of the results of the Denison scan, a tool used to measure the success of the organisation.

Lastly, in 2019 the fourth re-appointment of Jos Baeten as CEO for a four-year term and the re-appointment of Herman Hintzen as a member of the SB were discussed and prepared by the committee. The proposals for the re-appointments will be included as agenda items at the AGM in 2020.

Financial statements and dividend

The EB prepared the 2019 annual report and discussed it with the SB in the presence of the external auditor. The 2019 financial statements will be submitted for adoption by the AGM on 20 May 2020. a.s.r. will propose a dividend of € 1.90 per ordinary share, or € 267 million in total, including the interim dividend paid.

Appreciation

The SB wishes to express its gratitude to all the employees of a.s.r. (both permanent and contract staff) for their dedication to a.s.r., especially for their efforts with regard to all aspects of 'the story of a.s.r.'. All our employees have worked collectively to achieve a.s.r.'s mission by helping customers to share risks and build up capital for the future. Together, we are building an insurance company that is both valuable and sustainable. The SB also wishes to express its gratitude to the members of the EB and the senior management for their impressive leadership of a.s.r. which has given a.s.r. a good position in the market. The SB greatly appreciated the ongoing and constructive open dialogue and cooperation with the EB.

Utrecht, the Netherlands, 24 March 2020

Kick van der Pol (Chairman)
Cor van den Bos
Herman Hintzen
Sonja Barendregt
Gisella van Vollenhoven
Gerard van Olphen

5.3 Remuneration report

5.3.1 Introduction

a.s.r. was nationalised in 2008 and from then on, the Dutch State was the sole owner of all a.s.r. shares. As a state-owned financial institution, a.s.r. placed considerable constraints on the remuneration of the Executive Board (EB) and was not permitted to pay a variable remuneration or increase the fixed salary of the members of the EB, pursuant to the Dutch Act on limitation of liability DNB and AFM and bonus prohibition for state-supported enterprises. a.s.r.'s remuneration policy was therefore effectively put on hold and the remuneration of the EB was fixed for many years. In 2016, a.s.r. was re-listed on the stock exchange and has been fully independent from the Dutch State since 14 September 2017. As a result, the freeze of the EB's remuneration by the act no longer applied. The Supervisory Board (SB) has responded by deciding to reinstate and apply the existing remuneration policy, which included a periodic benchmark comparison.

The 2017 benchmark analysis showed that the salaries of the EB were substantially below the median of the relevant benchmarks. After a shareholder consultation a.s.r.'s SB decided in 2018 to gradually increase the individual remuneration of the members of the EB and reduce the gap with the peer group, in line with the existing remuneration policy. The increase was effected in multiple stages over time in 2018 and 2019. Additionally, the EB has committed itself to taking a percentage of its remuneration in the form of a.s.r. shares. From the IPO in 2016 until the end of 2017 the members of the EB could not buy any a.s.r. shares due to arrangements with its main shareholder at that time, the Dutch State.

At the 2018 AGM, the SB announced that it would assess and evaluate the remuneration policy for the EB. This evaluation took place in 2018 and in the beginning of 2019. As promised, the SB held an extensive consultation round in order to arrive at a proposal for the changed remuneration policy. A large group of shareholders was consulted. Also the Works Council, as the representative body for the a.s.r. employees, several labor unions, and a number of financial spokespersons of the parliamentary parties in the Lower House were consulted. Finally, the SB commissioned a qualitative survey of the general Dutch public by an independent agency with regard to views on remuneration policy and the remuneration of top executives. During the consultation round, ample attention was devoted to public views on the remuneration of top executives in the financial sector and the different methods that can be applied for the remuneration policy, such as a variable component and remuneration in shares. Various scenario analyses were reviewed and assessed in that context.

Whereas the Anglo-Saxon shareholders in particular see variable remuneration as an important element of alignment, the sentiment with regard to this form of remuneration is different among employees, politicians and the general Dutch public. The social sentiment in the Netherlands with regard to variable remuneration in the financial sector is negative. The SB is also not convinced of the effect of variable remuneration, in which the cap of 20% for financial institutions in the Netherlands also plays a role. In addition, this form of remuneration by various stakeholders is not considered appropriate for a socially responsible insurer such as a.s.r. and does not match with the internal remuneration system. Also a payment in shares primarily evoked a negative reaction from politicians, media and employees.

In addition, the employees and the Works Council have called for the total remuneration of an EB member not to exceed the median of the relevant benchmark and to keep the remuneration methodology as similar as possible to that of the total workforce. The SB has tried to find the best possible balance in this respect, whereby the labor market position and the continuity of (the management of) the company also played an important role. Ultimately, the SB took a balanced decision that in its view fits in with the positioning of a.s.r. and is in the best interest of all stakeholders.

The proposed remuneration policy for the EB per 1 January 2020 was adopted by the shareholders at the 2019 AGM with 84% of the votes cast. Due to the fact that this new remuneration policy is applicable per 1 January 2020, in this (2019) report first the former policy is mentioned, which relates to the payments that were made in 2019. This is followed by the new policy. At the 2020 AGM there will not be a vote on the remuneration policy. The remuneration report (execution of the policy in 2019) will be put up for an advisory vote in line with current legislation.

Shareholder Rights Directive II (EU 2017/828)

With the current remuneration policy (per 2020) for the members of the EB as well as the SB a.s.r. is of the opinion that it is compliant with the requirements of the Shareholders Rights Directive II (as implemented in Dutch law) as far as it is applicable to a.s.r.

Both the remuneration policy of the EB and the SB has been adopted by more than 75% of the votes cast (84% and 99% respectively). In addition, the Works Council was kept fully informed and involved during the evaluation process. The Works Council was timely given the opportunity to determine a formal position with regard to the proposal, but has waived this. The opinion of and input from the Works Council obtained during various contact moments has been included. Regarding the content of the remuneration policy, a.s.r. believes that it is in accordance with current legal requirements. The remuneration policy is clear and understandable. An explanation has been included on how the remuneration policy contributes to the strategy of a.s.r., sustainability and the interests of stakeholders. Account has also been taken of the identity and positioning of a.s.r., the remuneration ratios within a.s.r. and the social support. This has been implemented through the use and concrete interpretation of the four perspectives: the organisational perspective, internal perspective, external perspective and the stakeholder perspective. Certain legal requirements do not apply to a.s.r., as the policy does not include a variable remuneration scheme or a remuneration in shares.

The current remuneration policy does not include any procedural conditions under which a deviation from the remuneration policy is possible, the SB is aware of this. The format (in concept) for the remuneration report of the European Commission has been broadly followed and the tables are filled in as far as applicable to a.s.r. (no variable remuneration scheme and no remuneration in shares). Finally, this report will be submitted to the AGM 2020 for advisory vote.

5.3.2 Executive Board

A. Remuneration Policy in force until 31 December 2019

The a.s.r. Group remuneration policy applies to all a.s.r. employees, including the EB. a.s.r.'s remuneration policy is controlled and sustainable and aims to improve and maintain the integrity and robustness of a.s.r. It supports the strategy, objectives, values, culture and long-term interests of a.s.r. and all its stakeholders. It enables a.s.r. to retain employees and attract the right people. An organisation-wide variable remuneration is not a part of the remuneration policy. The remuneration of the EB consists of a fixed remuneration. This comprises a fixed monthly amount, including holiday allowance. Pay is indexed in accordance with the a.s.r. CLA. The remuneration policy is based on the principle that the average level of total remuneration is just below the median of the benchmark group that is relevant to the company. Every three years, an independent consultant makes a market comparison (remuneration benchmark). The relevant peer group for the EB is a mix of Dutch financial institutions and medium-sized listed Dutch businesses outside the financial sector. The Remuneration Committee periodically checks whether that the choice of peer group is still adequate or if it should be revised.

The performance of each EB member is reviewed annually, based on a set of financial and non-financial targets determined by the SB. The targets for 2019 can be summarised as follows:

- Financial: realisation of the multi-year budget within the established risk appetite;
- Customer: creating a recognisable positioning of a.s.r. for its customers and increasing the NPS;
- CSR: traction on realising CSR objectives for 2020 (among others, a CO_2 neutral a.s.r. and distinctive capacity for SRI) and further development of a distinctive ESG position in asset management;
- Craftsmanship: further development of a.s.r. as a listed company and to manage the interests of all stakeholders in a balanced manner.

These goals are supplemented with specific strategic priorities for each board member, such as the integration of Loyalis Nederland and preparations for the implementation of IFRS 17. The remuneration is not directly dependent on the achievement of any targets, since the members of the EB do not receive variable remuneration. The objectives are, of course, constantly discussed during the various evaluation interviews between the SB and (the members of) the EB.

The members of the EB work on the basis of a contract for services for an indefinite period of time. These contracts for services expire by operation of law as soon as the parties concerned cease to be members of the EB. Furthermore, the contracts for services can be terminated (prematurely). In that case a.s.r. will observe a notice period of six months. A notice period of three months applies to the members of the EB. The contracts for services also contain a provision for dismissal due to a change of control.

The following conditions apply to severance pay for policymakers (including members of the EB).

- The maximum severance pay is 100% of the fixed annual remuneration;
- Severance pay is not awarded in the event of failure on the part of the company;
- Severance pay that can be classified as variable is not awarded to a.s.r.'s policymakers or to banks and insurers that are part of the Group.

Neither fixed nor variable severance pay may be awarded in the following cases:

- If an 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 gross negligence on the part of the employee in the performance of his or her role.

Remuneration in 2019

The SB realises that substantially salary increases were granted to members of the EB in 2018 and 2019, as previously announced at the beginning of 2018. The reason for this was that the salaries had hardly been adjusted for years due to the restrictions resulting from the shareholding of the Dutch State. As a result, salaries were far below the benchmark. In that context, the SB has decided to adjust the salaries in relation to this benchmark and due to their responsibilities. With the new remuneration policy as of 2020, salary increases will be in line with the methodology included in this policy and therefore will be more moderate and in line with the payments made to all employees and the company results. This is further explained hereinafter.

Pay ratio

a.s.r. is transparent about the remuneration of the EB. Not only in terms of actual amounts, but in accordance with Dutch law and the Dutch Corporate Governance Code also in comparison with the median of the remuneration of all staff.

When the remuneration of the EB is compared to the remuneration of all executive directors of all AEX-listed companies, the conclusions can be drawn that the remuneration of a.s.r.'s CEO is among the lowest compared with the CEO remuneration of all AEX companies and that the pay ratio is among the lowest compared with other AEX companies.

Pay ratio

	2019	2018	2017
Annual total compensation for the highest-paid individual	766,000	655,000[1]	546,000[1]
Median annual total compensation for all employees	61,000	61,000	59,000
Pay ratio	12.56	10.74	9.25

Total remuneration 2019 of the Executive Board

The remuneration of the current and former members of the EB is in accordance with the 2019 remuneration policy.

There are no loans, advances or guarantees provided by a.s.r. or any undertaking belonging to the same group of a.s.r. on behalf of a member of the EB.

Annual remuneration for members of the Executive Board

Amounts for 2019 in € thousand	Fixed remuneration			Variable remuneration					
Executive Board member	Base salary	Fees	Fringe benefits[2]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[3]	Total remuneration	Fixed portion of the total remuneration[4]
Jos Baeten, CEO	752	-	14	-	-	-	379	1,145	100%
Chris Figee, CFO	630	-	76	-	-	-	118	824	100%
Ingrid de Swart[5]	54	-	1	-	-	100	12	168	40%
Former member									
Karin Bergstein[6]	308	-	44	-	-	618	60	1,031	40%
Michel Verwoest[6]	43	-	6	-	-	561	10	620	9%
Total	**1,787**	**-**	**141**	**-**	**-**	**1,280**	**580**	**3,788**	**66%**

1 Restated 2017 and 2018.
The annual total compensation for the highest-paid individual consists of base salary and fringe benefits, including the maximum social security contributions.
2 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.
3 The commitment on pensions did not change in 2019. The increase in annual pension expenses is caused by a decrease in the interest rates. The calculation of annual pension expenditure is based on the total pension rights granted during the term of service at a.s.r. Further changes in the cost of pension benefits are mainly due to the impact of age, terms 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 the maximum pensionable salary cap (to be used for pensions at the employees' discretion) amounting to € 285,000 (2018: € 259,000) in total, and VPL. The pension benefits, excluding compensation for the maximum pensionable salary cap, represent post-employment benefits.
4 The proportion of fixed and variable remuneration is not relevant since the members of the EB do not receive any variable remuneration. The low proportion of fixed and variable remuneration of Ingrid de Swart, Karin Bergstein and Michel Verwoest in 2019 is caused by the amount of extraordinary items (severance payments and signing bonus) received by them during the financial year.
5 Ingrid de Swart was appointed to the EB on 1 December 2019. The remuneration figures for 2019 reflect a partial year as a member of the EB. The fee relates to a signing bonus received.
6 Michel Verwoest left the EB and a.s.r. on 1 February 2019. Karin Bergstein left the EB on 1 February 2019 and left a.s.r. on 1 August 2019, observing the applicable cancellation period of 6 months. The remuneration figures for 2019 reflect the part of the year Michel Verwoest and Karin Bergstein were employed by a.s.r., except for the amounts under extraordinary items. These amounts concern severance payments which are based on their annualised fixed remuneration on their contract termination dates.

Annual remuneration for members of the Executive Board

Amounts for 2018 in € thousand

	Fixed remuneration			Variable remuneration					
Executive Board member	Base salary	Fees	Fringe benefits[1]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[2]	Total remuneration	Fixed portion of the total remuneration[3]
Jos Baeten, CEO	642	-	13	-	-	-	301	956	100%
Chris Figee, CFO	455	-	77	-	-	-	95	627	100%
Karin Bergstein	439	-	74	-	-	-	148	661	100%
Michel Verwoest	439	-	76	-	-	-	126	641	100%
Total	**1,974**	**-**	**240**	**-**	**-**	**-**	**670**	**2,884**	**100%**

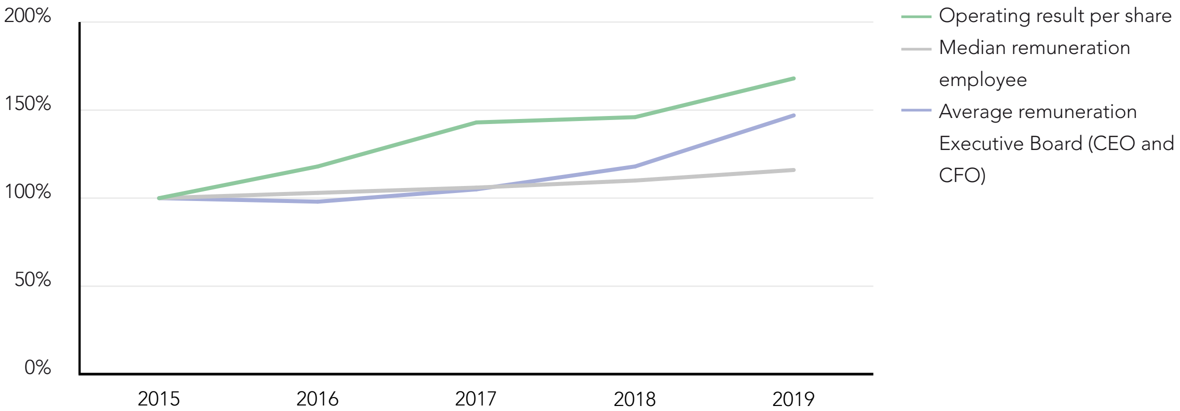
Pensions

The calculation of annual pension expenses is based on the total pension rights granted during a term of service at a.s.r. Pension costs include:

- Pensions based on a maximum pensionable salary cap (€ 107,593, fiscal maximum);
- Compensation for the maximum pensionable salary cap (to be used for pensions at the employee's discretion);
- Pension benefits related to historically awarded pension rights;
- VPL (early retirement and life cycle; 'VUT, Prepensioen en Levensloop').

All components of the remuneration of the EB are included in the base used for calculating the pension benefits. The members of the EB have the same pension scheme (Defined Benefit) as the employees of a.s.r.

Comparative chart over the remuneration and company performance over the last five reported financial years



A comparative chart is included above over the remuneration and company performance over the last five reported financial years. The company performance is expressed in operating result per share. Also the median remuneration of the employees (not being an EB member) is shown, also used for the pay ratio as mentioned before. Finally the average remuneration of the EB (CEO and CFO) is presented. As also mentioned before is visible in this comparative chart that substantially salary increases were granted to the members of the EB in 2018 and 2019. The reason for this was that the salaries had hardly been adjusted for years due to the restrictions resulting from the shareholding of the Dutch State. As a result, salaries were far below the benchmark. In that context, the SB has decided to adjust the salaries in 2018 and 2019 in relation to this benchmark and due to their responsibilities. With the new remuneration policy as of 2020, salary increases will be in line with the methodology included in this policy and therefore will be more moderate and in line with the payments made to all employees and also the company results.

1 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.
2 The commitment on pensions did not change in 2019. The increase in annual pension expenses is caused by a decrease in the interest rates. The calculation of annual pension expenditure is based on the total pension rights granted during the term of service at a.s.r. Further changes in the cost of pension benefits are mainly due to the impact of age, terms 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 the maximum pensionable salary cap (to be used for pensions at the employees' discretion) amounting to € 285,000 (2018: € 259,000) in total, and VPL. The pension benefits, excluding compensation for the maximum pensionable salary cap, represent post-employment benefits.
3 The proportion of fixed and variable remuneration is not relevant since the members of the EB do not receive any variable remuneration. The low proportion of fixed and variable remuneration of Ingrid de Swart, Karin Bergstein and Michel Verwoest in 2019 is caused by the amount of extraordinary items (severance payments and signing bonus) received by them during the financial year.

B. Remuneration Policy as of 1 January 2020

The most important elements for the revised remuneration policy as of 1 January 2020 are:

- No introduction of a variable remuneration scheme for the EB members;
- Introduction of salary scales for the EB, in line with the other employees of a.s.r. In principle, the EB members progress through the salary scales in the same way as the employees. For the employees, this concerns an annual increase of 3% (provided that there is scope for this in the salary scale). For the EB members, the SB has the option of adjusting this growth path slightly, upwardly or downwardly (increase of 0% to 6%);
- The a.s.r. CLA applies to the members of the EB in relation to pay indexation;
- The introduction of an adjusted reference group with purely Dutch financial and similar listed companies of a socially responsible character as far as possible, as one of the points for determination of the EB salary scales.

a.s.r.'s starting point is that society experiences it as a useful insurer that deals responsibly with the funds entrusted to it and the environment in which it operates. With this in mind, the following four perspectives have been used to formulate the proposal as a basis for the remuneration policy:

1. The organisational perspective: in line with how a.s.r. presents itself as a company;
2. The internal perspective: consistency in the internal salary structure;
3. The external perspective: competitive with the external market;
4. The stakeholders' perspective: taking account of the views on remuneration of different stakeholder groups: customers, shareholders, employees and society.

Item 1. The organisational perspective

It is a.s.r.'s opinion that society may expect a.s.r. to be an efficient insurer who handles the funds entrusted to a.s.r. and the environment in which it operates, in a responsible manner. With respect to the remuneration of the EB, society may expect this to be befitting in view of a.s.r.'s character, and that the remuneration policy and the level of the remuneration of directors can be explained based on that perspective.

For this reason a.s.r. has no variable remuneration scheme. a.s.r. is of the opinion that such a scheme is not in line with the company's culture. The sentiment in society with respect to variable remuneration in the financial sector has also been taken into account in this respect.

Item 2. The internal perspective

All a.s.r. employees have a salary based on job weighting based on a classification in salary scales that they progress through in stages. The remuneration of the EB members is also fixed on the basis of a classification into salary scales. This creates a link with the salary scales for the other employees. The positions of members of the EB and the other employees are subject to a salary scale with a range from 70% to 100%. For the employees and the EB members, this maximum is just below the median of the adjusted reference group.

In principle, the EB members progress through the salary scales in the same way as the employees. For the employees, this concerns an annual increase of 3% (provided that there is room for this in the scale). For the EB members, the SB has the option of adjusting this growth path slightly, upwardly or downwardly (increase of 0% to 6%). The a.s.r. CLA applies to the members of the EB in relation to pay indexation.

Item 3. The external perspective

a.s.r. offers its employees a market-compliant salary. Market compliance of the salary is assessed on the basis of a reference group. The reference group of the EB consists of Dutch organisations only, many of which have a social nature, to be distinguished according to comparable Dutch listed companies and Dutch financial institutions, including insurance companies. The non-financial institutions must meet at least two of the three criteria set with respect to the similar size of the companies for inclusion in the reference group. These criteria concern the organisation's turnover, market capitalisation, and the number of staff[1]. a.s.r. finds itself around the middle of this reference group. In addition, all remuneration data of the organisations in the reference group must be published individually. The median is established using a conversion factor of 0.5 of 'at target' variable to fixed salary for the companies in the reference group that have a variable remuneration component.

The reference group of the other employees consists of the general market. The reference group for some positions within Group Asset Management and Real Estate, is Asset Management. To prevent the salary scales of the employees and the EB from diverging too much, partly due to the difference in reference groups, the salary scales of the EB are checked every 2 years against the reference group of the employees (the general market). If the differences become too substantial, this may be a reason to adjust the extent to which the maximum of the salary scales of the members of the EB is below the median. The remuneration ratio between the remuneration of the CEO and the median of the remuneration of the employees at a.s.r. will be less than 20.

Each year, the SB assesses whether, in addition to the increase in accordance with the CLA wage index, there is cause for a salary increase for the members of the EB within the salary scale. In principle, the members of the EB run through the salary scales in the same way as the employees. For employees, this concerns an annual growth of 3% (provided there is room for this in the salary scale). For the members of the EB, the SB has the option of adjusting this growth path slightly upwards or downwards

1 A range of 0.25 - 4 applies to market capitalisation. A range of 0.4 - 2.5 applies to turnover and employees.

in exceptional circumstances (a growth of 0% to 6%, provided there is room in the salary scale). In doing so, the SB will take into account the performance of a.s.r. and the principles laid down in the remuneration policy. The SB will account for this in the annual remuneration report.

Item 4. The stakeholders' perspective

The structure of the remuneration policy has been tested against the views of shareholders, customers, employees and society. A proposal to change the remuneration policy will be discussed with various stakeholders. The remuneration policy will take into account the views and interests of these various stakeholder groups as much as possible.

Periodical test

The Remuneration Committee tests the principles of the remuneration policy (at least) once every four years against the four perspectives. The remuneration policy will be put to the vote (at least) once every four years at the General Meeting of Shareholders. The market comparison (remuneration benchmark) is carried out once every two years by an external consultancy firm.

The table on the next page shows a comparison of the previous remuneration policy with the current remuneration policy as of 1 January 2020:

	Executive Board remuneration policy until 31 December 2019	Executive Board remuneration policy as of 1 January 2020
Policy principles	External benchmark	Four perspectives
Salary level	Individual salary level	Salary level based on salary scale (70% to 100%)
	The average level of the total remuneration lies just below the median.	The maximum for the salary scale lies just below the median.
	The a.s.r. CLA applies to the members of the EB.	The a.s.r. CLA applies to the members of the EB in relation to pay indexation.
	Salary increases at the discretion of the SB.	The SB assesses each year whether, in addition to the increase in accordance with the CLA salaries index, there are grounds for a salary increase for the members of the EB within the salary scale. If the SB makes use of this, the increase will lie between 0% and 6%.
Benchmark	Groups composed of Dutch financial institutions and medium-sized (listed) Dutch non-financial institutions.	A group of Dutch organisations, a significant proportion of which have a strong CSR reputation, distinguished into comparable Dutch listed companies and Dutch financial institutions, including insurers.
		The non-financial institutions must comply with at least two of the three criteria set in relation to the comparable size of the companies for inclusion in the peer group (revenue, market capitalisation and number of employees).
		All remuneration data of the organisations in the reference group must be published individually.
		The median is fixed with a conversion factor of 0.5 from variable to fixed salary for the companies in the peer group with a variable remuneration component.
	The benchmark is applied once every three years.	The benchmark is applied once every two years.
		The salary scale is tested in relation to the internal salary structure once every two years.
	In the event of material changes, the policy is presented to the General Meeting of Shareholders	The policy is presented to the General Meeting of Shareholders once every four years and in the event of material changes.
	Additional to the remuneration policy	**Additional to the remuneration policy**

	Executive Board remuneration policy until 31 December 2019	Executive Board remuneration policy as of 1 January 2020
Participation	**Individual agreement as of 1 January 2018**	**Individual agreement as of 1 January 2018**
	CEO 50%	CEO 75%
	Other members 25%	Other members 50%
		To be realised within 7 years
	5-year share transfer restriction period	5-year share transfer restriction period
		Fiscal discount of 18.5%, related to the 5-year share transfer restriction period.

The full remuneration policy can be found at www.asrnl.com.

Remuneration in 2020

On the basis of the benchmark used for the 2019 AGM proposal and the mitigation principle, the salary of the CEO is currently at a level between € 682,000 and € 975,000. A salary scale of € 530,000 to € 756,000 applies for the CFO. For the other member of the EB, a scale of € 505,000 to € 722,000 applies. The maximum for the salary scale of the CEO is currently set at about 10% below the median for the reference group. The maximum for the salary scale of the CFO and the other member of the EB is currently set at about 5% below the median for the reference group. The benchmark is set every two years. The positioning, the scale maximum and the resulting bandwidth of the scale are then assessed and may be adjusted in relation to the resulting median.

Below the most recent reference group which consists of 20 companies.

Reference group

Organisation	Segment
Aalberts Industries	AEX
Arcadis	AMX
BAM Groep	AMX
Boskalis	AMX
Fugro	AMX
Grandvision	AMX
KPN	AEX
PostNL	AMX
SBM Offshore	AMX
Sligro	AMX
Signify	AMX
TomTom	AMX
Vopak	AEX
ABN AMRO	Bank (AEX)
Achmea	Insurer
Aegon	Insurer (AEX)
NN Group	Insurer (AEX)
Triodos Bank	Bank
Van Lanschot Kempen	Bank (AScX)
Volksbank	Bank

Those employees who have not reached the end of their salary scale yet get a yearly guaranteed increase of 3% until they reach the maximum of their salary scale. The EB members who have not reached the maximum of their salary scale can get a yearly increase between 0% and 6% (not guaranteed) until they reach the maximum of their scale. Per 1 January 2020 the SB decided to increase the salary of the CEO with 3%. This increase is in line with the increase all employees receive.

Also under the current CLA the a.s.r. employees are given an indexation of their salary of 3% (per 1 March 2019 and per 1 March 2020).This increase would also apply to the EB. For 2020 this means that all members of the EB receive an increase of 3% per 1 March 2020.

Participation in a.s.r. shares

One of the outcomes of the consultation round is that shareholders attach importance to aligning the involvement and performance of the directors with the success of their own organisation. In addition to the remuneration policy, EB members have committed themselves to taking a percentage of their remuneration in a.s.r. shares, at their discretion. In 2018 each member has signed an individual agreement for the commitment to purchase these shares. The cumulative investment in a.s.r. shares will reach a minimum of 50% of annual gross salary for the CEO and a minimum of 25% of annual gross salary for the other members.

As of 2020, the members of the EB commit themselves into a shareholding of 75% for the CEO and 50% for the other members, of the most recent gross salary. The share interest will be achieved within a maximum period of seven years. The shares must be held for a minimum of five years (blocking period). This percentage may be considered low in relation to other companies, but it must be taken into account that the members of the EB purchase these shares from their own financial resources. The shares do not form part of a variable remuneration or a remuneration in shares. The SB has made agreements with the members of the EB that the intended target (a shareholding of 75% for the CEO and 50% for the other members of the EB, of the most recent gross salary) will be achieved by 2026 at the latest.

At year-end 2019, the CEO and (now former) CFO hold the following number of shares:
- Jos Baeten 2,324 (15% of the most recent gross salary);
- Chris Figee 775 (9% of the most recent gross salary);
- Ingrid de Swart holds no shares at year-end 2019, because she was appointed per 1 December 2019.

5.3.3 Supervisory Board

The remuneration policy for SB members, including fees, expense allowances and other benefits, was adopted by the AGM. The remuneration paid to the members of the SB does not depend on the financial performance of a.s.r. and none of the SB members own a.s.r. shares.

Until July 2019 the members of the SB were entitled to:
- A base fee for members or chair of the SB;
- A committee fee for members on each of the SB's Committees.

As of July 2019 the members of the SB are entitled to, as adopted by the 2019 AGM:
- A base fee for members or chair of the SB;
- A committee fee for members or chair of each of the SB's Committees.

In determining the remuneration level, the responsibilities and time spent of a SB of a listed financial institution is taken into account, including:
- Revised and expanding legislation and regulations;
- Fundamental changes in the nature and complexity of the company and governance;
- a.s.r.'s profile, in which organic growth, mergers, acquisitions and collaborations in complex insurance areas will be actively examined and/or pursued.

In addition, the remuneration level within the reference group used will be examined. This reference group is the same as the reference group used for the members of the EB.

The fees for the members of the SB have remained unchanged since 2009. The Dutch Corporate Governance Code states that the remuneration of the members of the SB should reflect the time spent and the responsibility of the function. In recent years, the responsibilities of the SB have increased due to changes in governance, legislation and regulation. A benchmark study was conducted as part of the periodical evaluation. The reference group is the same as the one used for the remuneration of the members of the EB. The benchmark showed that the remuneration was far below the median of the benchmark. Based on this it was proposed to adjust the remuneration of the SB, as the remuneration was not in line with the time spent and the increased responsibility of the position. The proposed remuneration policy for the SB per 1 July 2019 was adopted by the shareholders with 99%.

An overview of the former and current remuneration is given below:

Type of remuneration

In €	Since 2009	As of July 2019
Supervisory Board		
Chairperson	45,000	50,000
Member	30,000	35,000
Audit & Risk Committee		
Chairperson	10,000	15,000
Member	10,000	10,000
Remuneration Committee		
Chairperson	2,500	10,000
Member	2,500	5,000
Selection and Appointment Committee		
Chairperson	2,500	10,000
Member	2,500	5,000

SB members who also serve on the SB of ASR Bank N.V. receive € 4,000 per annum and those on the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. also receive € 4,000 per annum. Annual fees are not paid to members of the EB who are also members of the SB of one of the Group entities, such as ASR Bank N.V.

Remuneration of the Supervisory Board members in 2019

The remuneration of the current and former members of the SB in accordance with the remuneration policy. There are no loans, advances or guarantees provided by a.s.r. or any undertaking belonging to the same group of a.s.r. on behalf of a member of the SB.

Annual remuneration for members of the Supervisory Board

Amounts for 2019 in € thousand	Fixed remuneration			
Supervisory Board member	Base salary[1]	Fees[2]	Fixed portion of the total remuneration	Total remuneration
Kick van der Pol[3]	48	14	62	100%
Cor van den Bos[4]	33	17	49	100%
Herman Hintzen[5]	33	22	54	100%
Sonja Barendregt[6]	33	13	46	100%
Gerard van Olphen[7]	9	-	9	100%
Gisella van Vollenhoven[8]	9	4	13	100%
Former member				
Annet Aris[9]	12	3	15	100%
Total	**174**	**72**	**246**	**100%**

Annual remuneration for members of the Supervisory Board

Amounts for 2018 in € thousand	Fixed remuneration			
Supervisory Board member	Base salary[1]	Fees[2]	Fixed portion of the total remuneration	Total remuneration
Kick van der Pol	45	9	54	100%
Cor van den Bos	30	14	44	100%
Herman Hintzen	30	14	44	100%
Sonja Barendregt	23	8	30	100%
Annet Aris	30	14	44	100%
Total	**158**	**59**	**216**	**100%**

1 Remuneration as a SB member of a.s.r.
2 Remuneration as a committee chairperson or member of a.s.r., SB member of ASR Bank N.V. or SB member of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V.
3 The fees relate to the amounts received as a committee member of the Selection and Appointment Committee (€ 6,250) and the Remuneration Committee (€ 3,750), and as a member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 4,000).
4 The fees relate to the amounts received as a committee member of the Audit & Risk Committee (€ 12,500) and as a member of the SB of a.s.r. bank (€ 4,000).
5 The fees relate to the amounts received as a committee member of the Audit & Risk Committee (€ 10,000) and the Selection and Appointment Committee (€ 3,125) and the Remuneration Committee (€ 4,375), and as a member of the SB of a.s.r. bank (€ 4,000).
6 The fees relate to the amounts received as a member of the Audit & Risk Committee (€ 10,000), and as a member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 3,000).
7 Gerard van Olphen was appointed to the SB on 30 October 2019. The remuneration figures for 2019 reflect a partial year as a member of the SB.
8 Gisella van Vollenhoven was appointed to the SB on 30 October 2019. The remuneration figures for 2019 reflect a partial year as a member of the SB. The fees relate to the amounts received as a committee member of the Selection and Appointment Committee (€ 1,250) and the Remuneration Committee (€ 2,500).
9 Annet Aris left the SB as of 22 May 2019. The remuneration figures for 2019 reflect a partial year as a member of the SB. The fees relate to the amounts received as a committee member of the Selection and Appointment Committee and the Remuneration Committee (€ 1,942), and as a member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 1,553).

5.4 Employee participation

Since its formation on 1 March 2018, a.s.r.'s Works Council has been in operation throughout the year 2019. The accessible, transparent cooperation between the business lines committees, the Works Council and directors which was reported in the 2018 annual report, continued in 2019.

The departure of a member of our Works Council led to new elections which were held in April 2019. These elections elicited much interest from a.s.r. staff. We are pleased that three colleagues stood for election. Since these elections the works council is complete.

The Works Council consists of three women and four men. Both the gender ratio as well as the diversity in age contribute to good dynamics and energy within the group resulting in well considered decisions.

Consultation with both the EB and SB takes place in an atmosphere of transparency and openness. The topics dealt with by the Works Council are highly diverse including among others:

- The consultations with the trade unions included the CLA negotiations and the extension of the pension scheme. The Works Council brought the opinions of the employees into the discussions;
- The acquisition of Loyalis, Veherex and VvAA Leven. The Works Council was actively involved in the various acquisitions in the past year. Among other things through contacts with the participation of the parties to be taken over and by attending staff meetings organised in the context of the takeovers.

The Works Council has been involved in the introduction of the newly appointed supervisory directors in the SB, Gisella van Vollenhoven and Gerard van Olphen and has issued positive advice in both cases.

The Works Council has been involved in the introduction of the newly appointed executive directors, Ingrid de Swart and Annemiek van Melick and has issued positive advice in both cases.

A delegation from the Works Council attended the AGM in May 2019 and the EGM in October 2019.

An overview of the formal consultations of the Works Council with the CEO and the SB is shown below. In addition to these formal consultations, the works council also had a number of informal contacts with the CEO and members of the SB.

Meetings Works Council

Meeting	Participants	Number of meetings
Regular Works Council meetings with a member of the EB	Chairman of EB, secretary of the EB, HR Director, and Works Council	6
Ad hoc meetings Works Council with a member of the EB		6
Regular Works Council meetings with a member of the EB and members of the SB	Chairman of EB, member(s) of the SB, secretary of the EB, HR Director, and Works Council	2
Works Council meetings without a member of the EB	Works Council	52

The number of requests for an opinion addressed to and dealt with by the Works Council was 9. The number of applications for consent addressed to the Works Council was 3. More requests for an opinion were dealt with this year. These were handled by the business unit committees.


MCMLVIII
HOLLAND VAN 1859
MY UTRECHT
ÆT LXXV
25 Sept. MCM LVIII
AANGEBODEN DOOR DE MY HOLLAND VAN 1859 AAN DE MY UTRECHT

6

Financial statements 2019

Object
De Utrecht and Holland stained glass window

About the object
The stained glass window illustrates the partnership between De Utrecht and Holland in 1958 with the Grote Kerk of Dordrecht on the left and the golden disc, the company logo. On the right are the Dom Tower of Utrecht and the tree planter, the logo of De Utrecht.

6 Financial statements

6.1 Introduction

6.1.1 General information

ASR Nederland N.V. (a.s.r.) ranks among the top 3 insurers in the Netherlands. a.s.r. offers products and services in the fields of insurance, pensions and mortgages for consumers, self-employed persons and companies. In addition, a.s.r. is active as an asset manager for third parties.

a.s.r. is listed on Euronext Amsterdam and is included in the AEX index. a.s.r. has a total of 3,906 internal FTE's (2018: 3,683).

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 and the Irish Stock Exchange (Ticker: ASRNL).

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 these financial statements are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur.

The financial statements for 2019 were approved by the Supervisory Board (SB) on 24 March 2020 and will be presented to the Annual General Meeting (AGM) of Shareholders for adoption on 20 May 2020. The Executive Board (EB) released the financial statements for publication on 25 March 2020.

6.1.2 Statement of compliance

The consolidated financial statements of a.s.r. have been prepared in accordance with the IFRS – including the International Accounting Standards (IAS) and Interpretations – as adopted by the 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.

6.2 Consolidated financial statements

6.2.1 Consolidated balance sheet

Consolidated balance sheet

(in € millions) (Before profit appropriation)	Note	31 December 2019	31 December 2018
Intangible assets	6.5.1	466	366
Property and equipment	6.5.2	189	172
Investment property	6.5.3	1,996	1,889
Associates and joint ventures at equity method	6.5.4	99	67
Investments	6.5.5	34,651	27,660
Investments on behalf of policyholders	6.5.6	9,571	7,771
Loans and receivables	6.5.7	12,332	11,083
Derivatives	6.5.8	5,959	2,867
Deferred tax assets	6.5.9	197	275
Reinsurance contracts	6.5.14	571	589
Other assets	6.5.10	722	636
Cash and cash equivalents	6.5.11	2,905	3,782
Assets held for sale	6.4.6	61	1,852
Total assets		**69,721**	**59,009**
Share capital	6.5.12	23	23
Share premium reserve		976	976
Unrealised gains and losses	6.5.12	937	586
Actuarial gains and losses	6.5.12	-1,016	-635
Retained earnings		4,179	3,528
Treasury shares	6.5.12	-9	-
Equity attributable to shareholders		**5,089**	**4,478**
Other equity instruments	6.5.12	1,004	1,001
Equity attributable to holders of equity instruments		**6,093**	**5,479**
Non-controlling interests	6.5.12	-	-
Total equity		**6,093**	**5,479**
Subordinated liabilities	6.5.13	990	497
Liabilities arising from insurance contracts	6.5.14	38,555	33,244
Liabilities arising from insurance contracts on behalf of policyholders	6.5.14	12,477	10,222
Employee benefits	6.5.15	3,860	3,327
Provisions	6.5.16	54	22
Borrowings	6.5.17	47	39
Derivatives	6.5.8	676	435
Due to customers	6.5.18	686	625
Due to banks	6.5.19	5,520	2,686
Other liabilities	6.5.20	729	630
Liabilities relating to assets held for sale	6.4.6	33	1,803
Total liabilities		**63,628**	**53,530**
Total equity and liabilities		**69,721**	**59,009**

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

6.2.2 Consolidated income statement

Consolidated income statement for the year ended 31 December

(in € millions)	Note	2019	2018 (restated)[1]
Continuing operations			
Gross written premiums	6.6.1	4,666	4,459
Change in provision for unearned premiums		75	34
Gross insurance premiums		**4,740**	**4,493**
Reinsurance premiums		-115	-107
Net insurance premiums		**4,625**	**4,386**
Investment income	6.6.2	1,444	1,393
Realised gains and losses	6.6.3	353	222
Fair value gains and losses	6.6.4	-55	60
Result on investments on behalf of policyholders		1,574	-302
Fee and commission income	6.6.5	129	117
Other income	6.6.6	165	137
Share of profit/(loss) of associates and joint ventures		5	-7
Total income		**3,616**	**1,620**
Insurance claims and benefits		-5,475	-3,576
Insurance claims and benefits recovered from reinsurers		60	42
Net insurance claims and benefits	6.6.7	**-5,415**	**-3,534**
Operating expenses	6.6.8	-656	-601
Restructuring provision expenses		-30	-25
Commission expenses		-489	-484
Impairments	6.6.9	-16	-40
Interest expense	6.6.10	-352	-313
Other expenses	6.6.11	-74	-105
Total expenses		**-1,616**	**-1,568**
Profit before tax		**1,210**	**904**
Income tax (expense) / gain		-240	-196
Profit after tax from continuing operations		**971**	**708**
Discontinued operations			
Profit / (loss) from discontinued operations, after tax	6.4.6	1	-36
Profit for the year		**972**	**671**
Attributable to:			
Non-controlling interests		-	2
- Shareholders of the parent		912	610
- Holders of other equity instruments		60	59
Profit attributable to holders of equity instruments		**972**	**669**

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

1 Comparative figures for 2018 have been restated. For details see chapter 6.3.1.

Earnings per share

(in €)	Note	2019	2018 (restated)[1]
Basic earnings per share			
Basic earnings per ordinary share from continuing operations	6.5.12	6.46	4.59
Basic earnings per ordinary share from discontinued operations	6.5.12	0.01	-0.26
Basic earnings per share		**6.47**	**4.33**
Diluted earnings per share			
Diluted earnings per ordinary share from continuing operations	6.5.12	5.94	4.27
Diluted earnings per ordinary share from discontinued operations	6.5.12	0.01	-0.24
Diluted earnings per share		**5.95**	**4.03**

1 Comparative figures for 2018 have been restated. For details see chapter 6.3.1.

6.2.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the year ended 31 December

(in € millions)	Note	2019	2018 (restated)[1]
Profit for the year		**972**	**671**
Remeasurements of post-employment benefit obligation	6.5.15	-509	53
Unrealised change in value of property for own use	6.5.2	7	8
Income tax on items that will not be reclassified to profit or loss		126	-15
Total items that will not be reclassified to profit or loss		**-377**	**46**
Unrealised change in value of available for sale assets		1,671	-429
Realised gains/(losses) on available for sale assets reclassified to profit or loss		-175	-236
Shadow accounting	6.5.14	-1,041	248
Segregated investment pools		-3	65
Income tax on items that may be reclassified subsequently to profit or loss		-106	61
Total items that may be reclassified subsequently to profit or loss		**346**	**-289**
Total other comprehensive income for the year, after tax		**-31**	**-244**
Total comprehensive income		**941**	**428**
Attributable to:			
Non-controlling interests		-	2
- Shareholders of the parent		881	366
- Holders of other equity instruments		60	59
Total comprehensive income attributable to holders of equity instruments		**941**	**426**

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

Shadow accounting allows a recognised but unrealised gain or loss on an asset to be transferred to liabilities arising from insurance contracts (see accounting policy I, chapter 6.3.4).

1 Comparative figures for 2018 have been restated. For details see chapter 6.3.1.

6.2.4 Consolidated statement of changes in equity

Consolidated statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealised gains and losses	Unrealised actuarial gains and losses (Pension obligations))	Retained earnings	Treasury shares	Equity attributable to shareholders	Other equity instruments	Non-controlling interest	Total equity
At 1 January 2018	**24**	**1,018**	**869**	**-674**	**3,385**	**-188**	**4,433**	**1,001**	**-2**	**5,432**
Profit for the year	-	-	-	-	669	-	669	-	2	671
Total other comprehensive income	-	-	-283	40	-	-	-244	-	-	-244
Total comprehensive income	**-**	**-**	**-283**	**40**	**669**	**-**	**426**	**-**	**2**	**428**
Dividend paid	-	-	-	-	-321	-	-321	-	-	-322
Discretionary interest on other equity instruments	-	-	-	-	-59	-	-59	-	-	-59
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-
Redemptions of other equity instruments	-	-	-	-	-	-	-	-	-	-
Cost of issue of other equity instruments	-	-	-	-	-	-	-	-	-	-
Treasury shares acquired (-)/sold	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in capital	-1	-42	-	-	-146	188	-	-	-	-
Other movements	-	-	-	-	1	-	1	-	-	1
At 31 December 2018	**23**	**976**	**586**	**-635**	**3,528**	**-**	**4,478**	**1,001**	**-**	**5,479**
At 1 January 2019	**23**	**976**	**586**	**-635**	**3,528**	**-**	**4,478**	**1,001**	**-**	**5,479**
Profit for the year	-	-	-	-	972	-	972	-	-	972
Total other comprehensive income	-	-	351	-381	-	-	-31	-	-	-31
Total comprehensive income	**-**	**-**	**351**	**-381**	**972**	**-**	**941**	**-**	**-**	**941**
Dividend paid	-	-	-	-	-252	-	-252	-	-	-252
Discretionary interest on other equity instruments	-	-	-	-	-60	-	-60	-	-	-60
Issue of other equity instruments	-	-	-	-	-	-	-	207	-	207
Redemptions of other equity instruments	-	-	-	-	-	-	-	-209	-	-209
Cost of issue of other equity instruments	-	-	-	-	-2	-	-2	-	-	-2
Treasury shares acquired (-)/sold	-	-	-	-	-1	-9	-10	-	-	-10
Increase (decrease) in capital	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-6	-	-6	6	-	-1
At 31 December 2019	**23**	**976**	**937**	**-1,016**	**4,179**	**-9**	**5,089**	**1,004**	**-**	**6,093**

Unrealised gains and losses include shadow accounting adjustments (see accounting policy I, chapter 6.3.4). For more detailed information on the unrealised gains and losses, see chapter 6.5.12.2.

The actuarial gains and losses related to the pension obligation decreased in 2019 by € 381 million after tax and € 508 million before tax (2018: increased by € 40 million after tax and € 53 million before tax). The decrease is mainly due to a decrease in the discount rate (see chapter 6.5.15).

In 2019, treasury shares acquired / sold are for the purpose of the a.s.r. employee share purchase plan. See chapter 6.5.12.4.

6.2.5 Consolidated statement of cash flows

The table below represents the cash flows from continuing and discontinued operations combined. Cash flows related to discontinued operations are included in chapter 6.4.6. if applicable.

Consolidated statement of cash flows

(in € millions)	2019	2018
Cash and cash equivalents as at 1 January	**4,018**	**3,749**
Cash generated from operating activities		
Profit before tax	1,212	904
Adjustments on non-cash items included in profit:		
Revaluation through profit or loss	-260	-159
Retained share of profit of associates and joint ventures	-3	9
Amortisation of intangible assets	26	14
Depreciation of property and equipment	17	12
Amortisation of investments	174	133
Amortisation of subordinated debts	1	-
Impairments	16	40
Changes in operating assets and liabilities:		
Net (increase) / decrease in investment property	-55	-225
Net (increase) / decrease in investments	-2,925	-144
Net (increase) / decrease in investments on behalf of policyholders	-1,208	573
Net (increase) / decrease in derivatives	-2,818	-300
Net (increase) / decrease in amounts due from and to customers	-526	-269
Net (increase) / decrease in amounts due from and to credit institutions	2,195	542
Net (increase) / decrease in trade and other receivables	-31	76
Net (increase) / decrease in reinsurance contracts	86	38
Net increase / (decrease) in liabilities arising from insurance contracts	2,101	-528
Net increase / (decrease) in liabilities arising from insurance contracts on behalf of policyholders	1,423	-256
Net (increase) / decrease in other operating assets and liabilities	-133	171
Income tax received (paid)	-48	-78
Net (increase) / decrease in assets and liabilities relating to held for sale	-	186
Cash flows from operating activities	**-756**	**739**
Cash flows from investing activities:		
Investments in associates and joint ventures	-36	-
Proceeds from sales of associates and joint ventures	6	6
Purchases of property and equipment	-9	-5
Purchases of group companies (less acquired cash positions)	-256	-90
Proceeds from sales of property and equipment	-	1
Sales of group companies (less sold cash positions)	-	-
Purchase of intangible assets	-1	-
Cash flows from investing activities	**-456**	**-88**

	2019	2018
Cash flows from financing activities:		
Issue of subordinated debts	492	-
Proceeds from issues of loans	-	2
Repayment of loans	-11	-4
Repayment of lease liabilities	-6	-
Dividend paid	-252	-321
Discretionary interest to holders of equity instruments	-60	-59
Issue of other equity instruments	207	-
Repayment of other equity instruments	-209	-
Purchase/ sale of treasury shares	-10	-
Costs of issue of subordinated debts	-2	-
Cash flows from financing activities	**149**	**-382**
Cash and cash equivalents as at 31 December	**2,955**	**4,018**
Further details on cash flows from operating activities:		
Interest received	1,406	1,247
Interest paid	-339	-223
Dividend received	80	81
Further details on lease payments:		
Total cash outflows for leases	-6	-

Cash and cash equivalents

	2019	2018
Total cash and cash equivalents		
Cash and cash equivalents from continuing operations	2,905	3,782
Cash and cash equivalents classified as assets held for sale	50	236
Total cash and cash equivalents	**2,955**	**4,018**

6.3 Accounting policies

6.3.1 Changes in comparative figures

Restatements of comparative figures are the result of changes in EU endorsed annual improvements to IFRS standards 2015-2017 cycle: IAS 12 amendment and changes in presentation.

IAS 12 amendment

The IAS 12 amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

The amendment impacts the presentation of the tax related to interest payments on other equity instruments. The tax impact of the interest payments on these instruments was until 2018 presented as part of equity. As from 2019, the tax impact is presented in the line item income tax (expense) / gain in the consolidated income statement. The comparative figures have been restated accordingly; tax expense was reduced by € 15 million. There is no impact on equity.

Changes in presentation

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. This mainly concerns interest income and interest expense relating to negative interest paid on derivative assets and positive interest received on derivative liabilities of a total of € 109 million. These changes in presentation have no impact on net result nor equity.

6.3.2 Changes in EU endorsed published IFRS standards and interpretations effective in 2019

The following changes relevant to a.s.r. in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2019:

- IFRS 16: Leases;
- Annual improvements to IFRS standards 2015-2017 cycle: IAS 12 amendment. (See chapter 6.3.1)

IFRS 16 Leases

Under this standard a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The main items a.s.r. leases, under operating lease agreements, are vehicles and buildings. For contracts that contain a lease component and one or more additional lease or non-lease components a.s.r. applies the practical expedient not to separate non-lease components from lease components.

For the implementation of IFRS 16 a.s.r. applied the modified retrospective method, meaning that the 2018 comparative figures in the 2019 financial statements are not restated. The application of this standard resulted in an increase in balance total of € 19 million per 1 January 2019 and does not have an impact on equity of the consolidated financial statements of a.s.r. per that date. Per 31 December 2018 a.s.r. reported € 17 million of operating lease commitments. The increase in comparison to the amounts disclosed in the annual report 2018 is mainly the result of the determination of the lease period under IFRS 16 which includes extension options a.s.r. expects to exercise, partially mitigated as the future lease payments are discounted.

Incremental borrowing rate applied at the date of initial application:
For vehicles leased a.s.r. uses the borrowing rate supplied by the lease company, which is 0.9%. The weighted incremental borrowing rate of a.s.r. as a lessee applied to the leased other property and equipment is 2.9%.

See accounting policy AA (chapter 6.3.4) for the lease accounting policy applied by a.s.r.

6.3.3 New standards, interpretations of existing standards or amendments to standards, not yet effective in 2019

The following new standards, amendments to existing standards and interpretations, relevant to a.s.r. and published prior to 1 January 2020 and effective for accounting periods beginning on or after 1 January 2020, were not early adopted by a.s.r.:
- Amendments to IAS 1 and IAS 8: Definition of Material (2020);
- IFRS 17: Insurance Contracts (2023);
- IFRS 9: Financial Instruments (2023).

Amendments to IAS 1 and IAS 8: Definition of Material
The IASB issued amendments to IAS 1 and IAS 8: Definition of Material which are relevant to a.s.r. and are effective from 1 January 2020. The amendments ensure a consistent definition of materiality throughout the Conceptual Framework and the IFRSs, clarify the explanation of the definition of material and clarify the meaning of 'primary users' of financial statements. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users (being the existing and potential investors, lenders and other creditors) make based on the a.s.r. financial information provided.

a.s.r. deems its previous and current consolidated financial statements to be in line with the amended definition of material, including clarifications. As a result, the amendment will have no material effect on the presented quantitative and qualitative information.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and will replace IFRS 4 Insurance Contracts. In June 2019, the IASB has issued an exposure draft to IFRS 17 wherein limited but necessary changes to IFRS 17 are proposed. A revised IFRS 17 is expected to be published in mid-2020. The revised IFRS 17 standard is expected to be effective from 1 January 2023, based on the IASB tentative decision taken in March 2020 during the IFRS 17 redeliberations, whereby the implementation of IFRS 17 and IFRS 9 will be delayed by two years. IFRS 17 is expected to increase comparability by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values – instead of using tariff rates ('tariefgrondslagen') as is currently the a.s.r. accounting policy (see accounting policy I and J).

This standard represents the most significant change to European insurance accounting requirements in decennia and will have a significant impact on the information presented in the financial statements (the primary statements as well as the disclosures). The standard introduces three models for the measurement of the insurance contracts. The general model, the variable fee approach for contracts with a direct participating feature and the premium allocation approach which is a simplified version of the general model and can be used mainly for short-duration contracts.

The general model measures insurance liabilities by taking the fulfilment cash flows, being the present value of future cash flows (PVFCF) including a risk adjustment (RA), and then adding a contractual service margin (CSM). The CSM represents the unearned profits of insurance contracts and will change the recognition of revenue in each reporting period for insurance companies. Under current a.s.r.'s accounting policy, revenue for insurance contracts is recognised when premiums are earned or received. Under IFRS 17, the insurance contract revenue depicts the insurance coverage and other services provided arising from the group of insurance contracts at an amount that reflects the consideration to which a.s.r. expects to be entitled in exchange for those services. Revenue includes the release of the CSM and RA in profit or loss over the coverage period. Insurance service result is a new income statement line item which is effectively a net result on NFR of all insurance contracts. Current economic and non-economic (e.g. actuarial) assumptions are used in remeasuring the fulfilment value at each reporting period.

IFRS 17 must be implemented retrospectively with amendment of comparative figures. However, simplifications may be used on transition when the full retrospective approach is impracticable.

Programme
In 2017, a.s.r. started a combined IFRS 17 and IFRS 9 programme to implement IFRS 17 and IFRS 9 Financial Instruments and has performed a high-level impact assessment. In 2018 and 2019, the programme has focused on the following activities:
- Updating Technical Implementation Documents taking into account available information and interpretation (i.e. IASB Board papers, IASB Transition Resource Group papers, and amendments to IFRS 17);
- The identified workstreams have continued to implement IFRS 17 in the operations during the period till the effective date of IFRS 17;
- Gained a better understanding of the impact through performing an impact assessment based on various scenarios;
- Evaluating and analysing the potential use of the disaggregation accounting policy choice for the insurance finance income or expense or OCI-option in combination with hedge accounting;
- Developing and implementation of CSM engines for its pension, life, funeral and disability business;
- Implementation of the IT architecture including implementation of the general ledger, accounting hub and reporting infrastructure;
- Defining the level of aggregation of contracts and decisions regarding the use of different accounting models;
- Preparation of the IFRS 17 accounting manual;
- Preparation of a dummy IFRS 17 and IFRS 9 consolidated financial statements;
- Preparation of a transition plan for IFRS 17 also taking into account the recent Generali and Loyalis acquisitions;
- Preparation of transition plan for IFRS 9 including if and how to implement hedge accounting due to the strong interaction between the insurance liabilities and the underlying assets;
- Provided feedback and input for the EU endorsement process, IASB IFRS 17 exposure draft and IASB IFRS 17 Amendments, where possible;
- Further training of staff participating in the programme;
- Preparation for an end-to-end systems test, including a financial impact assessment (i.e. information and transactions from source systems, via risk engines, accounting hub, general ledger to financial statements) in 2020.

At this moment, given the complexity and options available in IFRS 17, it is too early to quantify the actual impact on IFRS equity and profit for the year. However, a.s.r. expects IFRS 17 to have significant changes to its accounting policies and impact on shareholders' equity, net result, presentation and disclosure.

IFRS 9 Financial Instruments
IFRS 9 is effective from 1 January 2018 and EU endorsed. a.s.r. applies the temporary exemption from applying IFRS 9 for predominant insurance entities as permitted by the amendments to IFRS 4. The IFRS 4 amendments postpone the implementation of IFRS 9 until the effective date of the new insurance contracts standard IFRS 17, which is expected to be 1 January 2023. Due to this exemption there is currently no impact of IFRS 9 on the consolidated financial statements of a.s.r. but it 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. in 2023. The required disclosures as a result of the temporary exemption from applying IFRS 9 have been provided in 2019 consolidated financial statements chapter 6.7.3 Fair value of financial assets based on SPPI test results.

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.

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 recognised at amortised 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. The final outcome of the classification and measurement will be highly dependent on the interaction between IFRS 17 insurance contract accounting and IFRS 9 accounting for financial assets and liabilities, taking into account decisions and guidance prepared in the IFRS 17 and IFRS 9 implementation project.

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 amortised cost and at fair value through other comprehensive income with the exception of equity instruments. 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 the application of hedge accounting.

Programme IFRS 9
a.s.r. is currently performing the following activities:
- a.s.r. has performed business model evaluation and solely payment of principle and interest (SPPI) testing related to the financial assets and liabilities held by the insurance activities, as part of the overall IFRS 17 and IFRS 9 programme;
- Is evaluating the classification and measurement of the financial instruments in relation to IFRS 17 and asset liability management;
- Preparation of the IFRS 9 accounting manual;
- Implementation of the IT architecture for updating the investment management systems for IFRS 9;
- Preparation for the end-to-end systems test, including a financial impact assessment in 2020.

The implementation of IFRS 9, in combination with IFRS 17, for the insurance activities 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.

6.3.4 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 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 6.5.15);
- 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 organisation, 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 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 financial assets and liabilities
For other 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) and real estate equity funds third parties;
II. Financial instruments: loans and receivables – mortgage loans, and mortgage equity funds;
III. Investment property, real estate equity funds associates and buildings for own use;
IV. Financial instruments: asset-backed securities.

I. Financial instruments: private equity investments and real estate equity funds third parties
The main non-observable market input for private equity investments and real estate equity funds third parties is the net asset value of the investment as published by the private equity company (or partner) and real estate equity funds respectively.

1 Not measured at fair value on the balance sheet and for which the fair value is disclosed.

II. Financial instruments: loans and receivables – mortgage loans, and mortgage equity funds

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.

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

III. Investment property, real estate equity funds associates and buildings for own use

The following categories of investment properties and buildings for own use is recognised and methods of calculating fair value are distinguished:

- Residential – based on reference transaction and discounted cash flow method;
- Retail – based on reference transaction and income capitalisation method;
- Rural – based on reference transaction and discounted cash flow method;
- Offices – based on reference transaction and discounted cash flow method (including buildings for own use);
- Other – based on reference transaction and discounted cash flow method;
- Under construction – based on both discounted cash flow and income capitalisation method.

The following valuation methods are available for the calculation of fair value by the external professional appraisers for investment property, including real estate equity funds associates, 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:

- Discounted cash flow method;
- Income capitalisation method.

Discounted cash flow method

Under the discounted cash flow 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 behavior, which depends on 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 discounted cash flow 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;
- Reviewed rent per square meter;
- Investment transactions of comparable objects;
- 10 Year Dutch Government Bond Yield (%) as published by the DNB.

When applying the discounted cash flow 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 DNB.

Income capitalisation method
Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the discounted cash flow 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 capitalisation method, rents above or below the market rent are capitalised 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 recognised 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.

IV. Financial instruments: asset-backed securities
The fair value of the asset-backed securities is based on quotes published by an independent data vendor.

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 amortisation 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 (purchase gain), the carrying amount is directly recognised 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 amortised. a.s.r. performs an impairment test annually, or more frequently if events or circumstances warrant so, 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 recognised as an intangible asset with a finite useful life and amortised 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). Amortisation charges related to VOBA are included in net claims and benefits. The negative VOBA is amortised based on the weighted average term of the acquired insurance contracts at acquisition date Negative VOBA, or an additional provision, is recognised and presented under the Liabilities arising from insurance contracts.

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 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 recognised within property and equipment.

Investment property is primarily recognised 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 recognised 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 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 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 recognised 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 recognised 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 capitalised and are part of the cost of that asset. Borrowing costs are capitalised 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 capitalised when the asset is ready for use or sale. If the development of assets is interrupted for a longer period, capitalisation 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 capitalised.

E. Investments

Based on the amended IFRS 4, effective as of 1 January 2018, a.s.r. meets the criteria of a predominant insurer as of 31 December 2015 as the percentage of the total carrying amount of its liabilities connected with insurance related activities to the total carrying amount of all its liabilities exceeded 90% at that date. The liabilities connected with insurance, that are not liabilities directly arising from contracts within the scope of IFRS 4, have a carrying amount of € 3.3 billion and primarily relate to the derivative liabilities and due to banks as included in the Non-life and Life segments and the subordinated liabilities.

As a result a.s.r. decided to apply the temporary exemption from applying IFRS 9 by deferral until IFRS 17 (new accounting standard for insurance contracts) is implemented. The implementation of amended IFRS 4 had no significant impact on the consolidated financial statements of a.s.r. The additional disclosure requirements are presented in the chapters on Risk management and Other notes.
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 or loss;
- Loans and receivables (see accounting policy G); or
- 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 please see accounting policy B.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:
- Derivatives that do not qualify for hedge accounting (see accounting policy B and H);
- Financial assets, designated by a.s.r. as carried at fair value through profit or 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);
  - 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; or
  - The financial assets contain one or more embedded derivatives and a.s.r. does not separate the derivative from the host contract; and
- Associates for which a.s.r. uses the fair value option under IAS 28.

Financial assets at fair value through profit or loss are stated at fair value. At initial recognition, transaction costs are recognised in the income statement. Realised and unrealised gains and losses in the fair value are also recognised in the income statement.

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 or 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 unrealised fair value changes in equity and impairments, 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 financial assets are impaired. Financial assets at fair value through profit or 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 reorganisation 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 recognise 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 recognised directly in the income statement and represent the difference between amortised cost and the fair value at the balance sheet date, net of any previously recognised 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 recognised in profit or 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 and group contracts with segregated pools. These investments are carried at fair value. Any realised and unrealised value changes of the investments are recognised in the income statement as gains or losses on investments on behalf of policyholders.

G. Loans and receivables
Loans and receivables are measured at fair value plus transaction costs on initial recognition. They are subsequently measured at amortised cost based on the effective interest rate method, less impairment losses if deemed necessary.

Receivables from customers
Receivables from customers are primarily comprised of business loans and mortgage loans.

Receivables from credit institutions
Receivables from credit institutions 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 loans and receivables.

An individually assessed asset is considered 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 realised 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.

Incurred but not reported (IBNR) losses 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 recognised, the decrease in the impairment loss is recognised in the income statement.

H. Derivatives

Derivatives are primarily used by a.s.r. for hedging interest rate and exchange rate risks, for hedging future transactions and the exposure to market risks. Derivatives are mandatorily measured at fair value through profit or loss. a.s.r. does not apply hedge accounting.

I. Liabilities arising from insurance contracts

General

This includes liabilities arising from insurance contracts issued by a.s.r. that transfer significant insurance risks, and in some cases also FR, from the policyholder to a.s.r.

Liabilities arising from Non-life insurance contracts

These liabilities comprise a provision for claims, a provision for current risks, and a provision for unearned premiums. The provision for claims is based on estimates of claims payable. Claims payable relate to unpaid claims and claims handling costs, as well as claims IBNR 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 recognised 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 recognised for realised 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 recognised 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 recognised 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 recognised if the outcome of the LAT (see section 'IFRS LAT Life' later in this chapter) indicates that the total amount of the provision is adequate.

Additional provisions are generally recognised for realised 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 or loss, and specific derivatives (i.e. swaptions, interest rate swaps and inflation rate swaps). The realised gains or losses are amortised based on the remaining maturity period of the disposed financial assets. The realised gains or losses and the amortisation thereof are included in net insurance claims and benefits.

Participating contracts include additional obligations relating to contractual dividends or profit sharing and are stated net of capitalised interest rate rebates. These interest rate rebates are amortised in accordance with actuarial principles to the extent that the expected surplus interest is realised.

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 recognised 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 recognised as liabilities.

Shadow accounting

The Group's insurance accounting policies include the application of shadow accounting which is a specialised accounting treatment commonly utilised 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 unrealised gains or losses from the financial instruments backing these insurance liabilities. For non-participating contracts, adjustments are made to the insurance liability to reflect the unrealised gains from the financial instruments (including derivatives) backing these insurance liabilities. In addition, shadow accounting is applied to the unrealised fair value losses on derivatives held to the extent that they are allocated to the entity.

The shadow accounting policy is applied to certain types of insurance liabilities:
- Insurance contracts with participation features;
- Non-participating insurance contracts (including disability 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 recognised but unrealised gain or loss on an asset to affect the measurement of its insurance liabilities in the same way that a realised gain or loss does.

Shadow accounting is applied to unrealised value changes in fixed-income financial assets available for sale, specific financial assets designated at fair value through profit or 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 recognised in OCI if, and only if, the unrealised gains or losses are recognised in other comprehensive income. Unrealised gains and losses on assets at fair value through profit or loss are recognised 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; and
- Revaluations of debt instrument that have been subject to impairment.

IFRS Liability Adequacy Test Non-life
The LAT is performed at each reporting date to assess the adequacy of insurance liabilities for Non-life. The insurance liabilities for the LAT are calculated in accordance with Solvency II, using the UFR rate prevailing at the reporting date.

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, including Disability. 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. The insurance liabilities for the LAT are calculated in accordance with Solvency II, using the Ultimate Forward Rate (UFR) rate prevailing at the reporting date.

Liabilities are adequate if the technical provision recognised in a.s.r.'s balance sheet for the 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 unrecognised 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 LAT 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) 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 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 Time Value of Financial Options (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% (2018: 6%) 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: insurances risks, counterparty default risk related to reinsurance 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 recognised 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 recognised 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 organisations. 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'.

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 (DB) 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 DB obligation is calculated at each reporting date by independent actuaries. The majority of employees are formally employed by a.s.r. A limited amount of employees are employed by other group companies.

The liability in respect of DB plans is the present value of the DB 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. (hereafter a.s.r. leven) administers most of the post-employment benefit plans and holds 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 DB obligation and future pension costs.

Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognised 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 recognised directly in the income statement. Consistent with the calculation of a gain or loss on a plan amendment, a.s.r. will use updated actuarial assumptions to determine the current service cost and net interest for the remainder of the annual reporting period upon the time of such amendment. The effect of the asset ceiling, if applicable, is disregarded when calculating the gain or loss on any settlement of the plan.

The financing cost related to employee benefits is recognised in interest expense. The current service costs are included in operating expenses.

a.s.r. also has defined contribution (DC) plans for a limited number of employees which are employed by entities that operate in the Distribution and Service segment. For these DC plans, a.s.r. pays contributions to privately administered pension insurance plans with a.s.r. leven on a contractual basis. a.s.r. has no further payment obligations once the contributions have been paid. The contributions are recognised as operating expenses in the profit or loss account during the period the services are rendered. Prepaid contributions are recognised 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 recognised directly in the income statement.

Other post-retirements obligations
a.s.r. offers post-employment benefit plans, such as arrangement for mortgage loans at a discount (fixed amount, reference date December 2017). 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 DB 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 are 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 relating to assets held for sale are recognised in the changes in the composition of the group.

Should the impairment exceed the carrying value of the non-current assets within the scope of IFRS 5 measurement, any remaining impairment amount will be presented as a separate provision.

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 capitalised as an intangible asset. Any gain as a result of a purchase is recognised 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 recognised as an adjustment charged to goodwill in case of a preliminary valuation. Adjustments that occur after a period of one year are recognised in the income statement. 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 recognised in the changes in the composition of the group.

6.3.5 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. and 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.

Common control transactions and mergers

If and when common control transactions or legal mergers between entities under common control occur, the pooling of interest method is applied from the acquisition date. Goodwill and intangible asset identified in an initial business combination continue to be presented and recognised by the acquirer.

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 FR.

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 DPF (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 contracts with segregated pools are classified as life insurance contracts on behalf of policyholders.

P. Segment information

At organisational level, a.s.r.'s operations have been divided into five operating segments. The main segments are the Non-life segment and Life segment that include all insurance activities. The non-insurance activities are presented as three separate segments being the Asset Management, Distribution and Services and Holding and Other segment. There is a clear difference between the risk and return profiles of these five segments.

Intersegment transactions or transfers are conducted at arm's length conditions. For detailed information per segment, please see chapter 6.4, '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 recognised 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'.

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 recognised on the balance sheet and a corresponding liability is recognised as liabilities arising from securities lending in 'Due to banks'. Securities lent remain on the balance sheet. Securities received as collateral are not recognised 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 recognises 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 recognised within cash flows from financing activities.

T. Property and equipment

Property held for own use

Property held 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.

They are subsequently measured at fair value, including any unrealised fair value changes in equity, taking into account any deferred tax liabilities. For the method of determining the fair value reference is made to accounting policy B for investment property.

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 recognised in net result are recognised 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 capitalised 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 recognised in the income statement for the revalued portion.

Equipment
Equipment is recognised 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.

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 capitalised 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 and equipment is the same as accounting for borrowing costs attributable to investment property. For details, see accounting policy D.

Right-of-use assets
Right-of-use assets are recognised for lease contracts for which a.s.r. is the lessee. For more information reference is made to accounting policy AA.

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. Generally, associates are accounted for using the equity method 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 recognised 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 recognised 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.

When the application of the equity method produces information that is not relevant to the investors, a.s.r. may use the exemption of IAS 28 to measure the investments in those associates at fair value through profit or loss in accordance with IAS 39. a.s.r. applies fair value measurement for investments in real estate equity funds and mortgage equity funds, over which a.s.r. has significant influence.

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 accounted for using the equity method as applied to associates. The interests are recognised 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 an impairment is recognised in the income statement.

Joint operations
a.s.r. has a limited number of non-material joint operations. These are recognised 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 recognised 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. Development property is measured at cost including any incremental costs (if a.s.r. expects to recover those costs), directly related costs to the contract (i.e. labour, materials, allocation of directly related costs, payments to subcontractors) and construction period interest, less any invoiced instalments and impairments.

Revenue on property development is primarily accounted for at the moment the property is sold. This is a performance obligation satisfied at a point in time. The point in time is the moment a customer obtains control of the promised asset.

Property developments which are sold can have guarantees (such as rent guarantees or construction guarantees), which may give rise to a separate performance obligation.

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. Cash and cash equivalents are subsequently measured at fair value through profit or loss.

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 unrealised gains and losses
This reserve consists of:
- Unrealised gains and losses from assets available for sale net of tax and taking account of adjustments due to shadow accounting (see accounting policy I);
- The share of unrealised gains and losses of associates and joint ventures held by a.s.r. (see accounting policy U);
- Unrealised 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 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.

Other equity instruments
This item represents the par value of the other equity instruments. Costs directly attributable to the equity issue and the tax impact thereof are recognised in retained earnings.

Treasury shares
Treasury shares are a.s.r.'s own ordinary shares that have been issued and subsequently reacquired by a.s.r. Treasury shares are deducted from equity, regardless of the objective of the transaction. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the instruments. If sold, the difference between the carrying

amount and the proceeds is reflected in retained earnings. The consideration paid or received is recognised directly in shareholders' equity. All treasury shares are eliminated in the calculation of earnings per share and dividend per common share.

Treasury shares are acquired and resold as part of the employee share purchase plan. For more information on the employee share purchase plan, see chapter 6.7.5.

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).

Dividends on ordinary share capital
Dividends on ordinary shares are recognised as a liability and recognised in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognised 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 recognised in equity upon payment. The related income tax on these equity instruments is recognised in the income statement.

Z. Financing
On initial recognition, debt instruments and other loans are stated at fair value, net of transaction costs incurred. Subsequent valuation is at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Lease liabilities are included under borrowings and measured in accordance with accounting policy AA.

AA. Leasing
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For contracts that contain a lease component and one or more additional lease or non-lease components a.s.r. applies the practical expedient not to separate non-lease components from lease components.

At the commencement date of the lease, a.s.r.recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability at initial measurement. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. For vehicles, the lease payments are discounted using the interest rate implicit in the lease. For other leases a.s.r.'s incremental borrowing rate is used.

Subsequently, the right-of-use asset is valued at cost less any cumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The lease liability is increased with interest accrued and reduced for lease payments made. When applicable the lease liability is remeasured for changes in future payments resulting from a change in index or lease term.

The right-of-use assets are presented under property and equipment. The lease liabilities are presented under borrowings.

BB. 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 recognised as income when received from policyholders. Liabilities arising from insurance contracts are recognised based on estimated future benefits and expenses, and charged to the income statement. These expenses are recorded within 'insurance claims and benefits'. Therefore, in accordance with the matching principle, the profits are realised over the estimated term of the contracts.

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

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

DD. Realised gains and losses
Realised 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, realised gains or losses comprise:
- The proceeds from the sale or disposal of an asset or liability less the amortised cost of the asset or liability sold;
- Impairments previously recognised (except for equity instruments);
- Hedge accounting adjustments.

Any unrealised gains and losses previously recorded in equity (the difference between the carrying amount and amortised cost) are recognised in the income statement.

EE. Fair value gains and losses
Fair value gains and losses include realised and unrealised changes in the value of financial assets at fair value through profit or 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).

FF. Result on investments on behalf of policyholders
Investments on behalf of policyholders are measured at fair value through profit or loss. Any changes in value are recognised in result on investments on behalf of policyholders. This also includes interest income and dividends received on investments on behalf of policyholders.

GG. Fee and commission income
Determining the revenue to be recognised from fee and commission income relating to contracts with customers is based on a 5-step model:
Step 1 – Identifying the contract
Step 2 – Identify the performance obligation
Step 3 – Determining the transaction price
Step 4 – Allocating the transaction price to performance obligations
Step 5 – Recognising revenue when the performance obligation is satisfied.

A contract with a customer generally explicitly states the goods or services that a.s.r. promises to transfer to a customer. The transaction price is the amount of consideration to which a.s.r. expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. a.s.r. allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which a.s.r. expects to be entitled in exchange for transferring the promised goods or services to the customer.

a.s.r. satisfies its performance obligation by transferring control of a good or service over time and as a result recognises revenue over time. a.s.r. determined that the output method is the best method in measuring progress of the related services because the selected measure reflects best the services for which control has transferred to the customer. a.s.r. recognises revenue on the basis of the time elapsed relative to the total term of performing the service.

Fee and commission income relates mainly to asset management, distribution and services and reinsurance fees. These items are recognised as income in the period in which the services are performed. The asset management fees are periodically charged to the fund (or individual) customer for which the services were performed. The reinsurance and distribution and services fees are invoiced regularly with normal commercial payment terms.

HH. 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.

II. 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 recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

JJ. Commission expenses

This mainly relates to commissions paid. Commission paid to acquire insurance contracts are charged to the income statement, generally within one year.

KK. Impairments

An asset is impaired when its carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement as soon as they are identified. For details, see the relevant items of chapter 6.3.4 as mentioned earlier.

LL. 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 recognised 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 realisation, included in the income statement together with the value adjustments.

6.4 Group structure and segment information

6.4.1 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 2019

- ASR Nederland N.V.
  - ASR Ziektekosten-verzekeringen N.V.
    - ASR Basis Ziektekosten-verzekeringen N.V.[1]
    - ASR Aanvullende Ziektekosten-verzekeringen N.V.[1]
    - ASR Wlz-uitvoerder B.V.
  - ASR Schade-verzekering N.V.[1]
  - ASR Levens-verzekering N.V.[2]
  - ASR Vermogens-beheer N.V.[3]
  - ASR Bank N.V.[3]
  - *(through ASR Deelnemingen N.V.)*
    - PoliService B.V.[3]
    - ASR Real Estate B.V.[3]
    - ASR Vastgoed Projecten B.V.
    - Van Kampen Groep Holding B.V.[3]
    - As part of Van Kampen Groep Holding B.V.[3]: Van Kampen Geld B.V.[3], Melching Assuradeuren B.V.[3] and Melching Assurantiën B.V.[3]
    - As part of Dutch ID B.V.: Felison Assuradeuren B.V.[3] and Boval Assuarantiën B.V.[3]
    - Supergarant Verzekeringen B.V.[3] en ZZP Nederland Verzekeringen B.V.[3] (through Certitudo Investments)
    - Corins B.V.[3]
    - Anac, All-Finance Nederland Advies-Combinatie B.V.[3] and ANAC Verzekeringen B.V.[3]

1 Registered Non-life insurance companies;
2 Registered life insurance companies;
3 Other Wft registered companies (included in the segments Asset Management and Distribution and Services).

Segment information

The operations of a.s.r. have been divided into five (2018: six) operating segments. As of 2019, the Real Estate Development business is no longer a separate segment but is reported within the segment Holding and Other. The comparative figures have been restated accordingly. The Real Estate Development business decreased substantially over 2018 and is no longer considered a part of the a.s.r. strategy.

The main segments are the Non-life segment and Life segment in which all insurance activities are presented. The other activities are presented as three (previously four) separate segments being Asset Management, Distribution and Services and Holding and Other.

Segment Bank and Asset Management was renamed to segment Asset Management as the sale of ASR Bank N.V.'s (a.s.r. bank) savings operations was completed. See chapter 6.4.6.

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 6.7.9 for a list of principal group companies and associates in the relevant segments.

Other activities

The other activities consist of:

- The Asset Management segment involves all activities related to asset management including investment property management, and the discontinued banking activities. These activities include amongst others ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V. (formerly ASR Vastgoed Vermogensbeheer B.V.), ASR Hypotheken B.V. and a.s.r. bank. As of October 2018, all activities of a.s.r. bank are classified as discontinued, and most of these activities were sold during the year. For further disclosure, see chapter 6.4.6;
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (and as of September 2019 Melching Groep B.V.), Van Kampen Geld B.V., Dutch ID B.V., SuperGarant Verzekeringen B.V. (and ZZP Nederland Verzekeringen B.V.), Corins B.V., ANAC, All-Finance Nederland Advies-Combinatie B.V., ANAC Verzekeringen B.V. and Loyalis Kennis & Consult B.V; and
- The Holding and Other segment consists primarily of the holding activities of a.s.r. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.) and the activities of ASR Deelnemingen N.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 6.4.2 and 6.4.3.

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

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (see chapter 6.3). 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 centralised services are allocated to the segments based on the utilisation of these services.

The segments are assessed on their operating result as defined in chapter 6.10.

6.4.2 Segmented balance sheet

Segmented balance sheet

As at 31 December 2019	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	125	155	8	179	-	-	466
Property and equipment	-	149	-	12	232	-205	189
Investment property	286	1,710	-	-	-	-	1,996
Associates and joint ventures at equity method	-	24	-	1	74	-	99
Investments	6,785	27,798	-	-	3,245	-3,176	34,651
Investments on behalf of policyholders	-	9,571	-	-	-	-	9,571
Loans and receivables	644	11,871	29	42	82	-337	12,332
Derivatives	120	5,839	-	-	-	-	5,959
Deferred tax assets	-8	-	-	-2	206	-	197
Reinsurance contracts	405	166	-	-	-	-	571
Other assets	154	591	4	1	-26	-2	722
Cash and cash equivalents	232	2,056	85	46	485	-	2,905
Assets held for sale	-	-	63	-	-	-2	61
Total assets	**8,744**	**59,931**	**189**	**280**	**4,299**	**-3,721**	**69,721**
Equity attributable to holders of equity instruments	1,912	5,298	117	192	-1,357	-69	6,093
Non-controlling interests	-	1	-	-	-	-1	-
Total equity	**1,912**	**5,299**	**117**	**192**	**-1,357**	**-70**	**6,093**
Subordinated liabilities	19	-	-	-	990	-19	990
Liabilities arising from insurance contracts	6,337	34,954	-	-	-	-2,735	38,555
Liabilities arising from insurance contracts on behalf of policyholders	-	12,477	-	-	-	-	12,477
Employee benefits	-	-	-	-	3,860	-	3,860
Provisions	-	4	-	1	50	-	54
Borrowings	-	27	6	11	492	-489	47
Derivatives	40	636	-	-	-	-	676
Deferred tax liabilities	85	-204	3	3	132	-19	-
Due to customers	86	932	-	23	-	-356	686
Due to banks	87	5,328	-	-	105	-	5,520
Other liabilities	178	478	30	49	27	-33	729
Liabilities relating to assets held for sale	-	-	33	-	-	-	33
Total liabilities	**6,833**	**54,632**	**72**	**87**	**5,656**	**-3,651**	**63,628**
Total equity and liabilities	**8,744**	**59,931**	**189**	**280**	**4,299**	**-3,721**	**69,721**
Additions to							
Intangible assets	120	-	-	7	-	-	127
Property and equipment	-	-	-	4	7	-	11
Total additions	**120**	**-**	**-**	**11**	**7**	**-**	**138**

Segmented balance sheet

As at 31 December 2018	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	19	164	8	175	-	-	366
Property and equipment	-	148	-	6	18	-	172
Investment property	229	1,659	-	-	-	-	1,889
Associates and joint ventures at equity method	-	26	-	1	39	-	67
Investments	5,139	22,421	1	-	3,055	-2,955	27,660
Investments on behalf of policyholders	-	7,771	-	-	-	-	7,771
Loans and receivables	333	10,919	24	27	63	-283	11,083
Derivatives	18	2,850	-	-	-	-	2,867
Deferred tax assets	-	4	-	-2	272	1	275
Reinsurance contracts	415	174	-	-	-	-	589
Other assets	127	524	-	1	-16	-1	636
Cash and cash equivalents	352	2,892	70	47	422	-	3,782
Assets held for sale	-	-	1,853	-	-	-1	1,852
Total assets	**6,633**	**49,553**	**1,955**	**255**	**3,852**	**-3,240**	**59,009**
Equity attributable to holders of equity instruments	1,374	4,528	125	185	-686	-48	5,479
Non-controlling interests	-	11	-	-	-	-11	-
Total equity	**1,374**	**4,539**	**125**	**185**	**-686**	**-59**	**5,479**
Subordinated liabilities	15	-	-	-	497	-15	497
Liabilities arising from insurance contracts	5,027	30,814	-	-	-	-2,596	33,244
Liabilities arising from insurance contracts on behalf of policyholders	-	10,222	-	-	-	-	10,222
Employee benefits	-	-	-	-	3,327	-	3,327
Provisions	-	4	-	-	17	-	22
Borrowings	-	31	7	4	229	-232	39
Derivatives	6	429	-	-	-	-	435
Deferred tax liabilities	60	-257	2	4	205	-15	-
Due to customers	66	861	-	10	-	-312	625
Due to banks	13	2,538	-	-	135	-	2,686
Other liabilities	71	372	19	51	127	-11	630
Liabilities relating to assets held for sale	-	-	1,803	-	-	-	1,803
Total liabilities	**5,258**	**45,014**	**1,830**	**70**	**4,538**	**-3,181**	**53,530**
Total equity and liabilities	**6,633**	**49,553**	**1,955**	**255**	**3,852**	**-3,240**	**59,009**
Additions to							
Intangible assets	3	-	-	10	45	-	57
Property and equipment	-	7	-	4	3	-	13
Total additions	**3**	**7**	**-**	**13**	**48**	**-**	**71**

6.4.3 Segmented income statement and operating result

Segmented income statement and operating result

2019	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Continuing operations							
Gross written premiums	3,192	1,619	-	-	-	-145	4,666
Change in provision for unearned premiums	75	-	-	-	-	-	75
Gross insurance premiums	**3,266**	**1,619**	**-**	**-**	**-**	**-145**	**4,740**
Reinsurance premiums	-107	-8	-	-	-	-	-115
Net insurance premiums	**3,159**	**1,612**	**-**	**-**	**-**	**-145**	**4,625**
Investment income	125	1,302	6	-	9	1	1,444
Realised gains and losses	77	280	-	-	1	-5	353
Fair value gains and losses	30	-99	-	-	-	15	-55
Result on investments on behalf of policyholders	-	1,574	-	-	-	-	1,574
Fee and commission income	22	4	131	67	-	-95	129
Other income	2	19	-	22	132	-10	165
Share of profit/(loss) of associates and joint ventures	-	-	-	1	5	-	5
Total income	**256**	**3,079**	**138**	**90**	**148**	**-94**	**3,616**
Insurance claims and benefits	-2,387	-3,267	-	-	-	180	-5,475
Insurance claims and benefits recovered from reinsurers	52	8	-	-	-	-	60
Net insurance claims and benefits	**-2,335**	**-3,259**	**-**	**-**	**-**	**180**	**-5,415**
Operating expenses	-240	-192	-87	-60	-130	54	-656
Restructuring provision expenses	-14	-14	-1	-	-1	-	-30
Commission expenses	-512	-14	-	-	-	37	-489
Impairments	-1	-16	-	-	1	-	-16
Interest expense	-14	-242	-	-	-53	-43	-352
Other expenses	-6	-42	-26	-8	-11	19	-74
Total expenses	**-788**	**-519**	**-114**	**-68**	**-194**	**67**	**-1,616**
Profit before tax	**292**	**913**	**24**	**21**	**-46**	**7**	**1,210**
Income tax (expense) / gain	-78	-215	-6	-5	67	-2	-240
Profit after tax from continuing operations	**213**	**697**	**17**	**17**	**21**	**5**	**971**
Discontinued operations							
Profit / (loss) from discontinued operations, after tax	-	-	1	-	-	-	1
Profit for the year	**213**	**697**	**19**	**17**	**21**	**5**	**972**
Attributable to:							
Non-controlling interest	-	1	-	-	-	-1	-
Profit attributable to holders of equity instruments	**213**	**696**	**19**	**17**	**21**	**6**	**972**

Operating result

2019	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Profit before tax	292	913	24	21	-46	7	1,210
minus: investment related	102	243	-	-	3	-5	343
minus: incidentals	-37	-26	-1	-2	67	9	10
Operating result	**226**	**696**	**24**	**23**	**-116**	**4**	**858**

In 2019, incidentals are mainly related to the gain on the acquisition of Loyalis which is partly offset by Loyalis integration costs, restructuring costs and project implementation regulatory costs (project IFRS17/9).

In 2019, a.s.r. has changed the definition of the operating result. The comparative figures have been restated accordingly. For more information see chapter 6.10.

Impairments

2019		Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	Impairment	-3	-	-	-	-	-	-3
	Reversal	-	-	-	-	-	-	
Property and equipment	Impairment	-	-	-	-	-1	-	-1
	Reversal	-	-	-	-	-	-	
Investments	Impairment	-4	-16	-	-	-	-	-20
	Reversal	3	-	-	-	-	-	3
Associates and joint ventures	Impairment	-	-	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-
Loans and receivables	Impairment	-7	-1	-	-	-	-	-8
	Reversal	9	1	-	-	2	-	13
Total impairments	**Impairment**	**-14**	**-17**	**-**	**-**	**-1**	**-**	**-32**
	Reversal	**12**	**1**	**-**	**-**	**2**	**-**	**16**
	Total	**-1**	**-16**	**-**	**-**	**1**	**-**	**-16**

Segmented income statement and operating result (restated)

2018 (restated)	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Continuing operations							
Gross written premiums	3,014	1,566	-	-	-	-121	4,459
Change in provision for unearned premiums	34	-	-	-	-	-	34
Gross insurance premiums	**3,048**	**1,566**	**-**	**-**	**-**	**-121**	**4,493**
Reinsurance premiums	-99	-7	-	-	-	-	-107
Net insurance premiums	**2,949**	**1,559**	**-**	**-**	**-**	**-121**	**4,386**
Investment income	117	1,256	6	-	13	-	1,393
Realised gains and losses	27	194	-	-	6	-4	222
Fair value gains and losses	26	42	-	-	1	-9	60
Result on investments on behalf of policyholders	-	-302	-	-	-	-	-302
Fee and commission income	19	2	116	63	-	-84	117
Other income	5	22	-	15	102	-7	137
Share of profit/(loss) of associates and joint ventures	-	2	-	1	-10	-	-7
Total income	**193**	**1,217**	**122**	**79**	**112**	**-104**	**1,620**
Insurance claims and benefits	-2,258	-1,497	-	-	-	178	-3,576
Insurance claims and benefits recovered from reinsurers	43	-1	-	-	-	-	42
Net insurance claims and benefits	**-2,215**	**-1,498**	**-**	**-**	**-**	**178**	**-3,534**
Operating expenses	-222	-185	-78	-51	-115	51	-601
Restructuring provision expenses	-14	-9	-1	-	-	-	-25
Commission expenses	-499	-16	-	-	-	31	-484
Impairments	-24	-17	-	-	-	-	-40
Interest expense	-6	-217	-	-	-22	-68	-313
Other expenses	-3	-30	-27	-2	-63	21	-105
Total expenses	**-768**	**-474**	**-107**	**-53**	**-200**	**34**	**-1,568**
Profit before tax	**159**	**805**	**15**	**26**	**-88**	**-12**	**904**
Income tax (expense) / gain	-27	-236	-4	-6	74	3	-196
Profit after tax from continuing operations	**132**	**569**	**11**	**19**	**-14**	**-9**	**708**
Discontinued operations							
Profit / (loss) from discontinued operations, after tax	-	-	-37	-	-	-	-36
Profit for the year	**132**	**569**	**-26**	**19**	**-14**	**-9**	**671**
Attributable to:							
Non-controlling interest	-	-	-	-	2	-	2
Profit attributable to holders of equity instruments	**132**	**569**	**-26**	**19**	**-16**	**-9**	**669**

Operating result

2018 (restated)	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Profit before tax	**159**	**805**	**15**	**26**	**-88**	**-12**	**904**
minus: investment related	16	144	-	-	7	-4	163
minus: incidentals	-	-10	-1	-1	15	-11	-8
Operating result	**143**	**671**	**16**	**26**	**-110**	**2**	**749**

Impairments

2018		Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	Impairment	-9	-	-	-	-	-	-9
	Reversal	-	-	-	-	-	-	-
Property and equipment	Impairment	-	-	-	-	-1	-	-1
	Reversal	-	-	-	-	-	-	-
Investments	Impairment	-18	-71	-	-	-	-	-89
	Reversal	4	53	-	-	-	-	57
Associates and joint ventures	Impairment	-	-	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-
Loans and receivables	Impairment	-9	-3	-	-	-1	-	-13
	Reversal	9	5	-	-	2	-	16
Total impairments	**Impairment**	**-37**	**-74**	**-**	**-**	**-2**	**-**	**-113**
	Reversal	**13**	**58**	**-**	**-**	**2**	**-**	**73**
	Total	**-24**	**-16**	**-**	**-**	**-**	**-**	**-40**

6.4.4 Non-life ratios

Non-life segment combined ratio

	2019	2018
Claims ratio	72.1%	73.0%
Commission ratio	15.5%	16.3%
Expense ratio	7.4%	7.3%
Combined ratio	**95.0%**	**96.5%**
Property & Casualty (P&C)	96.9%	98.4%
Disability	88.3%	90.8%
P&C and Disability	**93.5%**	**95.7%**
Health	99.0%	99.2%

The combined ratio (COR) decreased to 95.0% (2018: 96.5%) due to improved profitability. P&C experienced a lower impact of calamities such as storms and profitable growth with a lower level of large claims. Disability improved mainly due to premium measures in the sickness leave portfolio.

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

Claims, commission and expenses

	2019	2018
Net insurance premiums Non-life	**3,159**	**2,949**
Net insurance claims and benefits	-2,335	-2,215
Adjustments:		
- Compensation capital gains (Disability)	-13	-1
- Interest accrual on provisions (Disability)	73	66
- Prudence margin (Health)	-3	-2
Total corrections	**57**	**64**
Net Insurance claims and benefits (after adjustments)	**-2,279**	**-2,151**
Fee and commission income	22	19
Commission expenses	-512	-499
Commission	**-490**	**-480**
Operating expenses	-240	-222
Corrections made for investment charges	7	7
Operational expenses (after adjustments)	**-233**	**-215**

6.4.5 Acquisitions

See accounting policy M.

Acquisitions 2019

Loyalis

On 1 May 2019, a.s.r. announced the completion of its acquisition of Loyalis N.V. (Loyalis) by acquiring all issued and outstanding shares for a total consideration of € 436 million paid in cash, financed by a.s.r. with a subordinated Tier 2 liability.

Loyalis was the group company of a number of entities, being Loyalis Leven N.V. (Loyalis Life), Loyalis Schade N.V. (Loyalis Non-life), Loyalis Kennis & Consult B.V. and Cordares Advies B.V. Loyalis offers disability insurance, survivors' insurance and supplementary pensions for employers, employees and self-employed persons. Loyalis has been legally merged into a.s.r. as per 1 August 2019. Furthermore, Loyalis Life and Loyalis Non-life legally merged into a.s.r. leven and ASR Schadeverzekering N.V. (hereafter a.s.r. schade) respectively as per 30 September 2019. In preparation of these mergers, Loyalis Life and Loyalis Non-life were sold to a.s.r. leven and a.s.r. schade respectively.

With this acquisition, a.s.r. broadens and strengthens its market position in the field of disability insurance and enforces its leading role as a provider of overall solutions for sustainable employability. The Loyalis name and brand will continue to exist. The office of Loyalis will remain located in Heerlen. From there, Loyalis will continue to operate its disability business and continue its cooperation with APG for the purpose of knowledge sharing, product development and customer service. The life/pensions activities of Loyalis are expected to be integrated into those of a.s.r. in 2020.

The closing for the transaction of Loyalis took place on 1 May 2019. As a result, a.s.r. fully included the results and the balance sheet positions in the a.s.r. consolidated financial statements from that date.

In December 2019, a.s.r. established the final acquisition balance sheet of Loyalis, in accordance with IFRS 3 business combinations, within twelve months of the closing date. The balance sheet is based on fair value and uses the following techniques and assumptions:

- Liabilities arising from insurance contracts were remeasured to fair value as defined in IFRS; this resulted in a significant adjustment resulting from applying a different market consistent discount rate assumption, a risk adjustment using a cost of capital approach at the closing date and some changes in other best estimate assumptions. For Non-life, this remeasurement resulted in recognising an intangible asset (Value of Business Acquired or VOBA);
- The other intangible assets recognised relate to the distribution agreement with APG, the Loyalis brand name and client relationships for income business. The valuation techniques used to measure the fair value are based on either the Multi-period Excess Earnings Method (MEEM) or the Relief from Royalty method;
- Financial assets and liabilities (including investments and loans and receivables) were remeasured to fair value at the closing date.

In addition to the acquisition of Loyalis, ASR Vermogensbeheer N.V. acquired the assets and liabilities of Loyalis Sparen en Beleggen N.V. on 1 May 2019. The assets acquired result in an increase of cash and cash equivalents (€ 1 million) and other liabilities (€ 1 million). The value of these assets and liabilities are included in the disclosure below.

Final fair values of the assets and liabilities acquired on acquisition date

In € millions	Acquisition date balance sheet based on fair value
Intangible assets	123
Property and equipment	1
Investments	2,569
Investments on behalf of policyholders	592
Loans and receivables	38
Derivatives	35
Deferred tax assets	43
Reinsurance contracts	68
Other assets	31
Cash and cash equivalents	185
Total assets	**3,685**
Liabilities arising from insurance contracts	2,169
Liabilities arising from insurance contracts on behalf of policyholders	832
Employee benefits	4
Provisions	9
Borrowings	1
Derivatives	3
Due to customers	22
Due to banks	36
Other liabilities	55
Total liabilities	**3,131**
Net assets and liabilities	**554**
Less consideration paid	436
Gain as a result of the purchase	**118**

The gain as a result of the purchase is directly recognised as other income in the income statement on the acquisition date. The gain mainly reflects the IFRS requirement to identify and value intangible assets which have previously not been recognised on the balance sheet of Loyalis as these have been internally generated. Through the acquisition accounting under IFRS, these previously unrecognised intangible assets are recognised in the acquisition balance sheet. The gain arose as a result of the vendor making a strategic decision to sell Loyalis, as this fits in the vendors strategy to focus primarily on the realisation of pension value for participants of pension funds operated by the vendor. Furthermore, the remeasurement of the Non-life insurance liabilities to fair value resulted in recognising a VOBA. The gain as a result of the purchase is tax-exempt, attributed to the acquirer a.s.r. and not allocated to the Non-life and Life segments.

The a.s.r. Solvency II ratio decreased by 7%-points as a result of the acquisition.

Cash and cash equivalents related to the acquisition

	Acquisition date
Consideration paid	436
Acquired cash and cash equivalents	185
Decrease in cash and cash equivalents at acquisition date	**251**

The consolidated statement of comprehensive income of a.s.r. for the first year includes € 198 million revenue and € 7 million profit after tax relating to Loyalis for the period commencing 1 May 2019. The revenue and profit of the combined entity for the current period, as though the acquisition date for the business combination of Loyalis had been as of the beginning of 2019, would have been € 300 million revenue and € 14 million profit after tax. The acquisition-related costs recognised as expense amount to € 1 million and are included in line item operating expenses in the income statement.

Other acquisitions

In September 2019, Certitudo Investments B.V. acquired 100% of the shares of Argon Groep B.V. and Van Kampen Groep Holding B.V. acquired 100% of the shares of Melching Groep B.V. As a result, an amount of € 6 million is recognised as goodwill.

Acquisitions 2018

Generali Nederland

In February 2018 a.s.r. acquired 100% of the shares of Generali Nederland N.V. (hereafter Generali) a.s.r. established the final acquisition balance sheet of Generali in December 2018.

Certitudo Investments B.V.

In July 2018, Certitudo Investments B.V. acquired 100% of the shares of two Distribution and Services entities. As a result, an amount of € 9 million is recognised as goodwill. a.s.r. established the final acquisition balance sheet in July 2019. No differences with the provisional balance sheet were identified, therefore no retrospective adjustments were made.

6.4.6 Discontinued operations and assets held for sale and related liabilities

See accounting policy L.

In October 2018, the EB of a.s.r. decided to look for a strategic buyer for a.s.r. bank and enter into a programme to sell a.s.r. bank. As a result a.s.r. bank has been classified as 'held for sale' and subsequently a.s.r. has presented the assets of a.s.r. bank in the balance sheet on the line item 'assets held for sale', and the liabilities on the line item 'Liabilities relating to assets held for sale'.

On 20 March 2019, a.s.r. bank and Achmea Bank N.V. (Achmea Bank) agreed that Achmea Bank will acquire the savings and mortgage portfolios of a.s.r. bank in an asset / liability transaction. The closing of the transaction took place on 2 December 2019. a.s.r. paid a total consideration of € 160 million in cash.

The remaining part of a.s.r. bank is measured at the lower of its carrying amount and fair value less costs to sell. This non-recurring fair value is presented as held for sale and amounts to € 28 million (€ 50 million per 31 December 2018). a.s.r. expects to end the remaining activities of a.s.r. bank during 2020.

The assets and liabilities relating to assets held for sale can be summarised as follows:

Assets held for sale and related liabilities

	31 December 2018	Changes during the period	Disposal of assets and liabilities	31 December 2019
Investments	104	-104	-	-
Loans and receivables	1,499	-149	-1,350	-
Other assets	2	9	-	11
Deferred tax assets	12	-12	-	-
Cash and cash equivalents	236	-26	-160	50
Total assets	**1,852**	**-282**	**-1,510**	**61**
Derivatives	8	-8	-	-
Deferred tax liabilities	1	-1	-	-
Due to customers	1,712	-181	-1,502	29
Other liabilities	34	-33	-	1
Provisions	48	-	-45	3
Total liabilities	**1,803**	**-223**	**-1,547**	**33**

Since a.s.r. bank is measured at the lower of its carrying amount and fair value less costs to sell, a provision of € 3 million is remaining since initial recognition of € 48 million in 2018.

Results of discontinued operations

	2019	2018
Total income	-14	30
Total expense	15	-79
Profit before tax	**1**	**-49**
Income tax (expense) / gain	-	13
Result for the period	**1**	**-36**

Cash flows from discontinued operations

	2019	2018
Cash and cash equivalents as at 1 January	236	155
Cash flows from operating activities	-6	81
Cash flows from investing activities	-160	-
Cash flows from financing activities	-20	-
Cash and cash equivalents as at 31 December	**50**	**236**

Breakdown of financial assets and liabilities measured at fair value of discontinued operations

31 December 2019	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total Fair Value
Investments available for sale				
Government bonds	-	-	-	-
Corporate bonds	-	-	-	-
	-	**-**	**-**	**-**
Derivatives				
Interest rate contracts	-	-	-	-
Cash and cash equivalents	**50**	**-**	**-**	**50**
Total	**50**	**-**	**-**	**50**

31 December 2018	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total Fair Value
Investments available for sale				
Government bonds	31	-	-	31
Corporate bonds	74	-	-	74
	104	**-**	**-**	**104**
Derivatives				
Interest rate contracts	-	-8	-	-8
Cash and cash equivalents	236	-	-	236
Total	**340**	**-8**	**-**	**332**

Breakdown of financial assets and liabilities not measured at fair value of discontinued operations

31 December 2019	Fair Value based on quoted prices in active market Level 1	Fair Value based on observable market data Level 2	Fair Value not based on observable market data Level 3	Total Fair Value	Total carrying value
Financial assets					
Due from customers	-	-	-	-	-
Due from credit institutions	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**	**-**
Financial liabilities					
Due to customers	29	-	-	29	29
Other liabilities	1	-	-	1	1
Total financial liabilities	**30**	**-**	**-**	**30**	**30**

31 December 2018	Fair Value based on quoted prices in active market Level 1	Fair Value based on observable market data Level 2	Fair Value not based on observable market data Level 3	Total Fair Value	Total carrying value
Financial assets					
Due from customers	-	-	1,549	1,549	1,488
Due from credit institutions	8	-	-	8	8
Trade and other receivables	-	2	-	2	2
Total financial assets	**8**	**2**	**1,549**	**1,559**	**1,499**
Financial liabilities					
Due to customers	1,731	-	-	1,731	1,712
Other liabilities	32	2	-	34	34
Total financial liabilities	**1,763**	**2**	**-**	**1,765**	**1,746**

For information regarding the valuation methodology see chapter 6.7.1.2.

6.5 Notes to the consolidated balance sheet

6.5.1 Intangible assets

See accounting policy C.

Intangible assets

	31 December 2019	31 December 2018
Goodwill	253	247
Value of business acquired (VOBA)	155	83
Other intangible assets	58	35
Total intangible assets	**466**	**366**

Intangible assets

	Goodwill	VOBA	Other intangible assets	Total 2019	Total 2018
Cost price	253	523	92	868	735
Accumulated amortisation and impairments	-	-367	-34	-402	-369
At 31 December	**253**	**155**	**58**	**466**	**366**
At 1 January	247	83	35	366	332
Acquisition	-	-	1	1	-
Divestments	-	-	-	-	-
Amortisation and impairments		-18	-11	-29	-24
Transfer	-	-	-	-	-
Other	-	-	-	-	-
Changes in composition of the group	6	90	32	129	57
At 31 December	**253**	**155**	**58**	**466**	**366**

Goodwill

For the purpose of impairment testing, goodwill is allocated to the CGU of the relevant operating segment.

Goodwill allocation per segment

	31 December 2019	31 December 2018
Non-life	13	13
Life	81	81
Asset Management	8	8
Distribution and Services	151	146
Holding and Other	-	-
Total Goodwill	**253**	**247**

The results of the annual goodwill impairment test are as follows:

Segment Non-life

The activities of Generali Non-life (€ 13 million goodwill) have been fully integrated in a.s.r. schade. As such, the goodwill impairment test was conducted at the legal entity level of a.s.r. schade as CGU. The result of the goodwill impairment test, using the multiples methodology, shows an excess recoverable value over the book value. As a result, a second step was not necessary and there is no significant exposure of goodwill impairment for sensitivities in the underlying assumptions. No goodwill impairment was recognised.

Segment Life
The activities of Generali Life have been fully integrated in a.s.r. life. The goodwill impairment test has been conducted for the legal entity a.s.r. life as CGU. The outcome of the step 1 impairment test, based on trading multiples of various international peers, showed that the difference between the recoverable amount and the carrying value was limited. This valuation was negatively affected by changing market circumstances such as Brexit and decreasing interest rates.

Due to this outcome a step 2 impairment test has been performed, which is a more sophisticated analysis (dividend discount model) that better addresses the specific characteristics of the business and market circumstances of the CGU a.s.r. life. The main assumptions used in this internal value-in-use model are:

- The future cash flows are based on the specific portfolio characteristics and expected market developments for the life insurance market in which the CGU operates;
- To reflect the long-term character of the life insurance business, the expected decrease of the SCR is used to extrapolate cash flow projections up to 40 years;
- The lower limit solvency target is used to calculate future dividends, which are discounted with an 5,8% discount rate.

The second step impairment test indicates that there is an excess of recoverable amount over the book value of the CGU (buffer). A deterioration within reasonable limits on one of the underlying assumptions in isolation would not lead to an immediate impairment. For example, an increase in the discount rate will primarily lead to a lower valuation, but this is partially offset by a positive effect on the future cash flows as interest rates are likely to rise in this situation. The current buffer is also expected to be sufficient to absorb a combination of negative factors. However, should circumstances on multiple factors deteriorate significantly, it could lead to a negative outcome, resulting in an insufficient buffer and consequent impairment.

Segment Asset Management
The goodwill is related to Asset Management activities, as such the impairment test was conducted at the Asset Management level as CGU. The result of the goodwill impairment test, using the multiples methodology, shows an excess recoverable value over the book value. As a result, a second step was not necessary and there is no significant exposure of goodwill impairment for sensitivities in the underlying assumptions. No goodwill impairment was recognised.

Segment Distribution and Services
The goodwill impairment test was conducted at the CGU's within the segment Distribution and Services as CGU. 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 some of the CGU's. 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:
- Future cash flows are based on expected market developments and past experience and on the long term characteristics of the markets in which the CGU's operates;
- A steady state growth rate used to extrapolate cash flow projections beyond the budget periods (1.5%) which reflects the market segment in which the CGU's operates;
- The (pre-tax) discount rate used in the estimate of value in use ranges between 6.7% and 6.8%, depending on the CGU.

The second step as described above in the CGU's of the segment Distribution and Services indicate that there is an excess of recoverable amount over the book value 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 all CGU's recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Value of Business Acquired (VOBA)
VOBA relates to the acquisition of Amersfoortse Stad Rotterdam and the recent Loyalis acquisition. At year-end 2019, VOBA will be fully amortised in 11 years and the average amortisation for the next 5 years will be € 22 million per year.

Other intangible assets

The other intangible assets mainly relate to Dutch ID, SuperGarant and the acquisition of Loyalis. The other intangible assets relate to trade name, distribution relationships and customer relationships. The other intangible assets are amortised straight-line over their useful life, which is determined individually (between 2 and 20 years). The amortisation charges on other intangible assets are recorded in the operating expenses (see chapter 6.6.8).

6.5.2 Property and equipment

See accounting policies T and AA.

Property and equipment

	31 December 2019	31 December 2018
Land and buildings for own use	150	151
Equipment	19	21
Property and equipment owned	**170**	**172**
Vehicles	10	-
Other	10	-
Right-of-use assets	**19**	**-**
Total property and equipment	**189**	**172**

Changes in property and equipment

	Land and buildings for own use	Equipment	Right-of-use assets	Total 2019	Total 2018
At 1 January	151	21	-	172	171
Impact change in accounting policy	-	-	18	18	-
Additions	-	4	5	9	5
Transfer to Investment property	-	-	-	-	-7
Depreciation	-5	-6	-6	-17	-13
Impairments	-	-1	-	-1	-1
Revaluations through equity	6	-	-	6	8
Other changes	-2	1	-	-1	-
Changes in the composition of the group	-	-	2	2	9
At 31 December	**150**	**19**	**19**	**189**	**172**
Gross carrying amount as at 31 December	246	49	25	320	287
Accumulated depreciation as at 31 December	-96	-28	-6	-130	-115
Accumulated impairments as at 31 December	-	-1	-	-1	-
Net carrying value as at 31 December	**150**	**19**	**19**	**189**	**172**
Revaluation surplus					
At 1 January	26	-	-	26	18
Revaluation in the year	6	-	-	6	8
Other changes	1	-	-	1	-1
At 31 December	**32**	**-**	**-**	**32**	**26**

Depreciation of property and equipment is recorded in the operating expenses (see chapter 6.6.8).

The fair value of land and buildings for own use based on the external valuations is disclosed in chapter 6.7.1.3.

Property and equipment consists mainly of assets expected to have a useful life of more than one year after the balance sheet date.

6.5.3 Investment property

See accounting policy D.

Changes in investment property

	2019	2018
At 1 January	1,889	1,597
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	53	46
Purchases	141	202
Issues	9	3
Disposals	-92	-98
Transferred between investments on behalf of policyholders and investment property	-3	-4
Transferred from property and equipment	-	7
Transfer between investment property and investments	-	-
Transfer of other assets	-	115
Changes in the composition of the group	-	21
At 31 December	**1,996**	**1,889**

Investment property is leased to third parties and is diversified over the rural, residential, offices and retail sectors in the Netherlands. For more detailed information about the investment property, see chapter 6.7.1. 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 square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transaction of comparable objects;
- 10 Year Dutch Government Bond Yield (%) as published by the DNB.

Purchases in 2019 mainly relates to acquisitions of rural real estate (€ 95 million), Science Park offices (€ 30 million) commercial real estate (€ 18 million) and Offices (€ 6 million). Sales in 2019 mainly relates to commercial real estate (€ 35 million), offices (€ 31 million) and rural real estate (€ 19 million).

Rental income is recognised as investment income. For details, see chapter 6.6.2. In 2019, rentals amounted to € 57 million (2018: € 50 million). The rental income increased due to the expansion of the investment property portfolio.

Direct operating expenses arising from investment property amounted to € 13 million (2018: € 14 million). Given the overall low vacancy rate, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as other expenses.

Investment property consists mainly of assets expected to be recovered after more than one year after the balance sheet date.

6.5.4 Associates and joint ventures

See accounting policy U.

Associates and joint ventures

	Interest	31 December 2019	31 December 2018
At equity method			
Associates and joint ventures	ranging between 10% and 50%	99	67
At fair value through profit and loss			
Real estate equity funds	ranging between 30% and 70%	1,727	1,677
Mortgage equity funds	ranging between 10% and 20%	569	298

The real estate equity funds consists of the ASR Dutch Mobility Office Fund (DMOF), ASR Dutch Prime Retail Fund (DPRF) and the ASR Dutch Core Residential Fund (DCRF). The mortgage equity funds consists of ASR Mortgage Fund. The interests in these funds are classified and presented as an investment at fair value through profit or loss. For more information, see chapter 6.5.5 and 6.7.1.

The total assets of the mortgage equity funds consist primarily of mortgages, € 4,186 million (2018: € 1,885 million).

Investments in Associates and joint ventures generally have a duration of more than one year after the balance sheet date.

Changes in associates and joint ventures at equity method.

	Associates and other joint ventures at equity method	
	2019	2018
At 1 january	67	45
Acquisitions	36	-
Disposal	-5	-6
Share of profit/(loss)	5	-7
Dividend	-2	-3
Other changes	-1	14
Changes in the composition of the group	-	22
At 31 December	**99**	**67**

Acquisitions mainly concern the additional investment in Human Total Holding of € 30 million, an entity actively working on sustainable employability within the Netherlands through several brands.

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. a.s.r. also has interests of 50% or more in associates at fair value through profit or loss. a.s.r. has no control over these entities as the ability to direct the relevant activities is limited by contractual agreements and therefore does not consolidate these entities.

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 tables below is based on the most recent financial information available from the associates and joint ventures. This is primarily based on the investee's financial statements and their accounting policies.

Financial information available from the associates and joint ventures

	31 December 2019				31 December 2018			
	Associates and joint ventures at equity method	Real estate equity funds	Mortgage equity funds	Total	Associates and joint ventures at equity method	Real estate equity funds	Mortgage equity funds	Total
Total assets	1,767	3,704	4,311	9,782	1,128	3,289	1,960	6,378
Total liabilities	1,510	327	85	1,922	974	241	62	1,277
Total income	199	175	265	638	366	170	39	575
Profit and loss from continuing operations	17	323	252	591	-6	300	33	327
Total comprehensive income	17	323	252	591	-6	300	33	327

The total assets of the real estate equity funds consist primarily of investment property, € 3,564 million (2018: € 3,207 million). The total assets of the mortgage equity funds consist primarily of mortgages, € 4,186 million (2018: € 1,885 million).

The interest in the real estate equity funds is as follows:

Investments

	31 December 2019	31 December 2018
ASR DPRF	664	666
ASR DCRF	983	940
ASR DMOF	80	72
Total	**1,727**	**1,677**

In 2019, loans to associates and joint ventures amounted to nil (2018: € 0.3 million). These loans are classified as related party transactions (see chapter 6.7.4).

6.5.5 Investments

See accounting policy E.

Investments

	31 December 2019	31 December 2018
Available for sale	31,893	25,328
At fair value through profit or loss	2,759	2,332
	34,651	**27,660**

For changes in investments available for sale and changes in investments at fair value through profit or loss see chapter 6.5.5.1 and chapter 6.5.5.2 respectively.

Breakdown of investments

	31 December 2019			31 December 2018		
	Available for sale	Fair value through profit or loss	Total	Available for sale	Fair value through profit or loss	Total
Fixed income investments						
Government bonds	16,132	-	16,132	11,773	-	11,773
Corporate bonds	11,590	-	11,590	10,274	-	10,274
Asset-backed securities	524	-	524	127	-	127
Preference shares	320	-	320	434	-	434
Equities and similar investments						
Equities	3,049	111	3,159	2,716	107	2,822
Real estate equity funds	-	2,079	2,079	-	1,928	1,928
Mortgage equity funds	270	569	839	-	298	298
Other participating interests	7	-	7	4	-	4
Other investments	-	-	-	-	-	-
Total investments	**31,893**	**2,759**	**34,651**	**25,328**	**2,332**	**27,660**

The equities consist primarily of listed equities and investment in investment funds (including open ended investment funds).

In 2019, government bonds increased to € 16,132 million (2018: € 11,773 million) mostly due to additional investments (€ 3,676 million) as a result of cash collateral received on derivative instruments which were reinvested into government bonds and the acquisition of Loyalis (€ 739 million). For more information in regards to cash collateral received see chapter 6.5.19. Equities increased to € 3,159 million (2017: € 2,822 million) mainly due to the development of the stock-market. The increase in the asset-backed securities and the mortgage equity funds held at available for sale are mostly due to the acquisition of Loyalis. The increase in mortgage equity funds held at fair value through profit or loss is due to additional investments in ASR Mortgage Fund and positive revaluation of this fund.

For the real estate equity funds and mortgage equity funds for which a.s.r. has significant influence, being ASR DMOF, ASR DPRF and ASR DCRF and ASR mortgage fund, the exemption of IAS 28 was used, thereby measuring the investments at fair value through profit or loss and presenting them as a separate category within the investments at fair value through profit or loss. For a breakdown of the real estate equity funds ASR DMOF, ASR DPRF and ASR DCRF, and ASR mortgage funds see chapter 6.5.4.

All investments at fair value through profit or loss are designated as such by a.s.r. upon initial recognition. For more detailed information about the fair value valuation of the investments, see chapter 6.7.1.

Based on their contractual maturity, an amount of € 24,403 million (2018: € 21,774 million) of fixed income investments is expected to be recovered after one year after the balance sheet date. For assets without a contractual maturity date, it is expected that they will be recovered after more than one year after the balance sheet date.

6.5.5.1 Investments available for sale

Changes in investments available for sale

	2019	2018
At 1 January	25,328	23,975
Purchases	9,912	6,395
Repayments	-3,215	-998
Disposal	-4,258	-5,910
Realised gains through profit or loss	356	220
Revaluation recognised in equity	1,496	-664
(Reversals of) Impairments	-16	-33
Amortisation	-174	-133
Exchange rate differences	23	29
Other changes	-	-1
Changes in the composition of the group	2,441	2,448
At 31 December	**31,893**	**25,328**

a.s.r. has equities and bonds that have been transferred, but do not qualify for derecognition amounting to € 5,507 million (2018: € 5,174 million). The majority of these investments are part of a securities lending programme 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 € 6,400 million (2018: € 6,188 million) consists of mortgage loans and corporate and government bonds. Please see accounting policy R about securities lending. Changes in the composition of the group relates to the assets acquired through the acquisition of Loyalis (2018: acquisition of Generali) (see chapter 6.4.5).

Impairment of investments available for sale

Changes in impairments of investments available for sale

	2019	2018
At 1 January	-430	-434
Increase in impairments through profit or loss	-20	-89
Reversal of impairments through profit or loss	3	57
Reversal of impairments due to disposal	96	37
At 31 December	**-350**	**-430**

The increase in impairments through profit or loss are mainly related to impairments on equities. The reversal of impairments due to disposal are mainly related to the disposal of equity instruments which were impaired in previous years. There is a high degree of uncertainty about the repayment of the remaining collateral debt obligations.

6.5.5.2 Investments at fair value through profit or loss

Changes in investments at fair value through profit or loss

	2019	2018
At 1 January	2,332	1,706
Purchases	348	539
Disposal	-229	-21
Revaluation through profit or loss	192	113
Transfer between investments on behalf of policyholders and investments	-11	-5
Changes in the composition of the group	127	-
At 31 December	**2,759**	**2,332**

The increase in investments at fair value through profit or loss is mainly related to additional investments in the mortgage equity funds and a.s.r. real estate funds and revaluation of these funds. Changes in the composition of the group relates to the assets acquired through the acquisition of Loyalis.

6.5.6 Investments on behalf of policyholders

See accounting policy F.

Investments on behalf of policyholders at fair value through profit or loss

	31 December 2019	31 December 2018
Government bonds	1,420	1,448
Corporate bonds	1,103	909
Listed equities	5,014	3,776
Listed equity funds	1,548	1,270
Real estate equity funds	233	204
Mortgage equity funds	44	-
Derivatives	12	6
Investment property	43	42
Cash and cash equivalents	59	112
Other investments	95	4
Total investments on behalf of policyholders at fair value through profit or loss	**9,571**	**7,771**

Changes in investments on behalf of policyholders at fair value through profit or loss

	2019	2018
At 1 January	7,771	7,684
Purchases	2,891	3,934
Disposal	-3,187	-4,151
Revaluation through profit or loss	1,536	-340
Transfer between investments on behalf of policyholders and investments	11	5
Transfer between investments on behalf of policyholders and investment property	3	4
Exchange rate differences	-	-2
Other changes	-47	-23
Changes in the composition of the group	592	660
At 31 December	**9,571**	**7,771**

Investments on behalf of policyholders are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of a.s.r.

Changes in the composition of the group relates to the acquisition of Loyalis (2018: acquisition of Generali) (see chapter 6.4.5).

Other changes mainly relates to the change of the cash position.

6.5.7 Loans and receivables

See accounting policy G.

Loans and receivables measured at amortised cost

	31 December 2019	31 December 2018
Government and public sector	114	124
Mortgage loans	7,134	6,711
Consumer loans	-	1
Other loans	287	137
Total due from customers	**7,534**	**6,972**
Impairments		
Specific credit risks	-18	-21
Due from customers	**7,516**	**6,952**
Due from credit institutions - Interest bearing deposits	345	249
Due from credit institutions - Loans and advances	3,095	3,175
Due from credit institutions - Other	651	53
Total due from credit institutions	**4,092**	**3,477**
Impairments		
Specific credit risks	-56	-56
Due from credit institutions	**4,036**	**3,421**
Due from policyholders	144	158
Due from intermediaries	93	84
Reinsurance receivables	188	111
Due from Health Insurance Fund	106	102
Other receivables	278	289
Total trade and other receivables	**808**	**744**
Impairments		
Specific credit risks	-28	-33
IBNR	-	-
Trade and other receivables	**780**	**710**
Total loans and receivables	**12,332**	**11,083**

The total amount due from credit institutions of € 4,092 million (2018: € 3,477 million) mainly increased due to a reverse repurchase agreement.

Total due from credit institutions consists for € 2,801 million (2018: € 2,861 million) of savings-linked mortgage loans.

The claim related to cash collateral paid on derivative instruments, included in total due from credit institutions, amounts to € 51 million (2018: € 15 million).

Based on their contractual maturity, an amount of € 10,853 million (2018: € 10,350 million) of the loans and receivables is expected to be recovered after more than one year after the balance sheet date.

Changes in impairments of loans and receivables		
	2019	2018
At 1 January	-110	-124
Increase in impairment through profit and loss	-8	-13
Reversal of impairment through profit and loss	13	16
Reversal of impairment due to disposal	5	11
Changes in composition of the group	-	-1
Other	-1	-
At 31 December	**-102**	**-110**

For information regarding the fair value, see chapter 6.7.1.2.

6.5.8 Derivatives

See accounting policy H.

Derivatives consist primarily of derivatives used to hedge interest rate movements. Changes in the fair value of derivatives at fair value through profit or loss are recorded in 'fair value gains and losses' (see chapter 6.6.4).

a.s.r. trades both cleared and non-cleared derivatives on the basis of standardised contracts and exchanges cash variation margin with its counterparties. The derivatives are valued daily and cash collateral is exchanged to reflect the change in mark-to-market (MtM) of the derivatives. Because of this periodic margining process, counterparty risk on derivatives is negligible.

In addition to the above variation margin obligations, there is also an initial margin obligation for central cleared derivatives which further reduces the risk of a.s.r. and its counterparties that they cannot fulfil their obligations.

Notional amounts are not recognised 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.

Derivatives	31 December 2019			31 December 2018		
	Asset	Liability	Notional amount	Asset	Liability	Notional amount
Derivatives						
Foreign exchange contracts	13	2	1,124	5	3	772
Interest rate contracts						
- Swaps	5,668	642	56,350	2,099	372	43,910
- Options	218	-	3,285	738	-	6,263
- Futures	55	9	677	-	53	225
Inflation linked swaps	-	24	235	-	8	235
Equity index contracts	5	-	453	26	-	542
Total	**5,959**	**676**	**62,124**	**2,867**	**435**	**51,947**

The derivatives do not include the derivatives on behalf of policyholders (2019: € 12 million, 2018: € 6 million).

The notional amount increased by € 10,177 million mostly within interest rate contracts (swaps). The increase is mainly due to curve trade transactions within the current hedging strategy. These trades were driven by economic reasons, with a neutral impact on interest rate risk. In addition, notional amounts increased due to the acquisition of Loyalis.

In addition to the use of swaps and options a.s.r. manages interest rate risk by using forward starting swaps, included in interest rate contracts swaps.

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 determined 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 please see chapter 6.8 on risk management.

Of the derivatives € 5,889 million (2018: € 2,443 million) and € 661 million (2018: € 365 million) are non-current derivative assets and liabilities respectively.

6.5.9 Deferred taxes

Deferred taxes

	31 December 2019	31 December 2018
Deferred tax assets	197	275
Deferred tax liabilities	-	-
Net deferred tax	**197**	**275**

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 current tax rate is 25.0% (2018: 25.0%)

For the calculation of the net deferred tax position at year end 2019, a rate reduction of the corporate tax has been taken into account. This reduction will be effective in 2021 and thereafter (21.7%). The revised tax rate has been used for deferred taxes which are expected to be recovered in 2021 and later.

The deferred tax asset is mainly caused by additions which have been made to the liabilities arising from insurance contracts and have already been recognised in the income tax expense. The deferred tax asset is not a result of prior year's tax losses.

Deferred tax assets and liabilities are expected to be recovered after more than one year after the balance sheet date.

Changes in deferred taxes

	1 January 2019	Changes recognised in profit and loss	Changes recognised in other comprehensive income	Changes in the composition of the group	Other changes	31 December 2019
Financial assets held for trading	-460	-638	-	-11	-	-1,109
Investments	-595	136	-272	-23	-	-754
Investment property	-249	-35	-	-	-	-284
Property and equipment	-2	1	-	-5	-	-6
Intangible assets	-24	9	-	-27	-	-42
Liabillities arising from insurance contracts	1,497	549	212	99	-	2,357
Employee benefits	185	-115	82	1	-	153
Amounts received in advance	1	-1	-	4	-	5
Fiscal reserves	-91	-46	-	-1	-	-137
Tax losses carry forward	-	-	-	-	-	-
Other	12	-2	-1	6	-	15
Gross deferred tax	**275**	**-141**	**20**	**43**	**-**	**197**
Write-down of deferred tax assets	-	-	-	-	-	-
Net deferred tax	**275**	**-141**	**21**	**43**	**-**	**197**

In 2019, changes in the compositions of the group mainly relates to the acquisition of Loyalis and the related technical provisions and investments (see chapter 6.4.5).

Changes in deferred taxes (2018)

	1 January 2018	Changes recognised in profit and loss	Changes recognised in other comprehensive income	Changes in the composition of the group	Other changes	31 December 2018
Financial assets held for trading	-473	13	-	-	1	-460
Investments	-742	70	140	-63	-	-595
Investment property	-260	8	-	-1	4	-249
Property and equipment	-1	-4	-2	5	-	-2
Intangible assets	-31	8	-	-1	-	-24
Liabillities arising from insurance contracts	1,621	-264	-78	218	-	1,497
Employee benefits	192	5	-13	2	-	185
Amounts received in advance	4	-20	15	2	-	1
Fiscal reserves	-101	33	-	-23	-	-91
Other	17	-16	-	13	-1	12
Gross deferred tax	**226**	**-166**	**61**	**151**	**4**	**275**
Write-down of deferred tax assets	-	-	-	-	-	-
Net deferred tax	**226**	**-166**	**61**	**151**	**4**	**275**

6.5.10 Other assets

See accounting policy W.

Composition of other assets

	31 December 2019	31 December 2018
Accrued investment and interest income	533	458
Prepaid costs and other non-financial assets	158	135
Property developments	32	43
Total other assets	**722**	**636**

Prepaid costs and other non-financial assets including prepaid commissions for Non-life insurance.

An amount of € 679 million (2018: € 606 million) of other assets is expected to be recovered less than or equal to one year after the balance sheet date.

6.5.11 Cash and cash equivalents

See accounting policy X.

Cash and cash equivalents

	31 December 2019	31 December 2018
Due from banks	1,685	2,562
Due from banks falling due within three months	1,220	1,220
Total cash and cash equivalents	**2,905**	**3,782**

All cash and cash equivalents are freely available. The cash components include € 1,774 million (2018: € 2,299 million) related to cash collateral received on derivative instruments and is managed separately from other cash equivalents.

The claim related to cash collateral paid on derivative instruments is included in the amount loans and receivables (see chapter 6.5.7). Debt related to cash collateral received on derivatives instruments is included in the amount due to banks (see chapter 6.5.19).

Interest expenses on cash collateral is standardised in the ISDA/CSA's and based on EONIA, see chapter 6.5.19 due to banks.

6.5.12 Equity

See accounting policy Y.

6.5.12.1 Share capital

Share capital

	31 December 2019		31 December 2018	
	Number of shares (in millions)	Amounts (in € millions)	Number of shares (in millions)	Amounts (in € millions)
Ordinary shares				
- Authorised capital; par value of € 0.16	350	56	350	56
- Of which unsubscribed	209	33	209	33
Subscribed and paid-up capital	**141**	**23**	**141**	**23**
Preference shares				
- Authorised capital; par value of € 0.16	350	56	350	56
- Of which unsubscribed	350	56	350	56
Subscribed and paid-up capital	-	-	-	-

In the AGM on 31 May 2018 the resolution was adopted to cancel 6 million treasury shares. The cancellation has been effected on 13 August 2018 (see chapter 6.5.12.4 Treasury shares).

6.5.12.2 Unrealised gains and losses recorded in equity

Unrealised gains and losses recorded in equity

	Investments available for sale	Revaluation of property in own use	Total
31 December 2019			
Gross unrealised gains and losses	3,133	32	3,165
Related tax	-718	-8	-726
Shadow accounting	-1,965	-	-1,965
Tax related to shadow accounting	491	-	491
Unrealised gains and losses related to segregated investment pools	-38	-	-38
Tax related to segregated investment pool	10	-	10
Total unrealised gains and losses recorded in equity	**913**	**24**	**937**
31 December 2018			
Gross unrealised gains and losses	1,637	26	1,663
Related tax	-351	-6	-357
Shadow accounting	-925	-	-925
Tax related to shadow accounting	231	-	231
Unrealised gains and losses related to segregated investment pools	-35	-	-35
Tax related to segregated investment pools	9	-	9
Total unrealised gains and losses recorded in equity	**567**	**19**	**586**

6.5.12.3 Actuarial gains and losses

The balance of actuarial gains and losses related to the pension obligation decreased in 2019 by € 381 million after tax and € 508 million before tax (2018: increased by € 39 million after tax and € 53 million before tax). The decrease is mainly due to a decrease in the discount rate (see chapter 6.5.15).

6.5.12.4 Treasury shares

In 2019, a.s.r. repurchased 352 thousand shares under an open market share buyback programme for an amount of € 13 million (average share price € 35.54). 101 thousand shares for an amount of € 3 million were subsequently sold as part of the employee share purchase plan, leading to a decrease of € 1 million in retained earnings. The amount of treasury shares held as at 31 December 2019 of € 9 million (2018: nil) represents 251 thousand treasury shares (2018: nil).

For more information on the employee share purchase plan, see chapter 6.7.5.

The amount of treasury shares held in 2018 of nil is the result of a resolution by the AGM held on 31 May 2018 to cancel 6 million own shares repurchased in June and September 2017 (see chapter 6.5.12.1). The repurchased shares were canceled in August 2018 leading to a decrease of € 1 million in share capital, a decrease of € 42 million in share premium reserve and a decrease of € 145 million in retained earnings.

6.5.12.5 Other equity instruments

In 2019, a.s.r. redeemed the Hybrid Tier 1 instrument 10% fixed and the Hybrid Tier 1 instrument 7.25% fixed interest at their first call dates. a.s.r. issued an additional € 200 million perpetual non-call restricted Tier 1 contingent convertible capital instrument.

In 2018, a.s.r. neither issued nor redeemed any other equity instruments.

Other equity instruments

Position as at 31 December	2019	2018	Coupon date	First possible redemption date
Hybrid Tier 1 instrument 10% fixed interest	-	187	Annually with effect from 26 October 2010	26-10-2019
Hybrid Tier 1 instrument 7.25% fixed interest	-	16	Annually with effect from 30 September 2010	30-09-2019
Hybrid Tier 2 instrument 5% fixed interest	497	497	Annually with effect from 30 September 2015	30-09-2024
Restricted Tier 1 instrument 4.625% fixed interest	507	300	Annually with effect from 12 October 2017	19-10-2027
Total other equity instruments	**1,004**	**1,001**		

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 as the above mentioned possible redemption date.

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.

On 12 October 2017, a.s.r. launched and priced a € 300 million perpetual non-call 10 year restricted Tier 1 contingent convertible capital instrument priced with a fixed-rate coupon of 4.625% (resettable after 10 years).

On 17 September 2019, a.s.r. announced it has successfully issued an additional € 200 million perpetual non-call restricted Tier 1 contingent convertible capital instrument. The new issue has the same terms and conditions of the existing restricted Tier 1. The issue was priced at a price of 103.405%, and the amount presented in the table above include transaction costs of € 1.4 million. An amendment, which allows the new issue to become fully fungible with the existing issue, was approved by the holders of the outstanding Tier 1 capital on 8 October 2019. Due to the integration in the existing issue, the new issue is first callable in October 2027, and increased the notional size of the existing restricted Tier 1 instrument to € 500 million.

As a result of a change in the Dutch Income Tax Act (Wet Vpb) coupon payments in respect of the restricted Tier 1 contingent convertible capital instrument are no longer deductible for tax purposes as per 1 January 2019.

Distributed amounts to holders of equity instruments as discretionary interest

	2019	2018
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
Restricted Tier 1 instrument 4.625% fixed interest	15	14
Total distributed amounts	**60**	**59**

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.

6.5.12.6 Non-controlling interests

Movements in non-controlling interests

	2019	2018
At 1 January	-	-2
Share of total comprehensive income	-	2
Dividends paid out	-	-
Capital investment	-	-
Other	-	-
At 31 December	**-**	**-**

6.5.12.7 Earnings per share

Basic earnings per share at year end

	2019	2018
Net profit from continuing operations	911	647
Net profit from discontinued operations	1	-36
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	**912**	**610**
Weighted average number of ordinary shares in issue	140,877,534	141,000,000
Basic earnings per ordinary share from continuing operations (in euros)	6.46	4.59
Basic earnings per ordinary share from discontinued operations (in euros)	0.01	-0.26
Basic earnings per ordinary share (in euros)	**6.47**	**4.33**

Diluted earnings per share at year end

	2019	2018
Net profit from continuing operations	911	647
Effect of Restricted Tier 1 capital instrument	15	10
Adjusted net profit from continuing operations	**925**	**657**
Net profit from discontinued operations	1	-36
Adjusted net profit attributable to holders of ordinary shares for calculating the diluted earnings per ordinary share	**926**	**620**
Weighted average number of ordinary shares in issue	140,877,534	141,000,000
Weighted average number of ordinary shares resulting from conversion of bonds Restricted Tier 1	14,935,525	12,987,013
Weighted average number of shares used to calculate the diluted earnings per ordinary share	**155,813,059**	**153,987,013**
Diluted earnings per ordinary share from continuing operations (in euros)	5.94	4.27
Diluted earnings per ordinary share from discontinued operations (in euros)	0.01	-0.24
Diluted earnings per ordinary share (in euros)	**5.95**	**4.03**

Net profit in the table is after tax and non-controlling interests.

For additional information related to net profit see chapter 6.2.2.

6.5.13 Subordinated liabilities

See accounting policy Z.

Subordinated liabilities

	Nominal Amount	Carrying value 2019	Carrying value 2018
Hybrid Tier 2 instrument 5.125% fixed interest	500	497	497
Hybrid Tier 2 instrument 3.375% fixed interest	500	493	-
Total subordinated liabilitites	**1,000**	**990**	**497**

On 2 May 2019 a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes. The bond has a maturity date of 2049 and is first callable 3 months before the first reset date of 2 May 2029. The coupon is fixed at 3.375% and paid annually on 2 May. After the reset date the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 4.00 per cent and updated once every five years. The proceeds of the bond are primarily used to finance the acquisition of Loyalis.

In 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.

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 liabilities are classified as liabilities given the obligation to settle the loans and pay the coupon. They are considered Tier 2 own funds for regulatory purposes.

6.5.14 Insurance liabilities

See accounting policies I, J, O and V.

6.5.14.1 Liabilities arising from insurance contracts

Insurance contracts with retained exposure

	Gross		Of which reinsurance	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Provision for unearned premiums	347	353	34	37
Provision for claims (including IBNR)	5,990	4,674	371	378
Non-life insurance contracts	**6,337**	**5,027**	**405**	**415**
Life insurance contracts excluding own pension contracts	**32,218**	**28,217**	**166**	**174**
Total liabilities arising from insurance contracts	**38,555**	**33,244**	**571**	**589**

Changes in liabilities arising from Non-life insurance contracts

	Gross		Of which reinsurance	
	2019	2018	2019	2018
Provision for unearned non life premiums				
At 1 January	353	303	37	3
Changes in provision for unearned premiums	-75	-34	-3	-1
Other changes	-	-	-	-
Changes in the composition of the group	68	84	-	35
Provision for unearned premiums as at 31 December	**347**	**353**	**34**	**37**
Provision for claims (including IBNR)				
At 1 January	4,674	4,276	378	363
Benefits paid	-2,268	-2,168	-128	-70
Changes in provision for claims	2,378	2,258	52	43
Changes in shadow accounting through equity	126	-31	-	-
Changes in shadow accounting through income	89	15	-	-
Other changes	-	-	-	-
Changes in the composition of the group	991	324	68	42
Provision for claims (including IBNR) as at 31 December	**5,990**	**4,674**	**371**	**378**
Non life insurance contracts as at 31 December	**6,337**	**5,027**	**405**	**415**

The changes in composition of the group reflect the acquisition of Loyalis (2018: acquisition of Generali) (see chapter 6.4.5).

Gross provisions for claims

	31 December 2019	31 December 2018
Claims reported	4,477	3,876
IBNR	1,513	798
Total provisions for claims	**5,990**	**4,674**

Changes in liabilities arising from life insurance contracts

	Gross		Of which reinsurance	
	2019	2018	2019	2018
At 1 January	28,226	26,494	177	183
Premiums received / paid	766	839	-	-
Regular interest added	626	669	3	3
Realised gains and losses	-93	33	-	-
Amortisation of realised gains	-299	-333	-	-
Benefits	-1,487	-1,579	-	-
Technical result	-131	-101	-	-7
Release of cost recovery	-138	-146	-	-
Changes in shadow accounting through equity	915	-217	-	-
Changes in shadow accounting through income	2,858	295	-	-
Other changes	-131	-283	-12	-6
Changes in the composition of the group	1,110	2,555	-	4
At 31 December	**32,222**	**28,226**	**168**	**177**
Interest margin participation to be written down				
At 1 January	-20	-27	-3	-3
Write-down recognised in profit or loss	8	10	-	-
Other changes	-4	-3	-	-
At 31 December	**-16**	**-20**	**-2**	**-3**
Provision for discretionary profit-sharing, bonusses and discounts				
At 1 January	11	11	-	-
Profit-sharing, bonusses and discounts granted in the financial year	-	-	-	-
Other changes	-	-	-	-
At 31 December	**12**	**11**	**-**	**-**
Total life insurance contracts at 31 December	**32,218**	**28,217**	**166**	**174**

In 2019 and 2018, the other changes mainly relate to the transfer of insurance contracts to insurance contracts on behalf of policyholders due to new product features provided.

The changes in composition of the group of € 1,110 million reflect the acquisition of Loyalis (2018: acquisition of Generali) (see chapter 6.4.5).

The insurance liabilities are deemed to be adequate following the performance of the LAT taking into account the UFR of 3.9% applicable for 2019 (2018: 4.05%). The future UFR is subject to developments in the real interest rate. The UFR under Solvency II and therefore also for the LAT will decrease in 2020 from 3.9% to 3.75% with future decreases expected in the coming years. a.s.r. performed a sensitivity analysis on the impact of the development of the UFR as if the UFR would have been 3.55% at 31 December 2019 and concluded that it still has an adequate surplus of the insurance liabilities over the IFRS-LAT.

6.5.14.2 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 2010 to 2019.

Ten-year summary of changes in gross cumulative claims

	Claims year										
31 December 2019	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
at year end											
1st claim year	1,825	1,879	2,099	2,000	1,891	1,904	2,084	2,076	2,134	2,313	
2011	1,893			-							
2012	1,810	1,786									
2013	1,841	1,763	2,007								
2014	1,853	1,780	1,989	1,937							
2015	1,853	1,777	1,983	1,926	1,813						
2016	1,861	1,784	1,986	1,919	1,790	1,831					
2017	1,873	1,787	2,006	1,940	1,795	1,836	2,039				
2018	1,859	1,797	2,005	1,945	1,792	1,851	2,055	1,984			
2019	1,953	1,903	2,096	2,036	1,899	1,970	2,181	2,158	2,108		
gross claims as at 31 december 2019	**1,953**	**1,903**	**2,096**	**2,036**	**1,899**	**1,970**	**2,181**	**2,158**	**2,108**	**2,313**	
cumulative gross paid claims	1,766	1,689	1,843	1,724	1,574	1,568	1,689	1,532	1,428	963	
gross outstanding claims liabilities (including IBNR)	**187**	**214**	**253**	**312**	**325**	**402**	**492**	**626**	**680**	**1,350**	**4,839**
claims liabilities prior years	-	-	-	-	-	-	-	-	-	-	692
other claim liabilities											-
Shadow accounting											459
Total claims liabilities											**5,990**

	Claims year										
31 December 2018	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
At year end:											
1st claims year	1,819	1,825	1,879	2,099	2,000	1,891	1,904	2,084	2,076	2,134	
2010	1,779										
2011	1,742	1,893									
2012	1,764	1,810	1,786								
2013	1,786	1,841	1,763	2,007							
2014	1,814	1,853	1,780	1,989	1,937						
2015	1,816	1,853	1,777	1,983	1,926	1,813					
2016	1,817	1,861	1,784	1,986	1,919	1,790	1,831				
2017	1,843	1,873	1,787	2,006	1,940	1,795	1,836	2,038			
2018	1,810	1,859	1,797	2,005	1,945	1,792	1,852	2,055	1,984		
Gross claims as at 31 December 2018	**1,810**	**1,859**	**1,797**	**2,005**	**1,945**	**1,792**	**1,852**	**2,055**	**1,984**	**2,134**	
Cumulative gross paid claims	1,669	1,685	1,603	1,766	1,642	1,501	1,490	1,598	1,438	974	
Gross outstanding claims liabilities (including IBNR)	**142**	**175**	**194**	**238**	**302**	**291**	**362**	**457**	**546**	**1,161**	**3,867**
claims liabilities prior years	-	-	-	-	-	-	-	-	-	-	562
other claim liabilities											-
Shadow accounting											244
Total claims liabilities											**4,674**

Gross claims in the claims development table include the Loyalis and Generali claims from the original date of the claim.

6.5.14.3 Liabilities arising from insurance contracts on behalf of policyholders

Changes in liabilities arising from insurance contracts on behalf of policyholders

	2019	2018
At 1 January	10,222	9,804
Premiums received	709	607
Interest added	120	118
Benefits	-1,016	-822
Effect of fair value changes related to financial assets	1,528	-354
Technical result	14	-15
Release of cost recovery	-76	-77
Other changes	143	287
Changes in the composition of the group	832	673
At 31 December	**12,477**	**10,222**

At year-end 2019, the liabilities included a guarantee provision for a carrying amount of € 44 million (2018: € 44 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 51 million (2018: € 45 million). These provisions relate to compensation for the cost of these contracts.

In 2019 and 2018, the other changes mainly relate to the transfer of insurance contracts to insurance contracts on behalf of policyholders due to new product features provided.

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 € 2,668 million (2018: € 2,419 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.

6.5.15 Employee benefits

See accounting policy K.

Employee benefits

	31 December 2019	31 December 2018
Post-employment benefits pensions	3,835	3,303
Post-employment benefits other than pensions	11	11
Post-employment benefit obligation	**3,846**	**3,314**
Other long-term employee benefits	14	14
Total	**3,860**	**3,327**

Costs of post-employment and other long-term employee benefits

	2019	2018
Post-employment benefits pensions	-113	-113
Post-employment benefits other than pensions	-	-3
Total	**-114**	**-116**
Other long term employee benefits	-2	-
Cost of post-employment and other long-term employee benefits	**-115**	**-116**

The costs of the post-employment benefits pensions relate to the DB plans of a.s.r. and Generali, plus the defined contribution plans of the other group companies.

An amount of € 3,736 million (2018: € 3,044 million) of the employee benefits is expected to be settled more than twelve months after reporting date.

6.5.15.1 Post-employment benefits pensions

a.s.r. has a number of DB and DC post-employment benefit plans for its employees and former employees. The majority of employees are formally employed by a.s.r. A limited amount of employees are employed by other group companies. The pension plans of other group companies are disclosed in a separate section in this paragraph.

a.s.r. leven, an insurance company and a group entity, is the insurer of the majority of the post- employment benefit plans, being both the DB plans as well as the DC 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.

a.s.r. 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 DB 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 a.s.r. are insured by a.s.r. leven.

The post-employment benefit plans for a.s.r. employees is primarily based on the following conditions:
- The accrual rate for old age pensions 1.875% (2018: 1.875%);
- Retirement age 68 years (2018: 68 years);
- Maximum pensionable salary capped at € 107,593 (2018: € 105,075);
- Future inflation indexation is conditional; and
- Minimum franchise has changed.

Former Generali employees

Former employees of Generali are still covered by Generali post-employment benefit plan. This plan is based on an average-salary pension with conditional indexation.

The post-employment benefit plan for former Generali employees is primarily based on the following conditions:
- The accrual rate for old age pensions 1.875% (2018: 1.875%);
- A franchise of € 13,785 (2018: € 13,344);
- Retirement age of 68 years (2018: 68 years);
- Maximum pensionable salary capped at € 107,593 (2018: € 105,075);
- A waiver of premium in the event of incapacity for work; and
- The personal contribution for the employee amounts to 4.7% of the pension basis.

Former Loyalis employees

As of 1 August 2019, with the legal merger of a.s.r. and Loyalis, the employees of Loyalis became employees of a.s.r. and subsequently participants in the a.s.r. post-employment benefit plan.

Before 1 August 2019, Loyalis had two post-employment benefit plans in place, one DC plan at Stichting Pensioenfonds ABP ('ABP'), and a defined benefit plan at Stichting Personeelspensioenfonds APG ('APG'). The transfer of employees to a.s.r. is the event that leads to a curtailment of the defined benefit plan APG, resulting in a past service cost of € 3 million stemming from the recalculation of the present value of the DB obligation. The resulting net DB liability after the curtailment is nil.

Other group companies employees

The other group companies, which are entities operating in the Distribution and Services segment, have DC plans, insured with a.s.r. leven.

The recognised expenses for the DC plans in 2019 amounts to € 3 million (2018: € 3 million).

Net defined benefit liability

Defined benefit obligation for all the above mentioned plans

	2019	2018
Net defined benefit liability at 1 January	**3,303**	**3,138**
Included in income statement		
Current service cost, contributions by employer	48	48
Interest cost	60	62
Past service cost	-4	-4
Other	-	-
Total	**105**	**106**
Remeasurement of liabilities included in OCI		
Discount rate change	529	24
Other assumptions change	-72	-117
Experience adjustments	52	39
Total	**508**	**-54**
Current service cost, contributions by employee	9	9
Benefits	-94	-91
Transfer	1	4
Changes in the composition of the group	3	190
Other	-	-
Net defined benefit liability at 31 December	**3,835**	**3,303**
At 31 December		
Defined benefit obligation	3,835	3,303
Fair value of plan assets	-	-1
Net defined benefit liability	3,835	3,303

Employees account for 26% (2018: 25%) of the DB obligation, 37% (2018: 41%) of the DB obligation relates to former employees currently receiving pension benefits, 32% (2018: 29%) of the DB obligation relates to deferred pensioners and 5% (2018: 5%) of the DB obligation relates to other members.

The discount rate was 1.04% at 31 December 2019 (2018: 1.85%), resulting in a € 529 million increase in the DB obligation (2018: € 24 million increase).

As per 31 December 2019 the duration of the DB obligation was 19 years (2018: 18 years).

The change in other assumptions amounts to € -72 million (2018: € -117 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 DB obligation:

Experience adjustments

Amounts in € thousands	2019	2018
Experience adjustments to qualifying investments, gain (loss)	-	32
As % of qualifying investments as at 31 December	-	3.7 %
Experienced adjustments to defined benefit obligation, loss (gain)	-51,600	-39,346
As a % of liabilities as at 31 December	1.3 %	1.2 %

Assumptions

The principal actuarial assumptions and parameters at year-end

	2019	2018
Discount rate	1.0%	1.9%
Future salary increases (including price inflation and merit)	1.4%	1.3%
Future pension increases (including price inflation)	1.1%	1.5%
Indexation % employees	1.4%	1.2%
Indexation % former employees	1.1%	1.3%
Accrual rate	1.9%	1.9%
Mortality (years)	20.0	20.1
Expected remaining service years	8.2	7.8

In the calculation of the DB obligation the:
- Discount rate is based on an internal curve for high quality corporate bonds;
- Most recent mortality table 'AG Prognosetafel 2018' is used, in combination with the latest 'CVS Sterftestatistiek Pensioenen 2009-2018' for experience factors;
- The period of indexation is based on the expected duration of the separate account to fund the future inflation indexation.

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 DB obligation by the amounts shown below:

Sensitivity of actuarial assumptions

	Increase	Decrease
Discount rate (1% movement)	-637	848
Indexation employees (1% movement)	19	-16
Indexation former employees (1% movement)	195	-137
Future salary growth (1% movement)	10	-10
Future pension growth (1% movement)	-1	-1
Future mortality (1 year movement)	-143	144

Non-qualifying plan assets

The portfolio of global investments (non-qualifying assets) held by a.s.r. leven to cover the employee benefit expense of the DB plans can be broken down as follows:

Breakdown of global investments held by a.s.r. leven

Asset category	31 December 2019	31 December 2018
Equities	15.1%	13.2%
Fixed-interest securities	77.2%	80.5%
Real estate	4.9%	2.9%
Cash	0.5%	1.5%
Other	2.3%	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 6.8). The overall interest-rate risk of the group is managed using interest-rate swaps and swaptions. a.s.r. leven manages the interest rate risk through an overlay interest hedging strategy using swaps and swaptions (see chapter 6.8.7) 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)realised 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 recognised in equity (see chapter 6.5.12.3).

The non-qualifying assets, which are managed by a group company, are not presented as part of the net DB obligation. At year-end 2019, the fair value of these assets amounted to € 2,662 million (2018: € 2,505 million), which includes the separate account to fund future inflation indexation amounting to € 262 million (31 December 2018: € 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 but is recognised as investment income separately. Actual investment returns for 2019 amounted to € 67 million (2018: € 77 million), which includes the investment income on the separate account to fund future inflation indexation amounting to € 6 million (2018: € 5 million). These returns have been recognised in investment income (see chapter 6.6.2).

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 € 106 million (excluding the positive effect of the investment income) and € 0 million respectively.

The separate account to fund future inflation indexation is utilised to fund the future inflation indexation for the employees and former employees included in the a.s.r. post-employment benefit plans. As such this has been included in the assumption used in calculating the DB obligation.

6.5.15.2 Post-employment benefits other than pensions

The other post-employment benefits plans consist of personnel arrangements for financial products (such as mortgages and health insurance), which remain in place after retirement.

Changes in the defined benefit obligation

	2019	2018
Defined benefit obligation at 1 January	**11**	**9**
Included in income statement		
Past service cost	-	3
Total	**-**	**3**
Remeasurement of liabilities included in OCI		
Total	**-**	**-**
Benefits	-1	-1
Defined benefit obligation at 31 December	**11**	**11**

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 DB obligation:

Experience adjustments to defined benefit obligation

Amounts in € thousands	2019	2018
Experience adjustments to defined benefit obligation, loss (gain)	-276	-217
As a % of liabilities as at 31 December	-2.6%	-2.0%

Principal actuarial assumptions and parameters at year-end	2019	2018
Discount rate	0.5 %	1.2 %

In accordance with a.s.r.'s policy, discounts on staff mortgages have been fixated in amounts granted on the reference date December 2017.

In the calculation of the DB obligation the:
- Discount rate is based on an internal curve for high quality corporate bonds;
- Most recent mortality table 'AG Prognosetafel 2018' is used, in combination with the latest 'CVS Sterftestatistiek Pensioenen 2009-2018' for experience factors.

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 DB obligation by the amounts of € 1 million increase (2018: € 0 million increase) or € 1 million decrease (2018: € 1 million decrease) as a result of a movement of the discount rate by 1%.

6.5.15.3 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-term services, such as jubilee benefits.

Changes in other long-term employee benefits	2019	2018
Net liability as at 1 January	**14**	**14**
Total expenses	-	-1
Actuarial gains and losses	1	-
Other	-1	-
Changes in the composition of the group	1	1
Net liability as at 31 December	**14**	**14**

Underlying assumptions	31 December 2019	31 December 2018
Discount rate	0.3%	0.8%
Salary increases	1.4%	1.3%
Expected remaining service years	8.2	7.8

6.5.16 Provisions

Changes in provisions	2019	2018
At 1 January	22	33
Additional foreseen amounts	45	73
Reversal of unused amounts	-1	-11
Usages in course of year	-20	-25
Other	-1	-2
Changes in the composition of the group	9	1
Transfer to liabilities relating to assets held for sale	-	-48
At 31 December	**54**	**22**

The provisions were created for:
- VAT 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 VAT 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.

The increase is mainly due to the addition of the restructuring provision following the acquisition of Loyalis.

An amount of € 24 million of the provisions is expected to fall due within one year (2018: € 15 million).

6.5.17 Borrowings

See accounting policies Z and AA.

Borrowings

	31 December 2019	31 December 2018
Loans	28	39
Lease liabilities	19	-
Total Borrowings	**47**	**39**

As at year-end 2019, borrowings had the following terms to maturity:

Maturity of borrowings

	31 December 2019	31 December 2018
Maturity - Falling due within 1 year	5	12
Maturity - Falling due between 1 and 5 years	18	4
Maturity - Falling due after 5 years	25	23
Maturity Borrowings	**47**	**39**

In 2019 a.s.r. redeemed a € 6 million and a € 4 million loan from respectively Vesteda and VGMI.

At year-end 2019, the fair value of borrowings was € 47 million (2018: € 39 million). For information regarding the fair value, see chapter 6.7.1.2. The average interest rate payable on loans was 2.10% (2018: 2.26%). The average incremental borrowing rate on the lease liabilities was 2.06% (2018: not applicable).

6.5.18 Due to customers

Amounts due to customers

	31 December 2019	31 December 2018
Debts to policyholders, agents and intermediaries	623	569
Debt to reinsurers	64	56
Total due to customers	**686**	**625**

For information regarding the fair value, see chapter 6.7.1.2.

An amount of € 205 million (2018: € 88 million) of due to customers is expected to be settled more than twelve months after reporting date.

6.5.19 Due to banks

The amounts due to banks increased from € 2,686 million to € 5,520 million primarily as a result of the increase in liability recognised for cash collateral received under ISDAs (International Swaps and Derivatives Association) and CCAs (Client Clearing Agreement) concluded with counterparties (see chapter 6.5.11). There is no significant difference between the carrying amount and the fair value of these liabilities (see chapter 6.7.1.2).

a.s.r. has extended its unsecured revolving facility with ABN AMRO of € 350 million for another year. These borrowings were used for investment purposes (property, group pension contracts), for balance sheet management, and for short-term cash flow management. At the end of 2018 a.s.r. had used € 30 million of this facility, which was redeemed at the end of 2019.

The average interest rate for the cash collateral received in 2019 is -0.38% (EONIA) (2018: -0.36%). 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 nil (2018: € 39 million). The asset recognised for cash collateral paid on reverse repurchase agreements is presented under loans and receivables. The liability recognised for cash collateral received on repurchase agreements is presented under due to banks.

The entire amount of the due to banks is expected to be settled less than or equal to twelve months after reporting date.

6.5.20 Other liabilities

Other liabilities

	31 December 2019	31 December 2018
Financial liabilities		
Accrued Interest	92	57
Trade payables	37	37
Non-financial liabilities		
Deferred income	78	67
Short-term employee benefits	21	21
Tax payable	53	-
Other non-financial liabilities	448	449
Total other liabilities	**729**	**630**

The other non-financial liabilities of € 448 million (2018: € 449 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 6.7.1.2).

An amount of € 32 million (2018: € 33 million) of the other liabilities is expected to be settled more than twelve months after reporting date.

6.6 Notes to the consolidated income statement

6.6.1 Gross insurance premiums

See accounting policy BB.

Composition of gross insurance premiums

	2019	2018
Non-life insurance contracts – gross earned premiums	**3,265**	**3,047**
Life insurance contracts retained exposure	766	839
Life insurance contracts on behalf of policyholders	709	607
Total life insurance contracts	**1,476**	**1,446**
Total gross insurance premiums	**4,740**	**4,493**

The table below provides an overview of total gross earned Non-life insurance premiums.

Gross insurance premiums Non-life

Premiums Non-life	2019	2018
Gross premiums written	3,190	3,013
Changes in provisions for unearned premiums	75	34
Non-life insurance contracts - gross earned premiums	**3,265**	**3,047**

Non-recurring and regular life insurance premiums

Premiums Life	2019	2018
Retained exposure Group		
Non-recurring premiums written	105	87
Periodic premiums written	150	172
Group total	**255**	**259**
Retained exposure Individual		
Non-recurring premiums written	33	88
Periodic premiums written	479	491
Individual total	**512**	**580**
Total contracts retained exposure	**766**	**839**
On behalf of policyholders Group		
Non-recurring premiums written	74	52
Periodic premiums written	439	370
Group total	**514**	**422**
On behalf of policyholders Individual		
Non-recurring premiums written	4	1
Periodic premiums written	192	184
Individual total	**196**	**185**
Total contracts on behalf of policyholders	**709**	**607**
Total life insurance contracts	**1,476**	**1,446**

A total amount of € 145 million (2018: € 121 million) has been eliminated and are therefore not included in the gross insurance premiums (and investment income and operating expenses). This relates to the a.s.r. post-employment benefit plans of € 131 million (2018: € 106 million), investment fees of € 12 million (2018: € 14 million) and Disability premiums of € 2 million (2018: € 1 million).

6.6.2 Investment income

See accounting policy CC.

Breakdown of investment income per category

	2019	2018
Interest income from receivables due from credit institutions	130	149
Interest income from investments	370	394
Interest income from amounts due from customers	241	253
Interest income from derivatives	451	365
Other interest income	35	22
Interest income	**1,228**	**1,185**
Dividend on equities	73	78
Dividend on real estate equity funds	67	65
Dividend on mortgage equity funds	7	2
Rentals from investment property	57	50
Other investment income	11	13
Dividend and other investment income	**216**	**208**
Total Investment income	**1,444**	**1,393**

The effective interest method has been applied to an amount of € 742 million (2018: € 794 million) of the interest income from financial assets not classified at fair value through profit or loss. Included within interest income is € 6 million (2018: € 7 million) of interest received on impaired fixed-income securities.

6.6.3 Realised gains and losses

See accounting policy DD.

Realised gains and losses per category

	2019	2018
Associates and joint ventures at equity method		
- Realised gains	1	2
Investments available for sale		
Fixed-interest securities		
- Realised gains	126	125
- Realised losses	-3	-28
Equities		
- Realised gains	244	145
- Realised losses	-10	-29
Other investments		
- Realised gains	-	7
- Realised losses	-	-
Loans and receivables		
- Realised gains	-	-
- Realised losses	-4	-
Total realised gains and losses	**353**	**222**

The increase in realised gains and losses on investments is mainly due to the sales of equity instruments during the year.

Reversal of impairments on fixed-interest securities, including loans and receivables, as a result of disposal amounts to € 7 million (2018: € 3 million). The related expenses are included under 'Other expenses', see chapter 6.6.11.

6.6.4 Fair value gains and losses

See accounting policy EE.

Fair value gains and losses per category

	2019	2018
Realised gains and losses on derivatives	-277	-146
Unrealised gains and losses on derivatives	2,904	329
Gains and losses on investment property and property for own use	53	46
Financial assets at fair value through profit or loss	213	143
Additions to insurance liabilities due to shadow accounting	-2,948	-311
Total fair value gains and losses	**-55**	**60**

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 recognised in interest income and expense.

Unrealised gains and losses on derivatives increased due to decreasing interest rates, which increased the additions to insurance liabilities due to shadow accounting, see chapter 6.5.14.

6.6.5 Fee and commission income

See accounting policy GG

Fee and commission income

	2019	2018
Asset management for third parties	65	58
Commission on reinsurance	22	19
Other fee and commission income	42	40
Total fee and commission income	**129**	**117**

6.6.6 Other income

Other income

	2019	2018
Proceeds from sales of property developments	10	98
Other income	155	39
Total other income	**165**	**137**

The proceeds from sales of property developments in 2019 and 2018 are mainly due to sale of parts of the Leidsche Rijn Centrumplan in Utrecht to external parties.

The increase in other income is mainly due to a purchase gain as a result of the acquisition of Loyalis (€ 118 million), see chapter 6.4.5.

6.6.7 Net insurance claims and benefits

See accounting policy HH.

Net insurance claims and benefits

	2019	2018
Total Non-life and Life		
Insurance claims and benefits	-5,475	-3,576
Insurance claims and benefits recovered from reinsurers	60	42
Net insurance claims and benefits	**-5,415**	**-3,534**
Non-life		
Claims paid	-2,268	-2,168
Changes in provision for outstanding claims	-111	-90
Amortisation of VOBA	-9	-
Insurance claims and benefits	**-2,387**	**-2,258**
Insurance claims and benefits recovered from reinsurers	52	43
Net insurance claims and benefits, Non-life	**-2,335**	**-2,215**
Life		
Claims paid	-2,503	-2,401
Changes in liabilities arising from insurance contracts	851	841
Changes in liabilities arising from insurance contracts on behalf of policyholders	-1,426	253
Amortisation of VOBA	-10	-11
Insurance claims and benefits	**-3,087**	**-1,318**
Insurance claims and benefits recovered from reinsurers	8	-1
Net insurance claims and benefits, Life	**-3,080**	**-1,319**

6.6.8 Operating expenses

See accounting policy II.

Operating expenses

	2019	2018
Salaries and wages	-257	-248
Social security contributions	-38	-33
Employee benefit charges	-53	-51
Employee discounts	-4	-4
Other short term employee benefits	-6	-5
Total cost of own staff	**-356**	**-342**
Cost of external staff	-85	-63
Consultancy costs and fees	-93	-93
Marketing, advertising and public relations expenses	-15	-12
Technology and system costs	-56	-47
Amortisation of other intangible assets	-8	-3
Depreciation of property and equipment	-17	-13
Other operating expenses	-25	-29
Total other operating expenses	**-299**	**-260**
Total operating expenses	**-656**	**-601**

The increase in total operating expenses is primarily a result of the acquired activities of Loyalis. Excluding the acquisition, the operating expenses increased as a result of organic growth in the Asset Management segment and acquisitions in de Distribution and Services segment (see chapter 6.4.5).

The operating expenses of a.s.r. bank are excluded from the operating expenses as a result of the classification as 'held for sale' (see chapter 6.4.6).

Other operating expenses include travel and subsistence, telephone and personnel training expenses.

The segmentation of a.s.r.'s internal workforce was as follows at 31 December

Segments	2019	2018
Non-life	1,460	1,319
Life	460	443
Asset Management	330	339
Distribution and Services	573	503
Holding and Other	1,083	1,079
Total workforce	**3,906**	**3,683**

The number of internal FTE increased to 3,906 FTE (2018: 3,683 FTE) mostly as a result of the acquisition of Loyalis.

Employees related to administrative activities and overhead are allocated to segment Holding and Other.

6.6.9 Impairments

See accounting policy KK.

Summary of impairments

	2019	2018
Intangible assets	-3	-9
Property and equipment	-1	-1
Investments available for sale	-16	-33
Loans and receivables	4	2
Total impairments	**-16**	**-40**

Changes in impairments of investments available for sale

	2019	2018
Equities	-20	-89
Bonds	-	-
Collateralised debt obligations	-	-
Reversal of impairments on bonds	-	23
Reversal of impairments on collateralised debt obligations	3	33
Total changes in impairments of investments available for sale	**-16**	**-33**

6.6.10 Interest expense

Breakdown of the interest expense

	2019	2018
Interest on employee benefits	-61	-64
Interest on derivatives	-209	-190
Interest owed to banks	-35	-24
Interest on subordinated liabilities	-38	-26
Interest on borrowings	-1	-1
Other interest expenses	-9	-8
Total interest expense	**-352**	**-313**

The interest on borrowings comprises € 0,4 million of interest related to lease liabilities.

Included within interest expense is an amount of € 29 million (2018: € 15 million) relating to negative interest paid on assets.

6.6.11 Other expenses

Other expenses

	2019	2018
Costs associated with sale of development property	-8	-53
Operation expenses of investment property	-13	-14
Other expenses	-54	-37
Total other expenses	**-74**	**-105**

The increase of € 17 million in other expenses is related to the increase in the provision for irrecoverable claims relating to negative interest surplus on pension portfolio and various other differences.

6.6.12 Income tax expense

See accounting policy LL.

Income tax expense

	2019	2018
Current taxes for the current period	-119	-40
Current taxes referring to previous periods	21	10
Total current tax	**-98**	**-30**
Deferred taxes arising from current period	-133	-158
Deferred taxes arising from changes in tax rates	-9	-8
Total deferred tax	**-141**	**-166**
Income tax expenses	**-240**	**-196**

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 2019, this rate was 25.0% (2018: 25.0%). The enacted tax rate for 2020 will be 25.0%.

Deferred taxes arising from changes in tax rates relates to the rate reduction of corporate taxes in 2021 and thereafter. The enacted rate for 2021 and thereafter is 21.7%.

Reconciliation of expected income tax expense with the actual income tax expense

	2019	2018
Profit before tax	1,210	904
Current tax rates	-25.0%	-25.0%
Expected income tax expense	**-303**	**-226**
Effects of:		
Tax-exempt interest	5	4
Tax on interest on other equity instruments	14	15
Tax-exempt dividends	6	6
Tax-exempt capital gains	19	5
Changes in impairments	-1	6
Adjustments for taxes due on previous financial years	-	4
Other effects	21	-10
Total Income tax gain / (expense)	**-240**	**-196**

The profit is almost entirely earned and taxable in the Netherlands.

Deferred taxes arising from changes in tax rates are included in the other effects.

The effective income tax rate is 19.8% (2018 restated: 21.7%). The decrease is mainly due to the purchase gain from Loyalis.

6.7 Other notes

6.7.1 Fair value of assets and liabilities

See accounting policy B.

6.7.1.1 Financial assets and liabilities measured at fair value

Breakdown of financial assets and liabilities measured at fair value

31 December 2019	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	15,778	354	-	16,132
Corporate bonds	11,354	234	3	11,590
Asset-backed securities	-	-	524	524
Preference shares	-	317	3	320
Equities	2,374	452	223	3,049
Other participating interests	7	-	-	7
Mortgage equity funds	-	-	270	270
	29,513	**1,357**	**1,023**	**31,893**
Investments at fair value through profit or loss				
Equities	93	-	17	111
Real estate equity funds	-	-	2,079	2,079
Mortgage equity funds	-	-	569	569
	93	**-**	**2,665**	**2,759**
Derivatives				
Exchange rate contracts	-	13	-	13
Interest rate contracts	-	5,886	-	5,886
Equity index contracts	5	-	-	5
Futures	35	20	-	55
Total derivatives assets	**40**	**5,919**	**-**	**5,959**
Exchange rate contracts	-	-2	-	-2
Interest rate contracts	-	-642	-	-642
Futures	-	-9	-	-9
Inflation linked swaps	-	-24	-	-24
Total derivatives liabilities	**-**	**-676**	**-**	**-676**
	40	**5,243**	**-**	**5,283**
Cash and cash equivalents	2,905	-	-	2,905
Investments on behalf of policyholders				
Government bonds	1,420	-	-	1,420
Corporate bonds	1,103	-	-	1,103
Derivatives	-	12	-	12
Listed equities	5,014	-	-	5,014
Listed equity funds	1,548	-	-	1,548
Real estate equity funds	-	-	233	233
Mortgage equity funds	-	-	44	44
Investment property	-	-	43	43
Cash and cash equivalents	59	-	-	59
Other investments	8	**4**	**83**	95
	9,152	**16**	**402**	**9,571**
Total	**41,703**	**6,616**	**4,091**	**52,410**

Breakdown of financial assets and liabilities measured at fair value

31 December 2018	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	11,587	187	-	11,773
Corporate bonds	9,867	404	3	10,274
Asset-backed securities	-	24	103	127
Preference shares	-	430	4	434
Equities	2,240	333	143	2,716
Other participating interests	4	-	-	4
	23,698	**1,377**	**253**	**25,328**
Investments at fair value through profit or loss				
Equities	74	-	33	107
Real estate equity funds	-	-	1,928	1,928
Mortgage equity funds	-	-	298	298
	74	**-**	**2,258**	**2,332**
Derivatives				
Exchange rate contracts	-	5	-	5
Interest rate contracts	-	2,837	-	2,837
Equity index contracts	26	-	-	26
Futures	-	-	-	-
Total derivatives assets	**26**	**2,842**	**-**	**2,867**
Exchange rate contracts	-	-3	-	-3
Interest rate contracts	-	-372	-	-372
Futures	-18	-35	-	-53
Inflation linked swaps	-	-8	-	-8
Total derivatives liabilities	**-18**	**-417**	**-**	**-435**
	8	**2,424**	**-**	**2,432**
Cash and cash equivalents	3,782	-	-	3,782
Investments on behalf of policyholders				
Government bonds	1,448	-	-	1,448
Corporate bonds	909	-	-	909
Derivatives	-	6	-	6
Listed equities	3,776	-	-	3,776
Listed equity funds	1,270	-	-	1,270
Real estate equity funds	-	-	204	204
Investment property	-	-	42	42
Cash and cash equivalents	112	-	-	112
Other investments	-	4	-	4
	7,515	**10**	**246**	**7,771**
Total	**35,077**	**3,812**	**2,756**	**41,645**

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

Reclassification between categories

2019	To level 1	To level 2	To level 3	Total
From:				
Level 1: Fair value based on quoted prices in an active market	-	262	3	265
Level 2: Fair value based on observable market data	284	-	21	305
Level 3: Fair value not based on observable market data	7	3	-	11

Debt funds are adjusted from level 2 to level 1 (€ 284 million) and from level 1 to level 2 (€ 262 million). Both movements are based respectively on increased and decreased observability of the inputs during the period.

Since 2019, all asset-backed securities are classified as level 3 unless they meet certain requirements, which has led to a movement of € 24 million.

Reclassification between categories

2018	To level 1	To level 2	To level 3	Total
From:				
Level 1: Fair value based on quoted prices in an active market	-	287	-	287
Level 2: Fair value based on observable market data	-	-	-	-
Level 3: Fair value not based on observable market data	22	-	-	22

The adjustment of listed investments funds and asset-backed securities from level 1 to level 2 (€ 287 million) is due to the lower level of liquidity of these funds.

The movements of € 22 million from level 3 to level 1 relates to unlisted funds entirely consisting of listed investments

The following table shows the movement in financial assets measured at fair value including investment on behalf of policyholders and investment property that are categorised within level 3.

Changes in financial assets classified as available for sale categorised within level 3

	2019	2018
At 1 January	253	282
Changes in value of investments, realised/unrealised gains and losses:		
- Realised gains and losses	15	3
- Recognised in Other comprehensive income (unrealised gains and losses)	8	-33
Purchases	273	43
Repayments	-132	-39
Sales	-217	-15
Amortisation	-1	-
Impairments	3	33
Reclassification of investments from/to Level 3 valuation technique	21	-22
Other	-	1
Changes in the composition of the group	801	-
At 31 December	**1,023**	**253**

Changes in financial assets at fair value through profit or loss categorised within level 3

	2019	2018
At 1 January	2,504	1,926
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	208	122
Purchases	375	541
Sales	-298	-99
Reclassification of investments from/to Level 3 valuation technique	-7	-
Transfer between investments on behalf of policyholders and investment property	3	4
Other	-	10
Changes in the composition of the group	284	-
At 31 December	**3,068**	**2,504**
Total revaluations of investments, held at year-end, recognised in the income statement	**162**	**128**

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

Unobservable and observable inputs used in determination of fair value

							Change in theoretical rental value		
	Fair value	Valuation technique	Gross theoretical rental value (€)		Gross yield (%)	Change in yield	-5%	0%	5%
Investments at fair value through profit or loss									
Real estate equity funds associates	1,727	DCF	79,996,466		3.8%	-5.0 %	-	109	219
						0%	-104	-	104
						5.0%	-198	-99	-
Real estate equity funds third parties	352								
Total real estate equity funds	**2,079**								
Investments on behalf of policyholders									
Investment property	43	DCF	666,969	Mean	1.6%	-5.0%	-	2	4
			205,451	Max	5.8%	0%	-2	-	2
			14,923	Min	0.7%	5.0%	-4	-2	-
Real estate equity funds associates	77	DCF	4,646,551		4.4%	-5.0%	-	6	11
						0%	-5	-	5
						5.0%	-10	-5	-
Real estate equity funds third parties	30								
Total real estate equity funds	**107**								

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

6.7.1.2 Financial assets and liabilities not measured at fair value

The breakdown of the fair values of financial assets and liabilities not measured at fair value, and 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:

Breakdown of financial assets and liabilities not measured at fair value

	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 2019	Level 1	Level 2	Level 3	Total fair value	Total carrying value
Financial assets					
Due from customers	2	442	7,830	8,274	7,516
Due from credit institutions	684	4,527	-	5,211	4,036
Trade and other receivables	-	780	-	780	780
Total financial assets	**686**	**5,749**	**7,830**	**14,265**	**12,332**
Financial liabilities					
Subordinated liabilities	-	1,146	-	1,146	990
Borrowings	-	28	19	47	47
Due to customers	-	686	-	686	686
Due to banks	5,415	105	-	5,520	5,520
Other financial liabilities	91	39	-	129	129
Total financial liabilities	**5,506**	**2,004**	**19**	**7,529**	**7,373**

	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 2018	Level 1	Level 2	Level 3	Total fair value	Total carrying value
Financial assets					
Due from customers	2	290	7,252	7,544	6,952
Due from credit institutions	87	4,437	-	4,524	3,421
Trade and other receivables	7	703	-	710	710
Total financial assets	**95**	**5,430**	**7,252**	**12,778**	**11,083**
Financial liabilities					
Subordinated liabilities	-	528	-	528	497
Borrowings	-	39	-	39	39
Due to customers	2	623	-	625	625
Due to banks	2,551	135	-	2,686	2,686
Other liabilities	56	37	-	93	93
Total financial liabilities	**2,609**	**1,363**	**-**	**3,972**	**3,940**

Amounts due to customers and due to banks presented as level 1 primarily comprise savings and the liability recognised for the 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 € 3,921 million (2018 € 3,884 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 6.5.7). The mortgage loan portfolio consists only of Dutch mortgages with a limited counterparty default risk in line with the strategic investment plan (see chapter 6.8.4).

6.7.1.3 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:

Breakdown of the fair value of the investment property and land and buildings for own use

31 December 2019	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	-	-	1,996	1,996
Land and buildings for own use	-	-	150	150
Total	**-**	**-**	**2,147**	**2,147**

31 December 2018	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	-	-	1,889	1,889
Land and buildings for own use	-	-	151	151
Total	**-**	**-**	**2,040**	**2,040**

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 capitalisation 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. 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 rates. The following table shows a breakdown of the fair value and vacancy rates of the portfolio of investment property.

Breakdown of investment property

	Fair value		Vacancy rate	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Retail	215	246	7.9%	22.2%
Residential	1	1	-	-
Rural	1,588	1,474	-	-
Offices	192	168	12.9%	47.4%
Total	**1,996**	**1,889**	**4.7%**	**8.6%**

The movements in investment property measured at fair value (recurring basis) that are categorised within level 3 are presented in chapter 6.5.3 and 6.5.2.

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

The 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

31 December 2019								Change in theoretical rental value		
Unobservable and observable inputs used in determination of fair value	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model										
Retail	215	DCF	total	9,017,576	mean	4.3%	-5.0%	-	11	23
			max	6,233,163	max	14.0%	0%	-11	-	11
			min	43,152	min	4.2%	5.0%	-20	-10	-
Residential	1	DCF	total	79,300	mean	7.8%	-5.0%	-	-	-
			max	79,300	max	7.8%	0%	-	-	-
			min	79,300	min	7.8%	5.0%	-	-	-
Rural	1,588	DCF	total	32,693,954	mean	2.1%	-5.0%	-	84	167
			max	1,988,788	max	30.0%	0%	-79	-	79
			min	862	min	0.5%	5.0%	-151	-76	-
Offices	192	DCF	total	12,605,176	mean	6.6%	-5.0%	-	10	20
			max	4,441,288	max	13.5%	0%	-10	-	10
			min	2,591,636	min	5.6%	5.0%	-18	-9	-
Land and buildings for own use	147	DCF	total	9,257,239	mean	6.3%	-5.0%	-	8	15
			max	9,257,239	max	6.3%	0%	-7	-	7
			min	9,257,239	min	6.3%	5.0%	-14	-7	-
Total	**2,143**									

Unobservable and observable inputs

31 December 2018								Change in theoretical rental value		
Unobservable and observable inputs used in determination of fair value	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model										
Retail	247	DCF	total	4,263,503	mean	1.7%	-5.0%	-	13	26
			max	447,910	max	3.1%	0%	-12	-	12
			min	1,168	min	0.7%	5.0%	-24	-12	-
Residential	1	DCF	total	69,800	mean	8.0%	-5.0%	-		
			max	69,800	max	8.0%	0%		-	
			min	69,800	min	8.0%	5.0%			-
Rural	1,474	DCF	total	32,352,786	mean	2.2%	-5.0%	-	78	155
			max	184,478	max	29.4%	0%	-74	-	74
			min	1,002	min	0.5%	5.0%	-140	-70	-
Offices	167	DCF	total	15,685,294	mean	9.4%	-5.0%	-	9	18
			max	6,690,943	max	13.2%	0%	-8	-	8
			min	7,936	min	4.6%	5.0%	-16	-8	-
Land and buildings for own use	146	DCF	total	9,086,254	mean	6.2%	-5.0%	-	8	15
			max	9,086,254	max	6.2%	0%	-7	-	7
			min	9,086,254	min	6.2%	5.0%	-14	-7	-
Total	**2,035**									

6.7.2 Offsetting of financial assets and liabilities

The following tables include information about rights to offset and the related arrangements. The amounts included consist of all recognised financial instruments that are presented net in the balance sheet under the IFRS-EU offsetting requirements (legal right to offset and intention to settle on a net basis) and amounts presented gross in the balance sheet but subject to enforceable master netting arrangements or similar arrangements.

Offsetting financial instruments

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statements of financial position	Net amounts of financial assets presented in the statements of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Cash collateral received (excluding surplus)	Net amount
31 December 2019						
- Derivatives	5,959	-	5,959	659	5,300	-
Total financial assets	**5,959**	**-**	**5,959**	**659**	**5,300**	**-**
31 December 2018						
- Derivatives	2,867	-	2,867	400	2,467	-
Total financial assets	**2,867**	**-**	**2,867**	**400**	**2,467**	**-**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statements of financial position	Net amounts of financial liabilities presented in the statements of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Cash collateral pledged (excluding surplus)	Net amount
31 December 2019						
- Derivatives	676	-	676	659	17	-
Total financial liabilities	**676**	**-**	**676**	**659**	**17**	**-**
31 December 2018						
- Derivatives	435	-	435	400	33	2
Total financial liabilities	**435**	**-**	**435**	**400**	**33**	**2**

6.7.3 Fair value of financial assets categorised into two groups based on business model and SPPI test results

In compliance with the deferral option IFRS 9 under IFRS 4, a.s.r. conducted a solely payments of principal and interest (SPPI) test on the financial assets.

For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

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

In assessing whether the contractual cash flows are solely payments of principal and interest, a.s.r. considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, a.s.r. considers the following:
- Variable interest rates;
- Prepayment features;
- Term extension features;
- Contingent events; and
- Terms that limit a.s.r.'s claim to cash flows from specified assets – e.g. non-resource asset arrangements.

The tables in this note also comprise the financial assets of a.s.r. bank, which are classified as assets held for sale in the consolidated balance sheet based on their underlying classification being primarily mortgages, bonds and cash and cash equivalents. The asset / liability transaction of a.s.r. bank was concluded on 1 December 2019, which resulted in a decrease of the assets in question.

Fair value of financial assets based on SPPI test results

	Fair value at 31 December 2019[1]	Carrying amount at 31 December 2019	FV movement 2019
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest:			
Government bonds	16,111	16,111	4,327
Corporate bonds	10,713	10,713	1,018
Asset-backed securities	406	406	332
Due from customers	8,267	7,507	-792
Due from credit institutions	5,211	4,036	675
Trade and other receivables	777	777	69
Other financial assets	456	456	47
Cash and cash equivalents	2,955	2,955	-1,063
	44,897	**42,962**	**4,614**
Other financial assets[3]			
Government bonds	22	22	2
Corporate bonds	877	877	224
Asset-backed securities	118	118	65
Preference shares	320	320	-113
Derivatives	5,959	5,959	3,091
Equities and other participating interest	3,166	3,166	339
Real estate equity funds	2,079	2,079	151
Mortgage equity funds	839	839	542
Other investments	231	231	55
Investments on behalf of policyholders	9,571	9,571	1,800
Due from customers	9	9	1
	23,191	**23,191**	**6,157**
Total financial assets	**68,089**	**66,154**	**10,771**

Fair value of financial assets based on SPPI test results

	Fair value at 31 December 2018[1]	Carrying amount at 31 December 2018	FV movement 2018[2]
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest:			
Government bonds	11,784	11,784	133
Corporate bonds	9,695	9,695	-273
Asset-backed securities	74	74	-1
Due from customers	9,059	8,381	46
Due from credit institutions	4,536	3,483	-201
Trade and other receivables	708	708	-
Other financial assets	409	409	-
Cash and cash equivalents	4,018	4,018	-
	40,283	**38,552**	**-296**
Other financial assets[3]			
Government bonds	20	20	-
Corporate bonds	653	653	-50
Asset-backed securities	53	53	6
Preference shares	434	434	-21
Derivatives	2,868	2,868	381
Equities and other participating interest	2,827	2,827	-273
Real estate equity funds	1,928	1,928	119
Mortgage equity funds	298	298	5
Other investments	175	175	-
Investments on behalf of policyholders	7,771	7,771	-54
Due from customers	8	8	-
	17,035	**17,035**	**113**
Total financial assets	**57,318**	**55,587**	**-183**

The fair value movement relates to the revaluations during the year of the financial assets; total movement less the net additions.

Credit risk exposure for financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest

	Gross carrying amount at 31 December 2019[1]	Gross carrying amount at 31 December 2018[1]
Credit risk rating		
AAA	8,785	7,162
AA	7,992	5,843
A	9,014	9,259
BBB	6,261	4,325
Lower than BBB	216	173
Not rated		
Mortgages	7,134	8,212
Spaarlossen	2,801	2,861
Other	848	842
Total financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest	**43,051**	**38,677**

1 The carrying value of the trade and other receivables is regarded as a good approximation of the fair value, as these assets have a short-term nature.
2 The fair value movement of financial assets recognised as at 31 December 2018, that were either purchased during 2018 or were already recognised as at 31 December 2017. This does not include the fair value movement of the financial assets derecognised in 2018.
3 Other financial assets include the financial assets that fall into the business model held for trading and managed on a fair value basis or those financial assets with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest.

The credit risk of the assets not rated, mostly mortgages and savings-linked mortgage loans, are considered low risk. The a.s.r. portfolio consists only of Dutch mortgages with a limited counterparty default risk, as 40% (2018: 45%) are covered by the NHG, 29% (2018: 26%) have a loan to value less than 75%, and only 3% (2018: 6%) have a loan to value more than 100%. The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') is also considered low. For 38% (2018: 45%) 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. For another 59% (2018: 50%) a.s.r. has a cession-retrocession agreement with the counterparty. Effectively, a.s.r. receives the underlying mortgage loans as collateral, mitigating the counterparty default risk of the savings-linked mortgage loans. For more detailed information about the credit risks of a.s.r., see chapter 6.8.3 and chapter 6.8.4.

Fair value of financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest without low credit risk

	Fair value at 31 December 2019	Carrying amount at 31 December 2019[1]	Fair value at 31 December 2019	Carrying amount at 31 December 2019[1]
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest:				
Government bonds	-	-	-	-
Corporate bonds	55	55	49	49
Asset-backed securities	-	-	1	1
Other investments	2	2	-	-
Due from customers	74	74	30	32
Due from credit institutions	42	85	63	91
Trade and other receivables	510	522	501	535
Cash and cash equivalents	-	-	-	-
Total fair value of financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest without low credit risk	**683**	**738**	**644**	**708**

a.s.r. has conducted the implementation of IFRS 9 for a.s.r. bank including the classification and measurement of the financial instruments. The 2019 and 2018 financial statements of a.s.r. bank can be obtained from the company website, when available.

6.7.4 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 associates, joint ventures, members of the EB, members of the SB, 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.

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. EB and SB members are described in chapter 5.3.

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

	Associates	Joint ventures	Total
2019			
Balance sheet items with related parties as at 31 December			
Loans and receivables	26	1	27
Other liabilities	124	-	124
Transactions in the income statement for the financial year			
Fee and commission income	38	-	38
Fee and commission expenses	2	-	2
2018			
Balance sheet items with related parties as at 31 December			
Loans and receivables	24	1	25
Other liabilities	74	-	74
Transactions in the income statement for the financial year			
Fee and commission income	28	-	28

No provisions for impairments have been recognised on the loans and receivables for the years 2019 and 2018.

6.7.5 Employee Share Purchase Plan

In 2019 a.s.r. issued an employee share purchase plan (ESPP or 'the plan'). a.s.r. employees are thereby given the opportunity to acquire a.s.r. shares at a discount. a.s.r. can suspend or withdraw the plan at any time. There is no option under the plan for either a.s.r. or the employee to settle in cash or other assets. Therefore the plan is an equity-settled share-based payments plan.

The members of the EB are required to participate in the plan by investing a predetermined part of their renumeration in a.s.r. shares. Other employees participate voluntarily.

Under the terms of the plan the granting and vesting is predefined. The grant date of the plan is the moment the employee registers to participate in the plan. The shares vest immediately on the transaction date when cash is received from the employee, unconditionally, subject only to a post-vesting transfer restriction of five years. Otherwise, there are no specific restrictions to the share (i.e. voting power, dividend restrictions).

The employees purchase the shares at a discount of 18.5%. The fair value of the a.s.r. share with a lock-up of five years at the grant date equals the purchased price by the employee.
The ESPP has an impact on equity through the adjustment in the treasury shares and retained earnings. See paragraph 6.5.12.4 Treasury shares for more information.

The number of shares purchased during the reporting period were 100,546, for an amount of € 2.66 million (2018: not applicable, no ESPP in force).

6.7.6 Contingent liabilities and assets

6.7.6.1 General 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 recognised in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts and legal provisions (see chapter 6.5.14).

Dutch insurers see an increase in insurance policies complaints/claims based on grounds other than the cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However it is not possible 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. Currently there are no indications that such 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 defense against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r. For further information related to the Unit-Linked Products (beleggingsverzekeringen), see chapter 6.7.6.2.

6.7.6.2 Unit-Linked Products (beleggingsverzekeringen)

Background

Since the end of 2006, individual unit-linked life insurance products (beleggingsverzekeringen) have received negative attention in the Dutch media, from the Dutch Parliament, the AFM, consumers and consumer protection organisations. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds. The criticism and scrutiny on unit-linked life insurance products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, a.s.r. reached an outline agreement with two main consumer protection organisations to offer compensation to unit-linked policyholders in case the cost charge and/or risk premium charge exceeds a defined maximum. A full agreement on implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial costs relating to the compensation scheme for Individual life in a.s.r.'s income statement until 2019 was € 1,031 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2019 is solely available to cover potential additional compensation (schrijnende gevallen) and costs relating to the compensation scheme. On the basis of this agreement, a.s.r. offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, a.s.r. has implemented additional measures (flankerend beleid), including the ten best in class principles as formulated by the Dutch Minister of Finance. On 17 July 2015, the Dutch Ministry of Finance published an Order in Council (Algemene Maatregel van Bestuur), pursuant to which insurance companies can be sanctioned if they do not meet the compulsory targets set for approaching policyholders of unit-linked life insurances and prompting them to review their existing policies.

The agreement with the two consumer protection organisations and additional measures are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures offered by a.s.r. prevent individual policyholders from initiating legal proceedings against the a.s.r. and making claims for damages.

Legal proceedings

a.s.r. is subject to a limited number of legal proceedings initiated by individual unit-linked policyholders, in most cases represented by claims organisations. While to date fewer than 15 cases are pending before Dutch courts and courts of appeal and fewer than 125 cases are pending before the Financial Services Complaints Board (FSCB) (the Dispute Committee as well as the Committee of Appeal of the FSCB), there is no assurance that further proceedings will not be brought against a.s.r. in the future. Future legal proceedings regarding unit-linked life insurance policies might be brought upon a.s.r. by consumers individually, by consumer organisations acting on their behalf or in the form of a collective action. Furthermore, there is an ongoing lobby by consumer protection organisations, such as the Consumentenbond and Stichting Geldbelangen, to continuously gain media attention for unit-linked life insurance policies. These organisations argue, amongst other things, that consumers did not receive sufficient compensation based on the compensation scheme.

a.s.r. is currently subject to three collective actions. The claims are all based on similar grounds and have been rejected by a.s.r. and a.s.r. defends itself in these legal proceedings. The timing and outcome of these collective actions is currently uncertain.

In June 2016, Woekerpolis.nl initiated a collective action, requesting the Midden-Nederland District Court to declare that a.s.r. has sold products in the market which were defective in various respects (e.g. lack of transparency regarding cost charges and other product characteristics, and risks against which the insurer had failed to warn, such as substantial stock depreciations, inability to realise the projected final policy value, unrealistic capital projections due to the difference between geometric and arithmetic returns, and general terms and conditions governing costs which Woekerpolis.nl considered unfair). In a decision of 6 February 2019, the district court rejected all Woekerpolis.nl's claims and concluded that the products sold by a.s.r. could not be considered defective. The only claim upheld by the court was that pertaining to administrative costs calculated under specific circumstances in a specific product ('Spaarplan'), because no defence was put forward. Woekerpolis.nl issued a notice of appeal on 16 April 2019.

In March 2017, the Consumentenbond also initiated a collective action against a.s.r. based on similar grounds to that initiated by Woekerpolis.nl. In a decision of 11 March 2020, the district court of Midden Nederland rejected the Consumentenbond claims.

In December 2019, claim organisation Wakkerpolis initiated a collective action against a.s.r. Although the claim from 'Wakkerpolis' is largely based on similar grounds as the other two collective actions, it primarily concentrates on the lack of transparency of cost charges.

Risk profile and contingent liability unit-linked life insurance products

The prolonged political, regulatory and public attention focused on unit-linked life insurance policies continues. Elements of unit-linked life insurance policies of a.s.r. are being challenged on multiple legal grounds in current, and may be challenged in future, legal proceedings. There is a risk that one or more of the current and/or future claims and/or allegations will succeed. To date, a number of rulings regarding unit-linked life insurance products in specific cases have been issued by the FSCB and courts (of appeal) in the Netherlands against a.s.r. and other insurers. In these proceedings, different (legal) approaches have been taken to come to a ruling. The outcomes of these rulings are diverse. Because the book of policies of a.s.r. dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse, no reliable estimation can be made regarding the timing and the outcome of the current and future legal proceedings brought against a.s.r. and other insurance companies.

The total costs related to compensation for unit-linked insurance contracts as described above, have been fully recognised in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts and legal provisions (see chapter 6.5.14). Although the financial consequences of the legal developments could be substantial, a.s.r.'s exposures cannot be reliably estimated or quantified at this point. If one or more of these legal proceedings should succeed, there is a risk a ruling, although legally only binding for the parties that are involved in the procedure, could be applied to or be relevant for other unit-linked life insurance policies sold by a.s.r. Consequently, the financial consequences of any of the current and/or future legal proceedings brought upon a.s.r. can be substantial for a.s.r.'s Life insurance business and may have a material adverse effect on a.s.r.'s financial position, business, reputation, revenues, results of operations, solvency, financial condition and prospects.

6.7.6.3 Obligations and guarantees

Investment obligations for an amount of € 51 million (2018: € 20 million) have been assumed / issued for investment property.

Investment obligations and guarantees for a total amount of € 30 million (2018: € 41 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.

Due to the sale of the mortgage portfolios of a.s.r. bank, a.s.r. had no more irrevocable facilities relating to mortgage offers issued at year end (2018: € 327 million). Furthermore, a.s.r. issued several other guarantees for a total amount of € 3 million (2018: € 10 million).

6.7.6.4 Expected future rental income

The following table sets out the expected future rental income, showing the undiscounted lease payments to be received after the reporting date.

Expected minimum future rental income on non-cancellable investment property lease

	31 December 2019	31 December 2018
To be received within 1 year	57	49
To be received between 1 and 2 years	46	41
To be received between 2 and 3 years	39	37
To be received between 3 and 4 years	35	28
To be received between 4 and 5 years	33	21
To be received after 5 years	433	398
Total undiscounted lease payments	**644**	**574**

The investments properties, in retail, residential, offices and rural markets 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.

6.7.7 Events after the balance sheet date

a.s.r. acquires VvAA Life and Veherex

On 1 January 2020, a.s.r. and a.s.r. schade completed the acquisitions of VvAA Levensverzekeringen N.V. (hereafter VvAA Life) and Veherex Schade N.V. (hereafter Veherex) respectively by acquiring all issued and outstanding shares for a total consideration of € 58 million.
VvAA offers life insurance to healthcare providers and Veherex offers disability insurance for the railway and other public transportation sector. The acquisitions fit into a.s.r.'s strategy to grow through bolt-on acquisitions.

The closing for both transactions took place on 1 January 2020. As a result these activities are not included in the consolidated financial statements as of 31 December 2019. a.s.r. will fully include the results and the balance sheet positions in the a.s.r. consolidated financial statements from the closing date. The full integration of the activities of VvAA Life and Veherex into a.s.r. will take place in phases and is likely to be completed by the end of 2020. The legal mergers of VvAA Life and Veherex with a.s.r. leven and a.s.r. schade respectively are expected to take place during 2020.

Given the recent closings, the initial accounting for the acquisitions is ongoing and as such the combined opening balance sheet presented below is provisional (i.e. the insurance liabilities, identifiable intangible assets and contingent liabilities, if any, have not yet been recognised in the initial opening balance sheet). In accordance with IFRS 3 business combinations, the final opening balance sheet will be drawn up within 12 months of the closing date. The provisional balance sheet is based on fair value and uses the following techniques and assumptions:
- Financial assets and liabilities (including investments and loans and receivable) were remeasured to fair value at the closing date;
- Liabilities arising from insurance contracts were remeasured to fair value as defined in IFRS.

Provisional combined condensed balance sheet of VvAA Life and Veherex

	Balance sheet based on fair value
Investments	331
Investments on behalf of policyholders	178
Loans and receivables	38
Other assets	43
Total assets	**590**
Liabilities arising from insurance contracts	325
Liabilities arising from insurance contracts on behalf of policyholders	178
Other liabilities	32
Total liabilities	**535**
Net assets and liabilities	**55**
Consideration paid	**58**
Preliminary excess purchase consideration	**-3**

The consideration paid for Veherex includes a contingent consideration with a fair value of € 5.6 million to be paid over a period of 5 years.

The preliminary excess purchase consideration consists of an excess purchase consideration of € -11.7 million related to VvAA Life, which is not tax deductible, and a gain on the acquisition of Veherex amounting to € 8.6 million, which is tax exempt. The provisional gain related to the purchase of Veherex will be recognised in the income statement in 2020 upon acquisition.

Both acquisitions are expected to have a limited impact on the IFRS profit after tax, the operating result and the Solvency II ratio in 2020.

Share buyback programme

In February 2020, a.s.r. announced the repurchase of ordinary shares for an amount of € 75 million as an additional capital distributions. The period for the repurchase of shares started on 20 February 2020 and will end no later than 21 May 2020. The impact on the Solvency II ratio of this share buyback programme, which will be included in the interim 2020 figures, is -2%-point.

Coronavirus

In December 2019, a pneumonia outbreak was reported in China which in 2020 rapidly developed into what is now commonly referred to as the coronavirus. The virus has resulted in a significant number of confirmed cases of infection in large portions of the world, including the Netherlands. Globally, governments are taking various measures to contain the outbreak and to mitigate its impact on the economy. In the Netherlands, the Dutch government issued a series of far reaching measures to stop the spread of the coronavirus. Both the virus and the countermeasures have a significant impact on Dutch society and economics in the short term. The government has also presented a significant economic relief program to support both companies and individuals that are financially impacted by the corona outbreak.
As the number of infections caused by the virus is still increasing, and the result of both the countermeasures to the virus outbreak as well as the economic relief program still has yet to take effect, the impact of the coronavirus is unsure, specifically in the longer term.

At this point in time it is too early to make a realistic and credible assessment of what the impact of the coronavirus will be on a.s.r.'s business and financial performance. The effect on our financial results will depend on a number of factors, including the extent and duration of the period of disruption and the impact on the global economy and financial markets. As published in this report, a.s.r. is financially healthy and its capital position is solid. In the recent weeks, a.s.r.'s Solvency II ratio proved resilient to absorb these extraordinary developments in the financial markets. Based on the closing market position as of 19 March 2020, which is the most recent analysis available at the time of publication of this annual report, a.s.r. estimates its Solvency II ratio, on the standard formula, to be substantially higher than year-end 2019. The ratio reflects observed market movements as at 19 March 2020, but does not yet allow for any change in insurance claims or changes in experience or assumptions that may arise from the corona crisis. The estimate includes the positive impact from the significantly higher volatility adjustment which increased with over 40 bps since year-end 2019, as well as the flattening of the interest rate curve. It also includes the negative impact of the further reduction of the UFR and the € 75 million share buyback that is currently being executed. Because of the current high volatility in the financial markets, the estimated Solvency II ratio may vary substantially from day to day. a.s.r.'s liquidity position of € 1.6 billion at year-end 2019 has also proven resilient. We continue to closely monitor the impact of the corona outbreak on the operating performance of our various business lines. We furthermore continue to monitor the potential IFRS impact relating to the valuation of financial instruments and valuation of technical provisions which are sensitive to developments in the (long-term) interest rates.

a.s.r.'s prime concern is the personal well-being of its customers and its employees, their partners and their families.
As a leading Dutch insurer, a.s.r. is committed to help its customers through this challenging period and to do everything in its power to help overcome the corona crisis in the Netherlands. To protect its employees all a.s.r. employees are working from home which most employees are already very familiar with, given the 'independent time and place working' policy of a.s.r.

6.7.8 List of principal group companies and associates

List of principal group companies and associates

Company	Equity interest	Rate of Control	Seat	Segment
ASR Aanvullende Ziektekostenverzekeringen N.V.[2]	100.00	100.00	Utrecht	Non-life
ASR Basis Ziektekostenverzekeringen N.V.[2]	100.00	100.00	Utrecht	Non-life
ASR Schadeverzekering N.V.[2]	100.00	100.00	Utrecht	Non-life
ASR Wlz-uitvoerder B.V.	100.00	100.00	Utrecht	Non-life
ASR Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Utrecht	Non-life
ASR Levensverzekering N.V.[2]	100.00	100.00	Utrecht	Life
ASR Utrecht Real Estate Investments Netherlands B.V.	100.00	100.00	Amsterdam	Life
ASR Bank N.V.[3]	100.00	100.00	Utrecht	Asset Management
ASR Financieringen B.V.	100.00	100.00	Utrecht	Asset Management
ASR Hypotheken B.V.[1]	100.00	100.00	Utrecht	Asset Management
ASR Real Estate B.V.[1,3]	100.00	100.00	Utrecht	Asset Management
ASR Vermogensbeheer N.V.[1,3]	100.00	100.00	Utrecht	Asset Management
Anac Verzekeringen B.V.[3]	100.00	100.00	Eindhoven	Distribution & Services
Anac, All-Finance Nederland Advies-Combinatie B.V.[3]	100.00	100.00	Eindhoven	Distribution & Services
Boval Assurantiën B.V.[3]	100.00	100.00	Velserbroek	Distribution & Services
Corins B.V.[3]	100.00	100.00	Amsterdam	Distribution & Services
Dijkhuizen & Wiendels Assurantiën V.O.F.[3]	51.00	51.00	Velserbroek	Distribution & Services
Dutch ID B.V.	100.00	100.00	Velserbroek	Distribution & Services
Felison Assuradeuren B.V.[3]	100.00	100.00	Velserbroek	Distribution & Services
Melching Assuradeuren B.V.[3]	100.00	100.00	Drachten	Distribution & Services
Melching Assurantiën B.V.[3]	100.00	100.00	Drachten	Distribution & Services
PoliService B.V.[3]	100.00	100.00	Hardinxveld-Giessendam	Distribution & Services
Supergarant Verzekeringen B.V.[3]	100.00	100.00	Leidschendam	Distribution & Services
Van Kampen Geld B.V.[3]	100.00	100.00	Hoorn	Distribution & Services
Van Kampen Groep Holding B.V.[3]	100.00	100.00	Hoorn	Distribution & Services
ZZP Nederland Verzekeringen B.V.[3]	100.00	100.00	Groningen	Distribution & Services
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[1]	100.00	100.00	Amersfoort	Holding & Other
ASAM N.V.[1]	100.00	100.00	Utrecht	Holding & Other
ASR Betalingscentrum B.V.[1]	100.00	100.00	Utrecht	Holding & Other
ASR Deelnemingen N.V.[1]	100.00	100.00	Utrecht	Holding & Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Holding & Other
ASR Service Maatschappij N.V.[1]	100.00	100.00	Rotterdam	Holding & Other
ASR Vastgoed Projecten B.V.	100.00	100.00	Utrecht	Holding & Other
Brand New Day Premiepensioeninstelling N.V.[3,4]	50.00	50.00	Amsterdam	Holding & Other
Servicemaatschappij 'De Hoofdpoort' N.V.[1]	100.00	100.00	Utrecht	Holding & Other

The principal group companies and associates are located in the Netherlands.

For notes to equity interests in associates and joint ventures, see chapter 6.5.4. 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.

6.7.9 Profit appropriation

The EB will propose to the AGM to distribute a final dividend of € 169 million in dividend on ordinary shares for 2019. Including the interim dividend of € 99 million the total dividends to shareholder amounted to € 267 million.

1 These are companies for which a statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code has been issued.
2 Registered insurance companies
3 Other Wft registered companies
4 Joint Venture

6.8 Risk management

Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic objectives are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met.

6.8.1 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. implemented a Risk Management framework based on internationally recognised and accepted standards (such as COSO ERM and ISO 31000:2018 risk management principles and guidelines). Using 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 (legal) business entities.

6.8.1.1 Risk Management Framework

Risk Management Framework

Risk Management Framework
The Risk Management (RM) framework consists of risk strategy (including risk appetite), risk governance, systems and data, risk policies and procedures, risk culture, and risk management process. The RM framework contributes to achieving the strategic, tactical and operational objectives as set out by a.s.r.

Risk strategy (incl. risk appetite)
Risk strategy is defined to contain at least the following elements:
- Strategic objectives that are pursued;
- The risk appetite in pursuit of those strategic objectives.

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 (see chapter B.3.1.1 Risk strategy and risk appetite).

Risk governance
Risk governance can be seen as the way in which risks are managed, through a sound risk governance structure and clear tasks and responsibilities, including risk ownership. a.s.r. employs a risk governance framework that entails the tasks and responsibilities of the risk management organisation and the structure of the Risk committees (see chapter B.3.1.2 Risk governance).

Systems and data
Systems and data support the risk management process and provide management information to the risk committees and other relevant bodies. a.s.r. finds it very important to have qualitatively adequate data, models and systems in place, in order to be able to report and steer correct figures and to apply risk-mitigating measures timely. To ensure this, a.s.r. has designed a policy for data quality and model validation in line with Solvency II. Tools, models and systems are implemented to support the risk management process by giving guidance to and insights into the key risk indicators, risk tolerance levels, boundaries and actions, and remediation plans to mitigate risks.

Risk policies and procedures:
Risk policies and procedures at least[1]:
- Define the risk categories and the methods to measure the risks;
- Outline how each relevant category, risk area and any potential aggregation of risk is managed;
- Describe the connection with the overall solvency needs assessment as identified in the Own Risk & Solvency Assessment (ORSA), the regulatory capital requirements and the risk tolerances;
- Provide specific risk tolerances and limits within all relevant risk categories in line with the risk appetite statements;
- Describe the frequency and content of regular stress tests and the circumstances that would warrant ad-hoc stress tests.

The classification of risks within a.s.r. is performed in line with, but is not limited to, the Solvency II risks. Each risk category consists of a policy that explicates how risks are identified, measured and controlled within a.s.r. (see chapter B.3.1.4 Risk policies and procedures).

Risk culture
An effective risk culture is one that enables and rewards individuals and groups for taking risks in an informed manner. It is a term describing the values, beliefs, knowledge, attitudes and understanding about risk. All the elements of the RM framework combined make an effective risk culture.

Within a.s.r. risk culture is an important element 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 (see chapter B.3.1.5 Risk culture).

Risk management process
The risk management process contains all activities within the RM processes to structurally 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. At a.s.r., the risk management process is used to implement the risk strategy in the steps mentioned. These five steps are applicable to the risks within the company to be managed effectively (see chapter B.3.1.6 Risk Management process).

6.8.1.1.1 Risk management strategy and 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.

Risk appetite is defined as the level and type of risk a.s.r. is willing to bear in order to meet its strategic, tactical and operational objectives. The risk appetite is formulated to give direction to the management of the (strategic) risks. The risk appetite contains a number of qualitative and quantitative risk appetite statements and is defined for both financial (FR) and non-financial risks (NFR). The statements highlight the risk preferences and limits of the organisation and are viewed as key elements for the realisation of the strategy. The statements and limits are defined at both group level and at legal entity level and are determined by the Business Executive Committee – Risk meeting and approved by the Supervisory Board. The statements are evaluated yearly to maintain alignment with the strategy.

1 EIOPA-BoS-253-Guidelines_on_System_of_Governance_EN.pdf

Risk appetite statement ASR Nederland N.V. 2019		
1	ASR Nederland N.V. places long-term value creation at the forefront of its (strategic) operations. ASR Nederland N.V. is a socially responsible organisation which ensures that all stakeholders' interests are met in a balanced and sustainable way.	NFR
2	ASR Nederland N.V. ensures that operational risks are controlled efficiently and effectively: a. ASR Nederland N.V. has efficient and effective business processes; b. ASR Nederland N.V. has reliable financial reports; c. ASR Nederland N.V. has controlled internal and external outsourcing; d. ASR Nederland N.V. has IT that processes information reliably; e. ASR Nederland N.V. has controlled (efficient and effective) projects	NFR
3	ASR Nederland N.V. complies with current laws, regulations and ethical (and inherent internal) norms. ASR Nederland N.V. meets the (reasonable) expectations of stakeholders and offers solid and reliable products which are cost-efficient, useful, safe and comprehensible to customers, intermediaries and ASR's internal organisation. Conducting honest business ensures that ASR's reputation is protected.	NFR
4	ASR Nederland N.V. has a minimum SCR ratio of 120%.	FR
5	ASR Nederland N.V. remains within the bandwidth of periodically reassessed market risk budgets.	FR
6	ASR Groep (including ASR Nederland N.V., ASR Levensverzekering N.V. and ASR Schadeverzekering N.V.) has at least a single A rating and therefore holds an AA rating in accordance with the S&P Capital Model. ASR Nederland N.V. assesses the amount of dividend payments against the current and expected future solvency ratio and economic outlook. Dividend payments are in line with the conditions laid down in the capital and dividend policy of ASR Nederland N.V.	FR
7	ASR Nederland N.V. has a maximum financial leverage ratio of 40% Financial leverage ratio = Debt / (Debt + Equity)	FR
8	ASR Nederland N.V. has a maximum double leverage ratio of 135%. Double leverage ratio = Total value of associates / (equity attributable to shareholders + hybrids and subordinated liabilities)	FR
9	ASR Nederland N.V. has a minimum interest coverage ratio of between 4 and 8. Interest coverage ratio = EBIT operational / interest expense	FR
10	ASR Nederland N.V. is capable of releasing liquidities worth up to € 1 billion over a 1-month period following stress and remains capable of meeting its collateral requirements in the event of a 3% interest increase.	FR
11	ASR Nederland N.V. generates a robust and high-quality operational ROE, i.e. pursues an overall ROE > 12% and seeks an ROE > 10% for individual investment decisions, where in exceptional cases an ROE > 8% is accepted.	FR
12	ASR Nederland N.V. has a maximum combined ratio of 99%.	FR
13	ASR Nederland N.V., has total market risk which will be a maximum of 50% of the total risk	FR

Risk strategy aims to ensure that management decisions lead to a risk profile that remains within the risk limits. The risk strategy entails all processes to identifying, assessing and managing risks and opportunities. Through a combined top-down and bottom-up Strategic Risk Analysis (SRA) approach, the most important strategic risks are identified. For each of the strategic risks an estimation of the likelihood and impact is made to prioritize the risks. The main strategic risks are translated into 'risk priorities' (including emerging risks) at group level and are monitored throughout the year in the BEC – Risk meeting. Output from the SRA, combined with the risk appetite statements, provides insight into the strategic risk profile of a.s.r. and underlying legal entities. The entire risk profile is monitored in the relevant risk committees.

6.8.1.1.2 Risk governance

a.s.r.'s risk governance can be described by:

- Risk ownership;
- the implemented three lines of defence model and associated (clear delimitation of) tasks and responsibilities of key function holders; and
- the risk committee structure to ensure adequate decision making.

Risk ownership

The Executive Board has the final responsibility for risk exposures and management within the organisation. 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 for the risk exposures.

Three lines of defence

The risk governance structure is based on the 'three lines of defence' model. The 'three lines of defence' model consists of three defence 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 defence within a.s.r.

Three lines of defence model

Three lines of defence		
First line of defence	**Second line of defence**	**Third line of defence**
• Executive Board • Management teams of the business lines and their employees • Finance & risk decentral	• Group Risk Management department - Risk management function - Actuarial function • Integrity department - Compliance function	• Audit department - Internal 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, underwriting, claims handling, etc.) and is responsible for implementing risk frameworks and policies.	• Challenges the 1st line and supports the 1st line to achieve 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 functioning and the effectiveness of the first two lines of defence

Positioning of key functions

Within the risk governance, the key functions (compliance, risk, actuarial and audit) are organised in accordance with Solvency II regulation. They 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. In all the risk committees one or more key functions participate. 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. Furthermore, the key functions have regular meetings with the supervisors of the Dutch Central Bank (DNB) and/or The Dutch Authority for the Financial Markets (AFM).

Group Risk Management
Group Risk Management (GRM) is responsible for the execution of the risk management function (RMF) and the actuarial function (AF). The department is led by the CRO. GRM consists of the following sub-departments:
- Enterprise Risk Management (ERM);
- Financial Risk Management (including AF).

Enterprise Risk Management
ERM is responsible for second-line operational (including IT) risk management and the enhancement of the risk awareness for a.s.r. and its subsidiaries. The responsibilities of ERM include the development of risk policies, the annual review and update of the risk strategy (risk appetite), the coordination of the SRA process leading to the risk priorities and ORSA scenarios and the monitoring of the non-financial risk profile. 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 RMF monitors and reviews the non-financial strategic and operational risk profile. The quality of the framework is continuously enhanced by the analysis of operational incidents, periodic risk assessments and monitoring by the RMF. ERM 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 financial risk management and supports both the AF and RMF. An important task of FRM is to be the countervailing power to the Executive Board and management in managing financial risks for a.s.r. and its subsidiaries. FRM assesses the accuracy and reliability of the market risk, counterparty risk, insurance risk and liquidity risk, risk margin and best estimate liability. Other responsibilities are model validation and policies on valuation and risk. FRM is also responsible for the AF. As part of the AF, 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 AF expresses an opinion on the underwriting policy and determines if risks related to the profitability of new products are sufficiently addressed in the product development process. The AF also expresses an opinion on the adequacy of reinsurance arrangements.

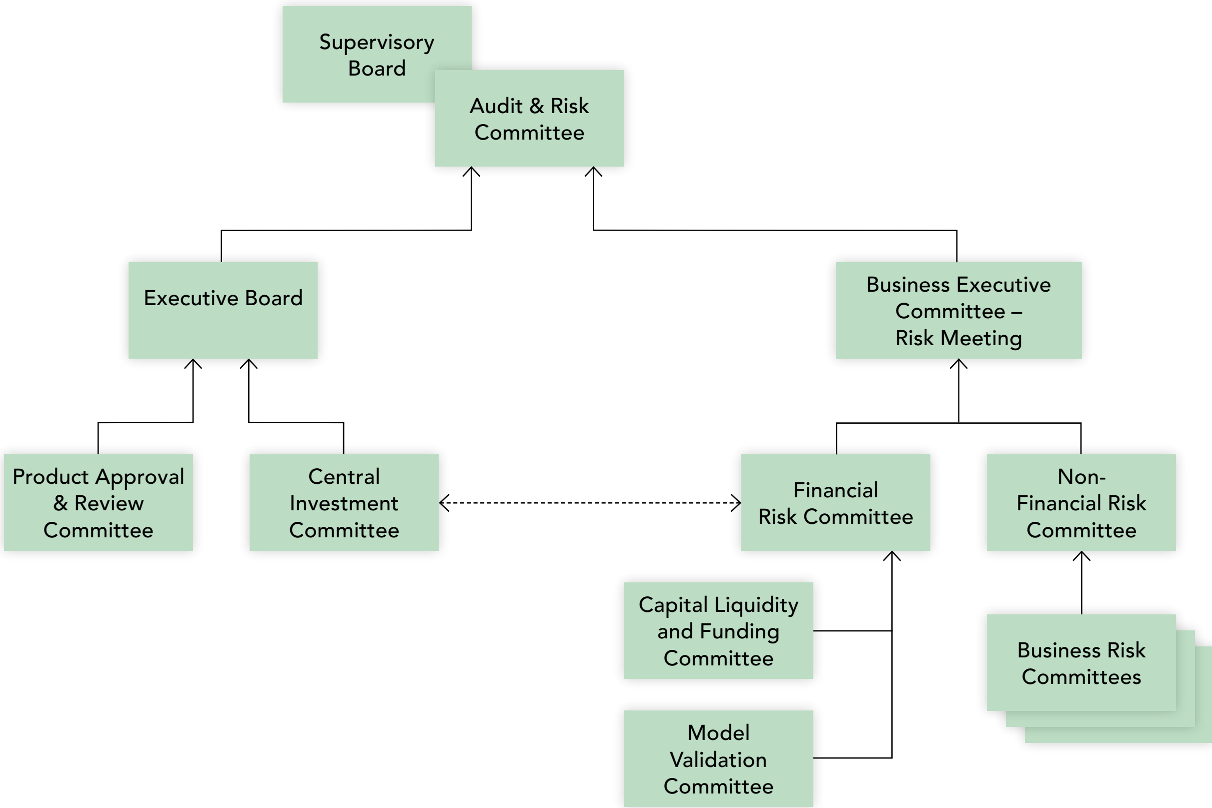
Compliance
Compliance is responsible for the execution of the compliance function. An important task of Compliance is to be the countervailing power to the Executive Board and other management in managing compliance risks for a.s.r. and its subsidiaries. The mission of the compliance function is to enhance and ensure controlled and sound business operations where impeccable, professional conduct is self-evident.

As second line of defence, Compliance encourages the organisation to comply with relevant rules and regulations, ethical standards and the internal standards derived from them ('rules') by providing advice and devising policies. Compliance supports the first line in the identification of compliance risks and assesses 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 defence, provides an independent opinion on governance, risk and management processes, with the goal of supporting the Executive Board and 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. group, 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 make decisions regarding measures to be taken, being risk-mitigating measures or measures regarding governance, such as 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, among other things, in the following matters:
- Assessment of the risk appetite proposal and quarterly monitoring of the risk profile;
- Assessment of the annual report, including the financial statements of a.s.r.;
- The relationship with the independent external auditor, including the assessment of the quality 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, the AF and the risk management function;
- Compliance with rules and regulations; and
- The financial position.

The Audit & Risk Committee has three members of the Supervisory Board, one of whom acts as the chairman.

Business Executive Committee – Risk meeting
The Business Executive Committee – Risk meeting (BEC – Risk meeting) monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the BEC – Risk meeting 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 BEC – Risk meeting also monitors the progress made in managing risks included in the Risk Priorities of the Executive Board.

All members of the Executive Board participate in the BEC – Risk meeting, 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 organisation. In addition to the Executive Board, the Key Functions (Risk management, Compliance, Internal audit, AF) are members of the Committee. In addition, it consists of a number of senior managers who present a number of focus areas.

Non-Financial Risk Committee
The Non-Financial Risk Committee (NFRC) discusses, advises and decides upon non-financial risk policies. The most relevant risk policies are approved by the BEC – Risk meeting. The NFRC monitors that non-financial risks are managed adequately and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating actions. The NFRC reports to the BEC – Risk meeting. The NFRC is chaired by a member of the Executive Board.

Financial Risk Committee
The Financial Risk Committee (FRC) discusses and decides upon financial risk policies. The most relevant financial risk policies are approved by the BEC – Risk meeting. The FRC monitors and controls financial risks (market, insurance (life and non-life) and counterparty default risk). The FRC also monitors whether the risk profile stays within the risk limits. If the risk profile exceeds these limits, the FRC takes mitigating actions. The FRC reports to the BEC – Risk meeting. The Chairman of the FRC is the CFO.

Capital, Liquidity and Funding Committee
The Capital, Liquidity and Funding Committee (CLFC) is a subcommittee of the FRC. As such, the CLFC prepares and assesses the technical analysis of capital, liquidity and funding positions, rating policy, rating model reporting, and treasury activities. The Chairman of the CLFC is the Director of Group Asset Management.

Model Validation Committee
The model validation committee (MVC) is a subcommittee of the FRC and is responsible for the execution and update of the model validation policy and the approval of validation of existing or newly developed models. The MVC receives all required information for the validation of models (e.g. model documentation and validation reports) prepared by the validation board (MVB) that assures the quality of the validation process. The chairman of the MVC is the CRO.

Business Risk Committees
The business lines manage and control their risk profile through the Business Risk Committees (BRC). The BRC's monitor that the risk profile of the business lines stays within the risk appetite, limits and targets, as formulated by the Executive Board. The BRC reports to the FRC and the NFRC. The Chairman of the BRC is the Managing Director of the business line.

Central Investment Committee
In addition to the risk committee structure, the Central Investment Committee (CIC) 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 FRC. The CIC bears particular responsibility for investment decisions exceeding the mandate of the investment department. The CIC is chaired by the Director of Group Balance Sheet Management (GBSM).

Product Approval and Review Process Board
The Product Approval & Review Process Board (PARP Board) is responsible for the final decision-making process around the introduction of new products and adjustments in existing products. The committee evaluates if potential 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. The PARP Board is chaired by the managing Director of the business line Health.

6.8.1.1.3 Systems and data
GRC tooling is implemented to support the risk management process by giving guidance and insight into 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 upon.

a.s.r. has a Data Governance and Quality policy in place to support the availability of correct 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 based on the following aspects, based on Solvency II:
- Completeness (including documentation of accuracy of results);
- Adequacy;
- Reliability;
- Timeliness.

The preparatory body or department 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 unauthorised 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.

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.

The aim of the information security policy is to take measures to ensure that the requirements regarding availability, reliability and integer 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 organisation 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;
- The integrity, i.e. reliability, of information is the degree to which it is up-to-date, complete and error-free;
- 'Confidential use' refers to the degree to which the information is available to authorised persons only and the extent to which it is not available to unauthorised persons.

There are technical solutions for accomplishing this, by enforcing a layered approach (defence-in-depth) of technical measures to avoid unauthorised 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 are aimed at preventing hackers and other unauthorised 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 there are physical measures and measures that helps the right awareness of personnel as part of the information security environment.

When user defined models (e.g. spreadsheets) are used for supporting the RM Framework, the 'a.s.r. Standard for End user computing'- in addition to the general security policy - defines and describes best practices in order to guard the reliability and confidentiality of these tools and models. a.s.r. recognises the importance of sound data quality and information management systems. The management of IT and data risks of the implemented tools, models and systems (including data) is part of the Operational IT risk management.

6.8.1.1.4 Risk policies and procedures

a.s.r. has established guidelines, including policies that cover all main risk categories (market, counterparty default, liquidity, underwriting, strategic and operational). These policies address the accountabilities and responsibilities regarding management of the different risk types. Furthermore, 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 proper implementation of the policies in the business. New risk policies or updates of existing risk policies are approved by the risk committees as mentioned previously.

6.8.1.1.5 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 essential that an organisation enables objective and transparent risk reporting in order to manage them more effectively.

The Executive Board clearly recognises 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 finalising decisions.

It is very important that this risk awareness trickles down to all parts of the organisation, 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 behaviours 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 and highlight that risks can also present a.s.r. with opportunities. Risk Management (both centralised and decentralised) is positioned as such, that it can communicate and report on risks independently and transparently, which also contributes to creating a proper risk culture.

6.8.1.1.6 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 [1]. a.s.r. has defined a procedure for performing risk analyses and standards for specific assessments. The five different steps are explained in this chapter.

Identifying

Management should endeavour 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 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 managing 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 maximisation 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.

1 Based on COSO ERM and ISO 31000.

6.8.1.2 a.s.r.'s risk categories
a.s.r. is exposed to a variety of risks. There are six main risk categories that a.s.r. recognises, as described below.

Insurance risk
Insurance risk is the risk that premium and/or investment income or outstanding reserves will not be sufficient to cover current or future payment obligations, due to the application of inaccurate technical or other assumptions and principles when developing and pricing products. a.s.r. recognises the following insurance risk:
- Life insurance risk
- Health insurance risk
- Non-life insurance risk

Market risk
The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished:
- 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
- Healthcare providers
- Zorginstituut Nederland

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
- Financial reporting
- Outsourcing
- Information technology
- Project risks

Strategic risk
Strategic risk is the risk of a.s.r. or its business lines failing to achieve the objectives due to incorrect decision-making, incorrect implementation and/or an inadequate response to changes in the environment. Such changes may arise in the following areas:
- Climate
- 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.

6.8.2 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.

The insurance risk arising from the insurance portfolios of a.s.r. is as follows:

Insurance risk - required capital

	31 December 2019	31 December 2018
Life insurance risk	1,682	1,457
Health insurance risk	1,026	777
Non-life insurance risk	518	491
Total excluding diversification between insurance risks	**3,227**	**2,724**

The insurance risk increased as a result of the acquisition of Loyalis, the decrease of the interest rates, the termination of the mass lapse cover and refinement of the calculation of the health risk.

Solvency II sensitivities
a.s.r. has assessed the impact of various sensitivities on the solvency ratio. The sensitivities as at 31 December 2018 and 2019, expressed as impact on the group solvency ratio (in percentage points) are as follows:

Solvency II sensitivities - insurance risks

Effect on:	Available capital		Required capital		Ratio	
Type of risk (%-points)	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Expenses -10%	+6	+6	+1	+1	+7	+8
Mortality rates, all products -5%	-4	-3	-	-	-5	-3
Lapse rates -10%	-	+1	-	-	-	-

Solvency II sensitivities - explanation

Risk	Scenario
Expense risk	Measured as the impact of a 10% decrease in expense levels.
Mortality risk	Measured as the impact of a 5% decrease in all mortality rates.
Lapse risk	Measured as the risk of a 10% decrease in lapse rates.

The table above shows that the SCR sensitivities in 2019 are (almost) similar to the sensitivities of 2018. The impact on the ratio is the opposite if a reversed scenario is taken into account. These shocks had no impact on the 2019 and 2018 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.

6.8.2.1 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 SCR for life insurance risks is determined on the level of model points. A model point is a group of policies with equal characteristics. A model point is a subset of a homogeneous risk group. In case a netting between positive and negative risks within a model point can exist, special attention is given. In most cases, the model points are sufficiently homogeneous knowing that this netting is not material.

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 analysis consists of a 35% increase in disability rates for the first year, 25% for subsequent years, combined with a decrease in revalidation 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. This scenario also includes a similar shock in the investment costs. Both the internally and externally managed investment costs are involved in this scenario.

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 lapse shocks are only applied to portfolios where this leads to a higher best estimate.

Especially in the case of funeral policies the netting of positive and negative risks within model points can be considerable for policies that can be surrendered (completely ending the policy, with payment of surrender value) in the case of the mass lapse. In most cases, the shock scenario for determining the SCR for mass lapse for funeral policies consists of an immediate shock of 40% with respect to the continuation of premium payment (mass 'pup'-scenario). This is mostly in line with policy conditions. The mass pup treatment in the funeral portfolio for mass lapse risk reduces the netting of positive and negative risks to a level that is not material.

In 2018 the required capital for a mass lapse was reduced by the proceeds that are to be expected from a reinsurance arrangement (Mass Lapse Cover). At the end of 2019 the Mass Lapse Cover was terminated.

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 in mortality rates in the first projected year for (re)insurance obligations where the increase in mortality rates leads to an increase in technical provisions.

Mortgage Loans

Within the individual life portfolio there is a group of policies directly linked to a mortgage loan ('Spaarhypotheken'). In case the mortgage loan is not provided by a.s.r., but by another party, which is the case for most of these policies, the interest that a.s.r. reimburses to the policyholder is claimed from the party that has provided the mortgage loan. This cashflow of interests from the provider of the mortgage loan to a.s.r. represents an asset. The cashflow and value of this asset depends on the cashflow of the linked savings policy. Therefore, the change in this asset value due to mortality or lapse is taken into account when determining the SCR for life insurance risks.

Employee benefits

a.s.r. has insured the post-employment benefit plans for a.s.r.'s employees with a.s.r. leven, an insurance company within the 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 a.s.r. group level equals the sum of risk margins of all underlying legal entities. No correction is made for the elimination of post-employment benefit plans for a.s.r.'s employees with a.s.r. leven.

Other information

Within a.s.r. leven 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. The other main risks a.s.r. leven is exposed to are expense risk and lapse risk.

The table below summarises the required capital for abovementioned life insurance risks based on the standard model.

Life insurance risk - required capital

	31 December 2019	31 December 2018
Mortality risk	281	297
Longevity risk	1,169	928
Disability-morbidity risk	6	6
Lapse risk	346	313
Expense risk	666	641
Revision risk	-	-
Catastrophe risk (subtotal)	89	83
Diversification (negative)	-875	-811
Life insurance risk	**1,682**	**1,457**

For the life portfolio, the provision at year-end can be broken down as follows under Solvency II:

Life portfolio - technical provisions per segment

Segment	31 December 2019	31 December 2018
Insurance with profit participation		
Best estimate	18,762	19,099
Risk margin	1,133	1,097
Technical provision	**19,895**	**20,195**
Other life insurance		
Best estimate	14,669	9,757
Risk margin	774	514
Technical provision	**15,443**	**10,271**
Index-linked and unit-linked insurance		
Best estimate	9,790	7,908
Risk margin	84	108
Technical provision	**9,874**	**8,016**
Total		
Best estimate	**43,222**	**36,764**
Risk margin	**1,991**	**1,718**
Technical provision	**45,213**	**38,482**

The technical provisions and the risk margin have increased due to the acquisition of Loyalis (resp. € 1,888 million and € 57 million at valuation date June 30, 2019). This increase was mitigated by the outflow of the individual life portfolio and (to a lesser extend) the traditional pensions portfolio. A dominant factor in the increase of the technical provisions in 2019 was the decrease of the interest rate, VA and UFR and the increase of stock markets. Furthermore there has been a considerable transfer of technical provision from the category 'Insurance with profit participation' to the category 'Other life insurance', due to improved data concerning profit sharing end dates, which has improved the classification.

6.8.2.1.1 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 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.

In order to optimise its balance sheet risks, a.s.r. entered into a reinsurance agreement with Legal and General Re in 2015. The share of Legal and General Re is on behalf of a specific buy-out portfolio. Also, for the Generali portfolio, a relatively small reinsurance contract is in force. The total share of the reinsurances for a.s.r. amounts to € 190 million per 31 December 2019.

6.8.2.2.1 Health insurance risk

The Health insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types:

I. SLT Health portfolio (Similar to Life Techniques) Income Protection, which can be divided into
   a. Individual Disability (Zelfstandigen)
   b. Group Disability (WIA)
II. NSLT Health portfolio (Similar to Non-life Techniques), which can be divided into
   a. Income Protection (Sickness, and Individual and Group Accident)
   b. Medical Expenses (Basis and Aanvullend)

The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The Health insurance portfolio of a.s.r. contains the following insurance risks:

I. SLT Health risk
   a. 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.
II. NSLT Health risk
   a. 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.
III. Health Catastrophe risk
   a. This risk is applicable to the entire Health portfolio. The calculation is scenario-based.

SLT Health Risk

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 for the first year, 25% for subsequent years, combined with a decrease in revalidation rates of 20%.

Expense risk

A calculation is made of the effect of a permanent increase in costs, 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 1 percentage point 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 (40% mass lapse). 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 Regulation, 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 earned premium of the next year, and the earned premium of the current year. The reserve risk is the risk that the current reserves are insufficient to cover their run-off over a 12 month time horizon.

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 DNB 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 because these contracts have a maximum compensation for claims.

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, 3.5% are permanently disabled, 16.5% 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 hospitalised and 20% to see a local practitioner.

Health insurance risk - required capital

	31 December 2019	31 December 2018
Health SLT	837	607
Health Non-SLT	266	233
Catastrophe Risk (subtotal)	92	77
Diversification (negative)	-169	-141
Health (Total)	**1,026**	**777**
Mortality risk	-	-
Longevity risk	34	22
Disability-morbidity risk	731	523
Expense risk	113	84
Revision risk	120	84
Lapse risk	142	124
Diversification (negative)	-302	-231
Health SLT (subtotal)	**837**	**607**
Medical expenses insurance and proportional reinsurance	89	89
Income protection insurance and proportional reinsurance	209	201
Diversification (negative)	-33	-57
Health Non-SLT (subtotal)	266	233
Mass accident risk	20	17
Accident concentration risk	87	72
Pandemic risk	25	22
Diversification (negative)	-39	-34
Catastrophe risk (subtotal)	**92**	**77**

The SCR for the Health Non-SLT risk differs from the sum of the amounts reported in the OTSO QRTs. This difference is caused due to a diversification benefit on group level.

For the SLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II.

SLT Health portfolio - technical provisions per segment

	31 December 2019	31 December 2018
Best estimate	3,702	2,558
Risk margin	426	301
Technical provision	**4,127**	**2,859**

For the NSLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II.

NSLT Health portfolio - technical provisions per segment

	31 December 2019	31 December 2018
Best estimate	392	445
Risk margin	39	30
Technical provision	**431**	**475**

6.8.2.2.2 Non-life insurance risk

Non-life Insurance risk can be broken down into:

I. Premium and reserve risk;
II. Non-life catastrophe risk;
III. 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 a.s.r. schade 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:

I. Effect of expired future profits on existing contracts (which are already taken into account in the Best Estimate calculation of premium provision) by:
   a. Deriving the level of (Solvency II) Line of Business (LOB) based on the assumption of a 40% lapse;
   b. Solvency II LOB contains a group of products with the same risk profile which are modelled together;
   c. Taking (Solvency II) LOBs into account in case of lapse with an increase in the provision.
II. Effect of continuous fixed costs is not taken into account.

Below table summarises the required capital for abovementioned Non-life insurance risks based on the standard model.

Non-life insurance risk - required capital

	31 December 2019	31 December 2018
Premium and reserve risk	480	447
Lapse risk	53	36
Catastrophe risk	104	117
Diversification (negative)	-119	-109
Non-life insurance risk	**518**	**491**
Natural catastrophe risk	80	97
Man-made catastrophe risk	65	63
Other non-life catastrophe risk	16	15
Diversification (negative)	-57	-58
Catastrophe risk (subtotal)	**104**	**117**

For the Non-life portfolio, the provision at year-end can be broken down as follows under Solvency II:

Non-life portfolio - technical provisions per segment

Segment	31 December 2019	31 December 2018
Best estimate	1,272	1,241
Risk margin	73	66
Technical provision	**1,344**	**1,306**

6.8.2.2.3 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 causes flex-workers to become in scope, in force from 1 January 2017. This 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).

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 based on 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 into account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

6.8.3 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. The first table summarises the required capital for market risks based on the standard model:

Market risk - required capital

	31 December 2019	31 December 2018
Interest rate	386	238
Equity	855	597
Property	1,090	1,014
Currency	263	230
Spread	1,169	1,091
Concentration	46	122
Diversification (negative)	-753	-709
Total	**3,055**	**2,584**

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. Market risk increased mainly driven by re-risking of the investment portfolio (including scaling back the interest rate hedge).

The value of investment funds at year-end 2019 was € 4,427 million (2018 € 3,650 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 II sensitivities

The sensitivities of the solvency ratio as at 31 December 2019, 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 the available capital and the required capital.

Solvency II sensitivities - market risks

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
UFR 3.2%	-16	-18	-3	-3	-19	-21
Interest rate +1% (2018 incl. UFR 4.05% / 2019 incl. UFR 3.90%)	-4	-4	+13	+12	+8	+7
Interest rate -1% (2018 incl. UFR 4.05% / 2019 incl. UFR 3.90%)	+7	+9	-13	-14	-7	-5
VA -10bp	-10	-9	-2	-2	-11	-11
Equity prices -20%	-10	-9	+11	+7	+1	-3
Property values -10%	-9	-9	+3	+4	-6	-6
Spread +75bps/(2018: VA +20bps/2019: VA +18bps)	+11	+11	+4	+9	+15	+21

Solvency II sensitivities - explanation

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 4.05%/3.90%)	Measured as the impact of a parallel 1% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR (3.90 for 2019 and 4.05% for 2018) after the last liquid point of 20 years remained unchanged.
VA	Measured as the impact of a 10 bps decrease in the VA.
Equity risk	Measured as the impact of a 20% downward movement in equity prices.
Property risk	Measured as the impact of a 10% downward movement in the market value of real estate.
Spread risk (including impact of spread movement on VA)	Measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. At the same time, it is assumed that the VA will increase by 18bps (2018 was 20 bps) based on reference portfolio.

The Solvency II sensitivities stayed almost the same in the past year, except for the credit spread. The decrease of the credit spread sensitivity from +21 to +15 is mainly caused by the fact that the interest rate down becomes dominant in this scenario, whereas the interest rate up was dominant previous year. This led to a smaller diversification in the market risk module and therefore to a lower impact of the Solvency Capital Requirement (SCR) on the ratio.

IFRS sensitivities

	2019		2018	
Scenario	IFRS Equity	IFRS Profit	IFRS Equity	IFRS Profit
Equities +20%	399	-3	329	-15
Equities -20%	-389	1	-302	-25
Interest +1%	-398	-	-329	-2
Interest -1%	446	-	401	2
Spread +75 bp	-58	-	-90	-
Spread -75 bp	58	-	90	-
Property +10%	354	341	327	313
Property -10%	-354	-326	-327	-317
Foreign currency +10%	84	11	65	22
Foreign currency -10%	-84	-11	-65	-22

The sensitivities of total equity to equities increased in 2019 in line with the increased exposure to equities. The sensitivity of profit in the equity down scenario is due to the impact of the put options and impairments of shares. The decrease of the sensitivity is both due to (i) a smaller option portfolio and (ii) less impairments in the down scenario due to the positive returns on the equity markets in 2019. The sensitivity of profit in the equity up scenario is due to the impact of the put options. As a result of a smaller option portfolio the sensitivity decreased.

The sensitivities to interest rates changed mainly due to (i) a higher shadow accounting percentage and (ii) the lower yield curve. A small impact on profit is the result of put options.

The sensitivity to spreads remained limited due to the mitigating effect of shadow accounting. The decrease is mainly the result of a higher shadow accounting percentage.

The sensitivities to property increased in 2019 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 a higher exposure the foreign currencies. The sensitivity of profit includes the impact of both derivatives and bonds.

6.8.3.1 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.

The interest rate risk is calculated by a relative shock up- and downward shock of the risk-free (basis) yield curve. All adjustments (credit spread, VA) on this yield curve are considered constant. The yield curve is extrapolated to the UFR. The yield curve after shock is not extrapolated again to the UFR.

The used shocks vary by maturity and the absolute shocks are higher for shorter maturities (descending: 75% to 20% and ascending: -70% to -20%):

- The yield curve up shock contains a minimum shock of 100bps;
- The yield curve after the downward shock is limited to zero (no negative interest rates);
- The yield curves of all currencies are shocked simultaneously.

Interst rate risk - required capital

	31 December 2019	31 December 2018
SCR interest rate risk up	-30	-97
SCR interest rate risk down	-386	-238
SCR interest rate risk	**386**	**238**

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.

Solvency II sensitivities - interest rate

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
UFR 3.2%	-16	-18	-3	-3	-19	-21
Interest rate +1% (2018 incl. UFR 4.05% / 2019 incl. UFR 3.90%)	-4	-4	+13	+12	+8	+7
Interest rate -1% (2018 incl. UFR 4.05% / 2019 incl. UFR 3.90%)	+7	+9	-13	-14	-7	-5
VA -10bp	-10	-9	-2	-2	-11	-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 minimised. In addition, the exposure to interest rate risk or various term buckets is subject to maximum amounts.

6.8.3.2 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).

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 3.4% per 31 December 2019.

Equity risk - required capital

	31 December 2019	31 December 2018
SCR equity risk - required capital	855	597

In 2019 the equity risk increased mainly due to the positive returns on the equity markets. Besides an increase of the equity portfolio, this also resulted in (i) an higher risk charge due to the equity dampener and (ii) a decrease in the risk mitigating effect of the option portfolio. Besides the impact of the positive equity returns there was also the upward effect due to the run-off of the transitional measure of equity risk.

In case the transitional measure would not be used, SCR equity risk would increase to € 924 million.

Solvency II sensitivities - equity prices

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Equity prices -20%	-10	-9	+11	+7	+1	-3

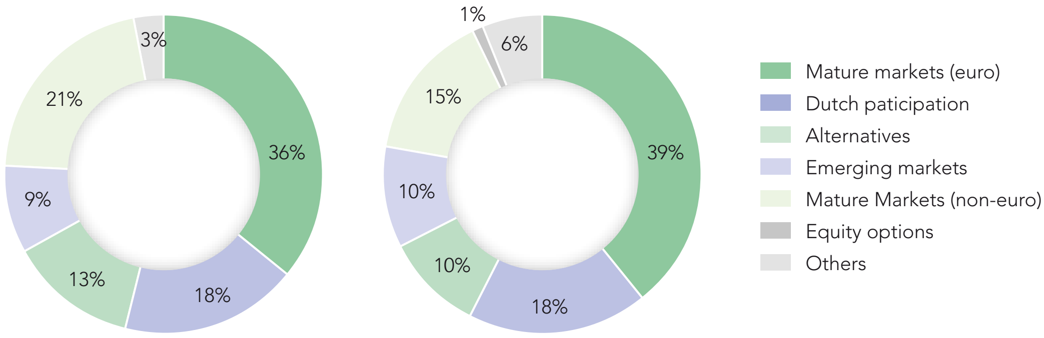
Composition of equity portfolio

The fair value of equities and similar investments at year-end 2019 was € 2,421 million (2018: € 2,191 million). The increase in 2019 mainly due to the positive returns on the equity markets.

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. A portfolio of put options with a value of € 5 million is in place to mitigate the equity risk.

The table below shows the exposure of the equity portfolio to different categories. The total value is including the equities in externally managed funds.

Composition equity portfolio



Composition equity portfolio 2019

Composition equity portfolio 2018

6.8.3.3 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%. Both assets and liabilities are taken into account.

Property risk - required capital

	31 December 2019	31 December 2018
SCR property risk - required capital	1,090	1,014

Since the third quarter of 2019 EIOPA allows to apply the look through approach for participations. a.s.r. applies the look through approach for participations which activities are primarily real estate investments.

Besides this methodology change, the real estate exposure also increased due to both transactions and increases in property prices. As a result the required capital for property risk increased.

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 sensitivities - property values

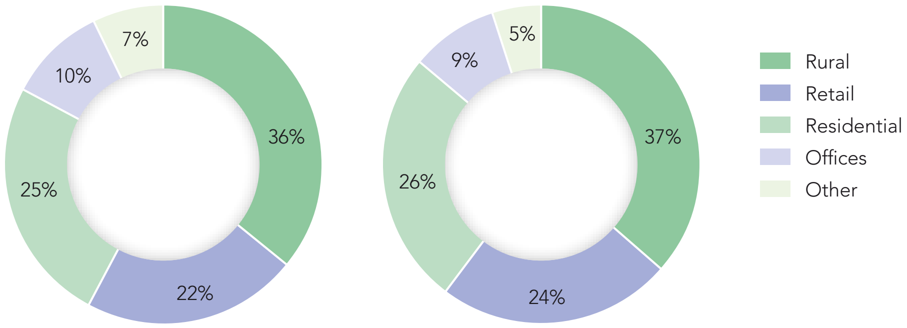
Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Property values -10%	-9	-9	+3	+4	-6	-6

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 € 4,524 million at year-end 2019 (2018: € 4,111 million). The increase in 2019 was a result of both transactions and increases in property prices.

Besides this, the real estate exposure also increased due to a change in EIOPA regulation, which made it possible to allow look through for participations which activities are primarily real estate investments. The property investments are diversified across the Netherlands.

Composition property portfolio



Composition property portfolio 2019

Composition property portfolio 2018

6.8.3.4 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates. The table below provides an overview of all currencies with the largest exposures. a.s.r. has currency risk to insurance products in American dollars (USD), Australian dollars (AUD) and South African Rands (ZAR). The policy of a.s.r. is in principle to hedge the currency risk excluding investments in equities and investments that are externally managed. However, certain currency exposures are permitted from a tactical perspective within a specific risk budget.

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 and a look-through approach is applied for investment funds. For each currency the maximum loss due to an upward and a downward shock of 25% is determined except for a small number of currencies where lower shocks are applied (Danish crown; Bulgarian lev).

Currency risk - required capital

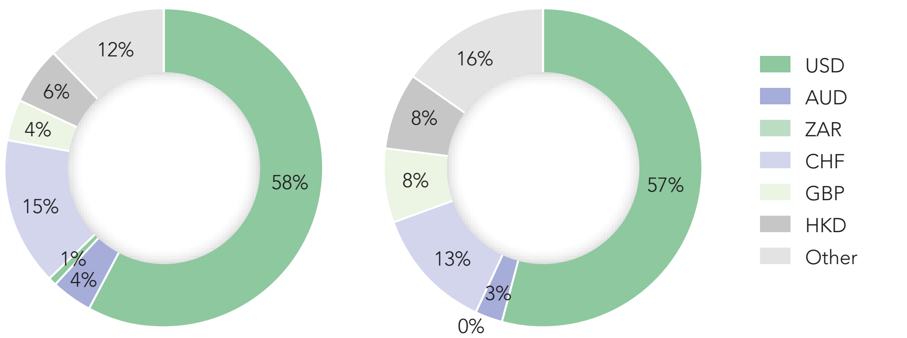
	31 December 2019	31 December 2018
SCR currency risk - required capital	263	230

Currency risk has increased € 33.1 million. This is mainly caused by an increase in foreign stocks and a decrease in the liabilities.

Specification currencies with largest exposure

Foreign stocks have substantially increased in the following currencies: USD, AUD, CHF. The liabilities have substantially decreased in USD and AUD.

Composition currency portfolio



Composition currency portfolio 2019

Composition currency portfolio 2018

6.8.3.5 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 realised 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.

Spread risk - required capital

	31 December 2019	31 December 2018
SCR spread risk - required capital	1,169	1,091

The SCR spread risk increased in 2019. The SCR spread risk increased due to a larger fixed income portfolio, mainly due to the acquisition of Loyalis and the decrease in interest rates. On the other hand SCR spread risk decreased due to the shortening duration of the credit portfolio.

The sensitivity to spread risk is measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. The VA is based on a reference portfolio. An increase of 75 bps of the spreads on loans and corporate bonds within the reference portfolio leads to an increase of the VA with 18 bps in 2019 (2018: 20 bps). The decrease of the credit spread sensitivity from +21 to +15 is mainly caused by the fact that the interest rate down becomes dominant in this scenario, whereas the interest rate up was dominant previous year. This led to a smaller diversification in the market risk module and therefore to a lower impact of the SCR on the ratio.

Solvency II sensitivities - spread risk

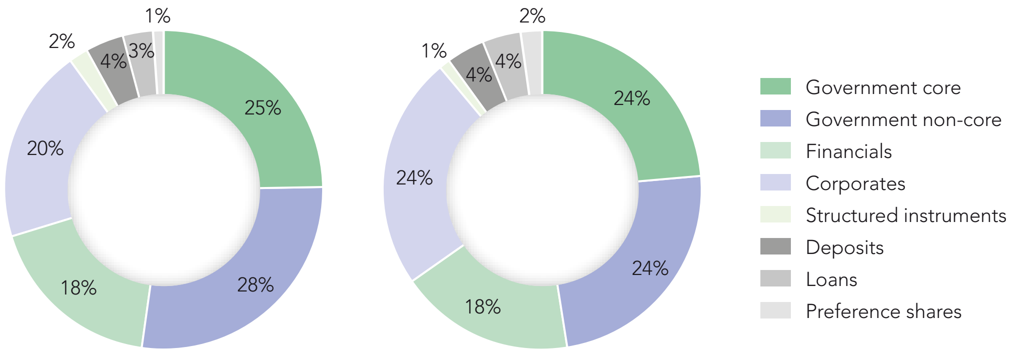
Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Spread +75bps/(2018: VA +20bps/2019: VA + 18bps)	+11	+11	+4	+9	+15	+21

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 the fixed-income exposure by (i) rating class and (ii) sector. Assets in scope of spread risk are, by definition, not in scope of counterparty default risk.

The total exposure of assets in scope of spread risk is € 31,297 million (2018: € 25,236 million). The increase of the portfolio is mainly due to the acquisition of Loyalis and transactions. The portfolio decomposition is similar to 2018, except:
- the relatively amount of non core government bonds increased and the relatively amount of Corporates decreased;
- the relatively amount of A decreased and the relatively amount of AA and BBB increased

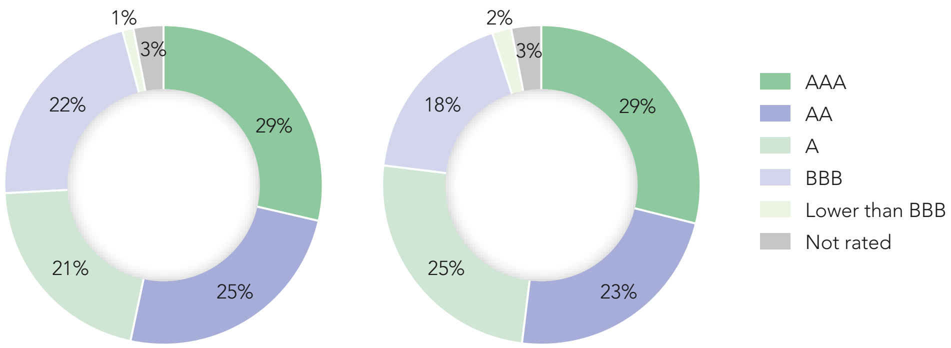
Composition fixed income portfolio by sector



Composition fixed income portfolio by sector 2019

Composition fixed income portfolio by sector 2018

Composition fixed income portfolio by rating



Composition fixed income portfolio by rating 2019

Composition fixed income portfolio by rating 2018

6.8.3.6 Market risk concentrations

Concentrations of market risk constitute an additional risk to an insurer. Concentration risk is the concentration of exposures to the same counterparty. Other possible concentrations (region, country, etc.) are not in scope. The capital requirement for concentration risk is determined in three steps:

1. determine the exposure above threshold. The threshold depends on the credit quality of the counterparty;
2. calculation of the capital requirement for each counterparty, based on a specified factor depending on the credit quality;
3. aggregation of individual capital requirements for the various counterparties.

According the spread risk module, bonds and loans guaranteed by a certain government or international organisation are not in scope of concentration risk. Bank deposits can be excluded from concentration risk if they fulfil certain conditions.

Concentration risk - required capital

	31 December 2019	31 December 2018
SCR concentration risk - required capital	46	122

The decrease in 2019 is mainly caused by the acquisition of Loyalis which led an increase of the threshold. 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. Beside the limits on single obligors, a.s.r. applies also limits on the total level of the required capital for market risk concentrations.

The required capital for market risk concentrations is due to short term deposits received as collateral for the interest rate derivatives.

6.8.4 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 ('Spaarlossen')
- 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

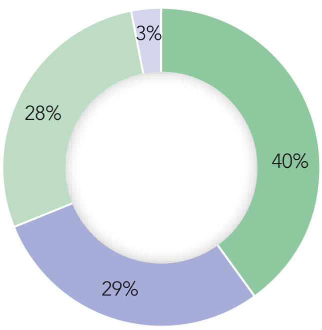
	31 December 2019	31 December 2018
Type 1	144	231
Type 2	338	352
Diversification (negative)	-26	-36
Total	**456**	**547**

The Counterparty risk type 1 has decreased a) due to decrease of cash position and b) due to new regulation for derivatives exposure. The counterparty risk type 2 has decreased a) due to the lower volume of the receivables from intermediaries that have been due for more than three months; b) due to the overall decrease of type 2 exposures. The total counterparty risk has decreased by € 91 million.

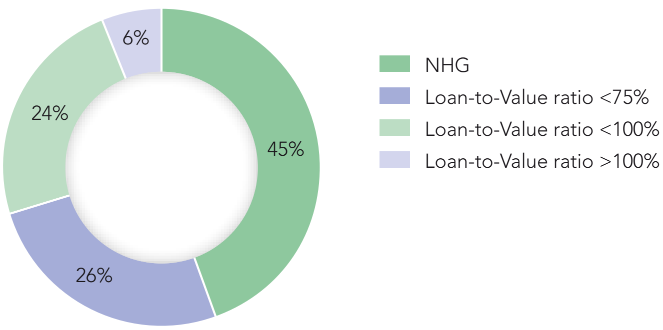
6.8.4.1 Mortgages

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. The fair value of a.s.r.'s mortgage portfolio was € 8,401 million at year-end 2019 (2018: € 7,546 million).

Composition mortgage portfolio



Composition mortgage portfolio 2019



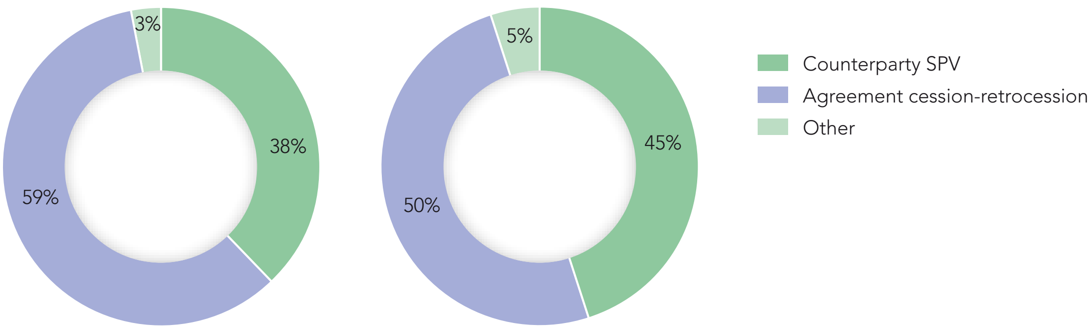
Composition mortgage portfolio 2018

The Loan-to-Value ratio is based on the value of the mortgage according SII principals with respect to the a.s.r. calculated collateral.

The default percentage (i.e. the percentage of mortgages which is in arrears for over three months) has decreased from 0.10% in December 2018 to 0.05% in December 2019. This drop is a consequence of the improved economic circumstances and of the organisation of preventive management, whereby the flow of short-term arrears to longer delays could be reduced.

6.8.4.2 Savings-linked mortgage loans
The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') depends on the counterparty. For 38% 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 59% 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.

Composition savings-linked mortgage loans portfolio



Composition savings-linked mortgage loans portfolio 2019

Composition savings-linked mortgage loans portfolio 2018

6.8.4.3 Derivatives
Over the Counter (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, minimising the net counterparty default risk.

6.8.4.4 Reinsurance
a.s.r. collaborates with reinsurers for fire and catastrophe risk. 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.

The table below shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2019 was € 539 million (2018: € 549 million).

Composition reinsurance counterparties by rating

	31 December 2019	31 December 2018
AAA	0%	0%
AA	89%	88%
A	8%	6%
NR	3%	6%

6.8.4.5 Receivables

Composition receivables

	31 December 2019	31 December 2018
Policyholders	144	158
Intermediaries	94	89
Reinsurance operations	188	111
Health insurance fund	106	102
Other	278	292
Total	**809**	**752**

6.8.4.6 Cash and cash equivalents

The current accounts amounted € 1,599 million in 2019 (2018: € 2,525 million).

Composition cash accounts by rating

	31 December 2019	31 December 2018
AAA	-	-
AA	-	-
A	2,355	2,611
Lower than A	26	14

Composition deposits by rating

	31 December 2019	31 December 2018
Secured deposits	420	320
AAA	-	-
AA	-	-
A	-	-
Total	**420**	**320**

6.8.5 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. recognises different levels of liquidity management. Short-term liquidity, or daily cash management, covers the day-to-day cash requirements and targets funding liquidity risk. Long-term liquidity management considers business conditions in which market liquidity risk materialises. Stress liquidity management is related to 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 for example occur as result of lapses in the insurance portfolio, catastrophe risk or cash variation margin payments related to the ISDA/CSA agreements of derivatives. a.s.r. monitors its liquidity risk 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 which 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 collateralised 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 liquidity policy and contingency liquidity plan are in place to enable management to act effectively and efficiently in times of crisis.

In managing the liquidity risk from financial liabilities, a.s.r. holds liquid assets comprising cash and cash equivalents and investment grade securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. As at 31 December 2019, a.s.r. had cash (€ 1,599 million), short-term deposits (€ 1,566 million) and liquid government bonds (€ 16,314 million). Furthermore a.s.r. has access to committed cash facilities and an unsecured revolving credit facility in order to meet its liquidity needs in times of stress.

The following table shows the contractual undiscounted cash flows of the insurance and financial liabilities.
The insurance liabilities are excluding insurance contracts on behalf of policyholders and include the impact of expected lapses and mortality risk. Profit-sharing cash flows of insurance liabilities are not taken into account, nor are equities, property and swaptions.

Contractual cashflows

	Payable on demand	< 1 years	1-5 years	5-10 years	> 10 years	Undiscounted cash flows	Carrying value
31 December 2019							
Insurance liabilities	-	2,897	7,971	7,323	25,193	43,384	51,032
Derivatives liabilities	-	259	575	261	376	1,472	1,353
Financial liabilities	11,990	1,008	237	234	2,014	15,482	15,461
Future interest payments	-	85	340	425	1,495	2,345	-
Total	**11,990**	**4,256**	**9,134**	**8,246**	**29,079**	**62,705**	**67,865**
31 December 2018							
Insurance liabilities	-	3,558	12,033	13,311	52,825	40,863	86,932
Derivatives liabilities	-	431	441	-82	216	1,005	870
Financial liabilities	6,108	1,290	52	171	1,011	8,631	8,626
Future interest payments	-	55	205	256	854	685	-
Total	**6,108**	**5,333**	**12,730**	**13,656**	**54,906**	**51,185**	**96,428**

When the amount payable is not fixed the amount reported is determined by reference to the conditions existing at the reporting date.

Financial liabilities payable on demand include the liability recognised for cash collateral received under ISDAs, concluded with counterparties. The related cash collateral received is recognised as cash and cash equivalents, and not part of the liquidity risk exposure table.

6.8.6 Operational risk

Operational risk is the risk of losses resulting from inadequate or failing internal processes, persons and systems, or from external events (including legal risk). The main areas where operational risks are incurred are operations, IT, outsourcing, integrity and legal issues.

Operational risk - required capital

	31 December 2019	31 December 2018
SCR operational risk - required capital	237	212

The SCR for operational risk amounts to € 237 million at the end of 2019 (2018: € 212 million) and is determined with the standard formula under Solvency II. The operational risk is based on the basic SCR, the volumes of premiums and technical provisions, and the amount of expenses.
Operational risk increased mainly due to the decreased interest rates in 2019.

6.8.7 Strategic and operational risk management

The system of internal control includes the management of risks at different levels in the organisation, both operational and strategic.

6.8.7.1 Strategic risk management

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 analyse 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, identification of risks is structurally organised through the combined top-down and bottom-up SRA approach. The SRA outcomes are jointly translated into risk scenarios and 'risk priorities', in which the most significant risks for a.s.r. are represented.

Measuring
Through the ORSA process, the likelihood and impact of the identified risks are assessed, taking into account (the effectiveness of) risk mitigating measures and planned improvement actions. Information from other processes[1] 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.

Managing
As part of the SRA processes, the effectiveness of risk mitigating measures and planned measures of improvement 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 BEC – Risk meeting. At the level of the product lines, risks are discussed in the BRC.

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.

1 For example, the SAA-study, analyses in the context of reinsurance renewals, ad hoc sensitivity analyses and/or stress tests.

6.8.7.2 Operational Risk Management

Operational Risk Management (ORM) involves the management of all possible risks that may influence the achievement of the business goals and that can cause financial or reputational damage. ORM includes the identification, analysis, prioritisation and management of these risks in line with the risk appetite. The policy on ORM is drafted and periodically evaluated under the coordination of ERM. The policy is implemented in the decentralised business entities under the responsibility of the management boards. A variety of risks is covered by ORM policy: IT risk, outsourcing, data quality, project, underwriting etc.

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 prioritised and recorded in a risk-control framework.

The risk policies prescribe specific risk analyses to be performed to identify and analyse the risks. For important IT systems, Information Security Analyses (IVA – Informatie Veiligheids Analyse) have to be performed and for large outsourcing projects a specific risk analysis is required.

Measuring

All risks in the risk-control frameworks are assessed on likelihood of defaults and impact. Where applicable, the variables are quantified, but often judgments of subject matter experts are required. Based on the estimation of the variables, each risk is labelled with a specific level of concern (1 to 4). Gross risks with a level of concern 3 or 4 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 (level of concern 1 or 2). 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. An estimation is made of the net risk, after implementing the control(s).

Monitoring and reporting

The effectiveness of operational risk management is periodically monitored by the business risk manager at each business line or legal entity. For each key control in the risk-control framework a testing calendar is established, based on accounting standards. Each control is tested regularly and the outcomes of the effectiveness of the management of key risks are reported to the management board. Outcomes are also reported to the NFRC and BEC – Risk meeting.

Evaluating

Periodically, yet at least annually, the risk-control frameworks and ORM policies are evaluated to see if revisions are necessary. The risk management function also challenges the business lines and legal entities regarding their risk-control frameworks.

Operational incidents

Operational incidents are reported to GRM, in accordance with the operational risk policy. The causes of losses are evaluated in order to learn from these experiences. An overview of the largest operational incidents and the level of operational 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, including End User Computing applications. 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, reason for which continuous actions are carried out to create awareness among employees and management.

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 organisation.

There is a central crisis team led by member of the board. 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 such situations. The training also sets out to clarify the roles, duties and responsibilities of the crisis teams. One important training scenario used is a scenario that includes cyber threats.

Preparatory Crisis Plan
On 1 January 2019 new legislation entered into force that addresses the recovery and settlement of insurance companies ('Wet herstel en afwikkeling van verzekeraars' in Dutch). The objective is that insurance companies and supervisors are better prepared against a crisis and that insurance companies can recover from a crisis without government aid. a.s.r.is obliged to have a Preparatory Crisis Plan ('Voorbereidend Crisisplan' in Dutch) in place that has been approved by DNB. a.s.r.'s Preparatory Crisis Plan helps to be prepared and have the capacity to act in various forms of extreme financial stress. The Preparatory Crisis Plan describes and quantifies the measures that can be applied to live 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, impact on policy holders and operational effects are also assessed. The main purpose of the Preparatory Crisis Plan is to increase the chances of successful early intervention in the event of a financial crisis situation and to further guarantee that the interest of policyholders and other stakeholders are protected.

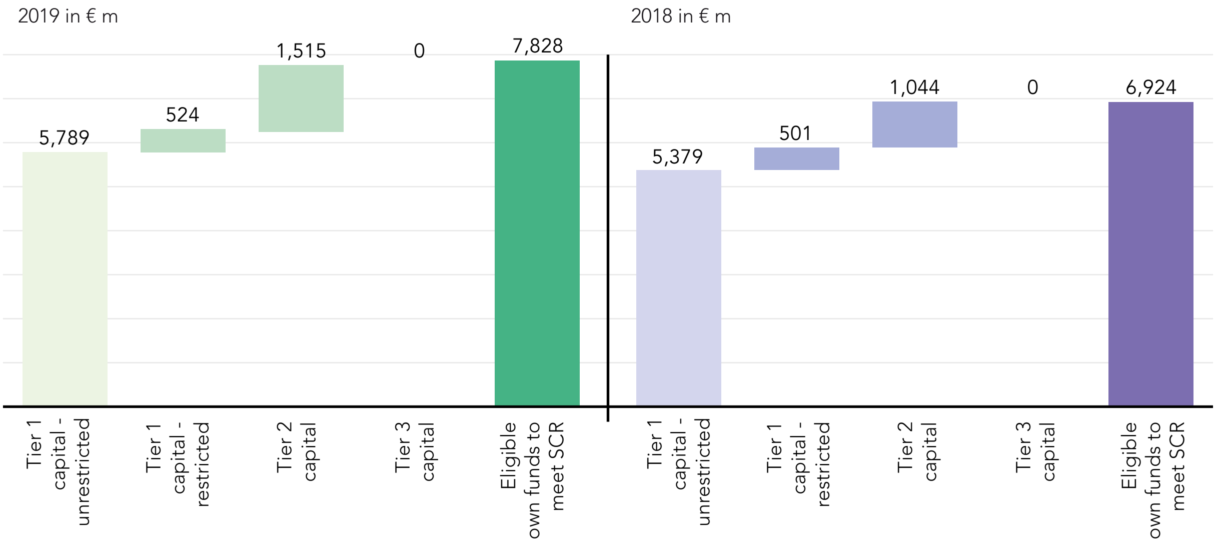
Reasonable assurance and model validation
a.s.r.aims to obtain reasonable assurance regarding the adequacy and accuracy of the outcomes of models that are used to provide best estimate values and solvency capital requirements. To this end, multiple instruments are applied, including model validation. Materiality 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 unacceptable deviations are avoided, against acceptable costs.

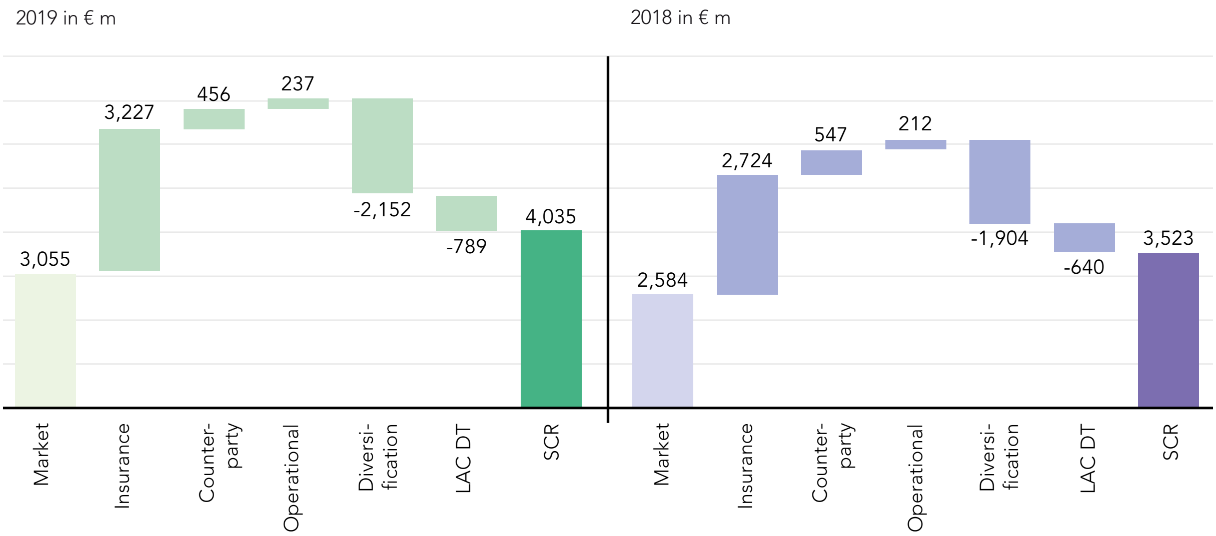
6.9 Capital management

Key figures

Eligible own funds

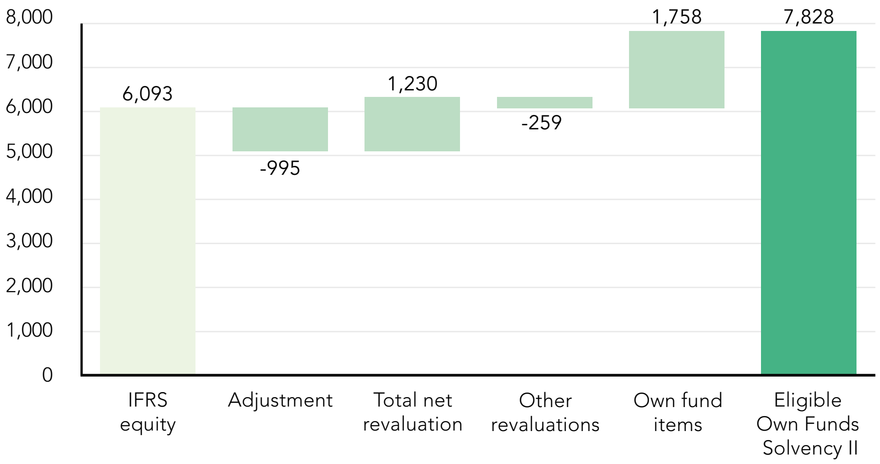


SCR



The solvency ratio stood at 194% as at 31 December 2019 after distribution of the proposed dividend and is based on the standard formula as a result of € 7,828 million eligible own funds and € 4,035 million SCR. As a result of organic growth, the issuance of a Tier 2 loan and a Tier 1 loan, the acquisition of Loyalis, the increase in equity markets, lower interest rates and spread tightening on credits the eligible own funds increased. These effects were partially offset by a lower UFR, tightening of the VA, the redemption of Tier 1 loans and the interim and proposed final dividend. This increase in SCR is mainly due to the acquisition of Loyalis, lower interest rates and an increase in equity risk due to rising stock prices.

Reconciliation total equity IFRS vs EOF Solvency II



6.9.1 Capital management objectives

Management

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

If a.s.r. chooses to return capital, it plans to do so in a form that is efficient for shareholders at that time. a.s.r. actively manages its in-force business, which is expected to result in free capital generation over time. Additionally, business improvement and balance sheet restructuring should improve the capital generation capacity while advancing the risk profile of the company. The legal entities are individually capitalised and excess capital over management's targets for the legal entities is intended to be up-streamed to the holding company as far as is needed for amongst others covering external dividend, coupon payments on hybrids/senior financing instruments and holding costs and in so far the local regulations and the internal risk appetite statement allow.

Objectives

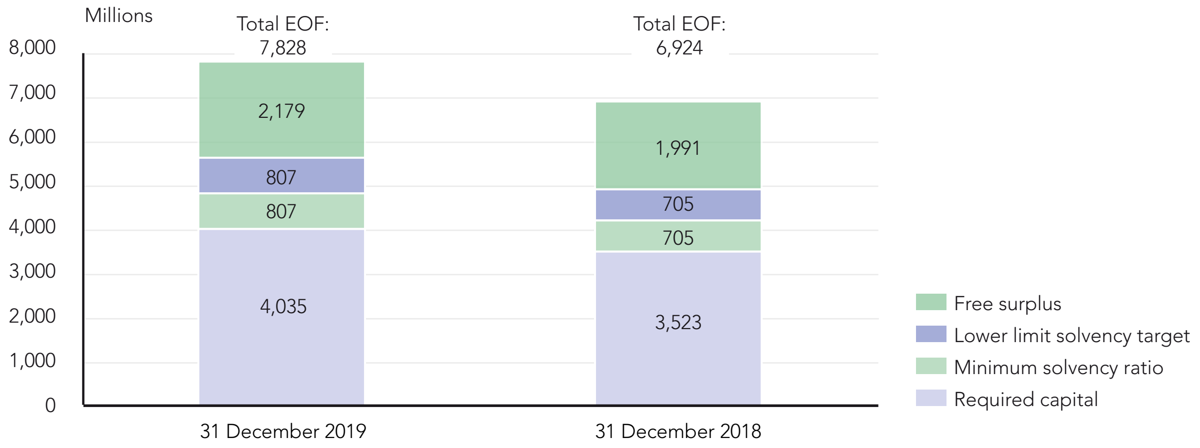
The group is committed to maintain a strong capital position in order to be a robust and sustainable insurer for its policyholders and other stakeholders. The objective is to maintain a solvency ratio well above the minimum levels as defined in the risk appetite statements and above the relevant management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

The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 194% at 31 December 2019, which was comfortably above the internal requirement of 120% and the management threshold level of 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 recognised in the capital position of the group, since a.s.r. has the ability to realise the capital of this OTSO, for example by selling the entity. Specifically regarding ASR Basis Ziektekostenverzekeringen N.V. in 2019, no dividend or capital withdrawals have taken place.

The table below shows how the eligible own funds of a.s.r. relate to the different capital targets.

Market value own funds under SCR



6.9.2 Solvency ratio and a.s.r. ratings

Capital requirement

The required capital stood at € 4,035 million per 31 December 2019 (2018: € 3,523 million). The required capital (before diversification) consists for 2019 € 3,055 million out of market risk and the insurance risk amounted to € 3,227 million as per 31 December 2019.

a.s.r. (including financial institutions) complied during 2019 with the applicable externally imposed capital requirement. The table below presents the solvency ratio at group level as at the date indicated.

Eligible own funds to meet the SCR

	31 December 2019	31 December 2018
Eligible Own Funds Solvency II	7,828	6,924
Required capital	4,035	3,523
Solvency II ratio excluding financial institutions	**194%**	**197%**

	31 December 2019	31 December 2018
Eligible Own Funds Solvency II	7,931	7,053
Required capital	4,102	3,615
Solvency II ratio including financial institutions	**193%**	**195%**

The Solvency II ratio stood at 194% (excluding financial institutions) as at 31 December 2019 (2018: 197%). The Solvency II ratio including financial institutions stood at 193% as at 31 December 2019 (2018: 195%).

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 (BSCR + Operational risk) is deductible for tax purposes and can be compensated with taxable profits. This positive tax effect can only be taken into account when sufficiently substantiated ('more likely than not'). a.s.r. included a beneficial effect on its solvency ratio(s) due to the application of the LAC DT. The LAC DT benefit was € 789 million at year-end 2019.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

Since 2016 a.s.r. uses an advanced model for the LAC DT of a.s.r. leven and a 'basic' model for the other OTSOs. In the advanced model also future fiscal profits are used to underpin the LAC DT, while in the basic model no future profits are used. Both models are and will be updated in case constrained by additional guidance or legislation provided.

The a.s.r. solvency ratio does not include any contingent liability potentially arising from any of the current and/or future legal proceedings in relation to 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 because the book of policies of a.s.r. dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse.

Standard & Poor's confirmed the single A rating of a.s.r., a.s.r. leven, and a.s.r. schade on July 18, 2019.

Ratings per legal entity

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

CCR: counterparty credit rating
IFSR: insurer financial strength rating

Rating reports can be found on the corporate website: http://asrnl.com/investor-relations/ratings.

6.9.3 Dividend and capital actions

1. Mergers and Acquisitions

In 4 December 2018, a.s.r. announced the intended acquisition of Loyalis to strengthen its disability proposition for a total consideration of € 435 million. This transaction was closed on 1 May 2019. The impact of the transaction on solvency ratio of a.s.r. was -7%pts upon closing.

On 19 July 2019, a.s.r. announced the intended acquisition of the life-insurance portfolio of VvAA to bolster its Life insurance portfolio. This transaction was closed after the reporting date of this annual report, on 1 January 2020, and has a limited impact on the solvency ratio of a.s.r.

On 23 August 2019, a.s.r. announced the intended acquisition of Veherex to strengthen its disability proposition. This transaction was closed after the reporting date of this annual report, on 1 January 2020, and has a limited impact on the solvency ratio of a.s.r.

2. Capital Market transactions

On 25 April 2019, a.s.r. issued a € 500 million subordinated Tier 2 capital instrument. The bond has a fixed rate coupon of 3.375% and has a scheduled maturity date at 2049 and is first callable on the date falling 3 months prior to the first reset date of 2 May 2029.

On 16 September 2019, a.s.r. announced the issue of € 200 million Restricted Tier 1. The announced issue is an extension to the existing Restricted Tier 1 position, which stood at € 300 million, bringing the combined position to € 500 million. The new Restricted Tier 1 issue has the same terms and conditions as the already existing Restricted Tier 1 and is fully fungible with the already existing Restricted Tier 1, with a notional coupon of 4.625%.

a.s.r. redeemed € 17 million Fixed Rate Perpetual Capital Securities on 30 September 2019 and a further € 192 million on 26 October 2019. The two redemptions were the remaining parts of two grandfathered Restricted Tier 1 instruments, with a notional coupon of 7.25% and 10.0%, respectively.

3. Share buyback programme

In the second half of 2019 a.s.r.'s capital policy was reviewed and adjusted, in particular with regard to the possibility of additional capital distributions. a.s.r. takes into account the level of solvency, organic capital creation (OCC) and potential opportunities for allocating capital for acquisitions or re-risking. a.s.r. has the intention for the medium term to make an additional capital distribution of € 75 million per year, on top of the progressive regular dividend. Any additional capital distribution shall be conditional upon our Solvency II ratio (based on the standard formula) to remain above 180%, as a.s.r. aims to maintain a robust balance sheet. The additional distribution will be financed from the available OCC, taking into account the regular dividend, room for potential bolt-on acquisitions and re-risking. If there are opportunities for larger acquisitions, this may have implications for the annual additional capital distribution a.s.r. is aiming for. a.s.r. will assess the possibility of an additional distribution on an annual basis.

The new policy will be implemented with immediate effect and a.s.r. has decided to buy back € 75 million of own shares, starting on 20 February 2020 and to be completed on 21 May 2020.

4. Dividend

a.s.r. intends to pay € 267 million total dividends over full year 2019 (2018: € 245 million) of which € 99 million has already been paid as interim dividend (2018: € 92 million), leaving a final dividend of € 169 million.

6.10 Operating result

a.s.r. manages its business primarily using operational key performance indicators (KPIs). The operating result is the KPI covering the overall profitability of the business. Furthermore, a.s.r. uses other operational measures such as the COR, the life operating expenses as well as the availability and creation of capital, based on the Solvency II standard formula, as key figures in business decision making (see chapter 6.9).

The operating result is managed and presented at the consolidated a.s.r. and at a segment level (see chapter 6.4.3) and is also the key profitability indicator at business line level. The operating result is an inclusive measure covering all result components that can be influenced by the regular business. As such the operating result is the single bottom line performance indicator covering the performance of the business.

As a.s.r. applies shadow accounting and realised gains and loss accounting under IFRS 4, to ensure that insurance liabilities are adequate and to ensure that capital gains or losses on assets backing the insurance liabilities are allocated to the insurance liabilities, the operating result only differentiates from the IFRS result on items which are not directly related to its business. The capital gains on assets backing the insurance liabilities are allocated to the technical provisions and are released into the (operating) result over time. The operating result therefore reflects all investment related components that can be influenced by the business, as included in the IFRS result, but does not include any impairments on financial instruments, nor capital gains and fair value changes on the assets not backing the insurance liabilities (mostly equity and real estate investments).

It is current market practice for insurers to use an operating result to measure the underlying business performance, however the various current operating result definitions in the market seem to diverge. The a.s.r. operating result definition has limited deviations from the IFRS result. Following the implementation of IFRS 17 the operating result definitions need to be revised which may provide the opportunity to enhance the comparability of the operating result definition in the market.

Definition of operating result

Operating result is calculated by adjusting profit before tax for continuing operations reported in accordance with IFRS, as adjusted for the changes in accounting policies and for the following:

i) investment related:
investment income of an incidental nature (including capital gains and losses, impairments and fair value changes) on financial instruments for own account, net of applicable shadow accounting and net of additional provisions recognised for realised gains and losses on financial assets backing the insurance liabilities ('compensation of realised capital gains') impact;

ii) incidental Items:
1. model- and methodological changes with a substantial impact;
2. results of non-core operations; and
3. other non-recurring or one-off items, which are not directly related to the core business and/or ongoing business of the Group, restructuring costs, regulatory costs not related to business activities, changes in the own pension arrangements and expenses related to M&A activities and start-ups.

The RoE, which is based on the operating result, is defined as:
i) the operating result adjusted for hybrid expenses and the applicable tax
divided by
ii) the IFRS equity adjusted for unrealised capital gains reserve and equity components of non-core activities.

Definition changes 2019 and restatement 2018

a.s.r. continuously evaluates the definition of the operating result to ensure the performance measure remains appropriate and meets the required objectives. During the second half of 2019, the operating result has been refined following the acquisition of Loyalis and the ensuing recognition of VOBA and intangible assets. From a managerial perspective, a.s.r. regards the recognition and amortisation of positive and negative VOBA and other intangibles as IFRS 3 fair value accounting effects not relevant for the day-to-day management of the business and the operating performance of the underlying portfolios.

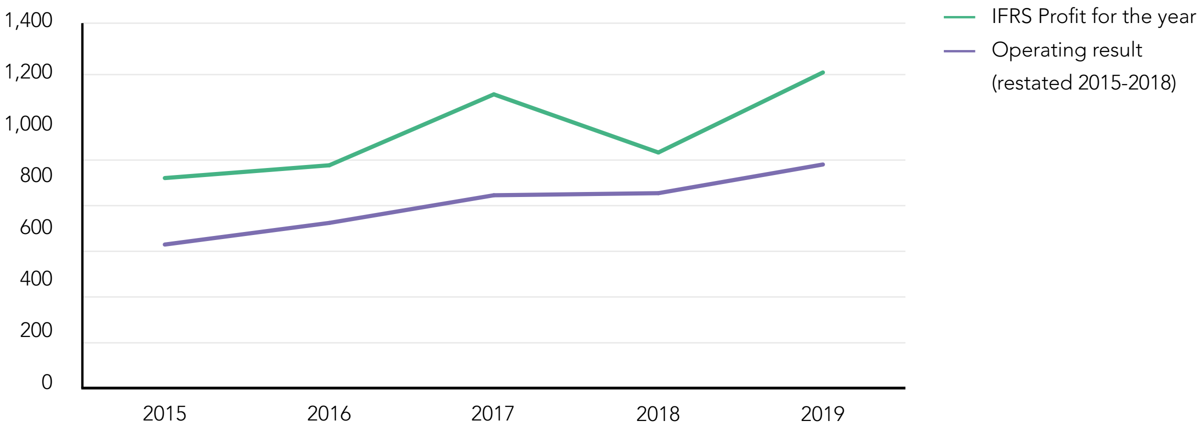
As a result of the definition change during the second half of 2019, amortisation from positive and negative VOBA as well as other intangibles from earlier accounting periods need to be restated. To ensure consistency, the exclusion takes into account the other intangibles from earlier acquired business combinations in the D&S segment, VOBA from the acquisition of Amersfoortse Stad Rotterdam by AMEV in 2001 and the 'negative' VOBA resulting from the Generali Life books. Negative VOBA occurs when a part of the remeasurement of the acquired insurance liabilities comprises an a.s.r.-specific step-up for cost of capital / risk margin, which is not considered part of the operating result.

Due to the definition change the operating result in 2018 is restated from € 742 million to € 749 million.

Historical comparison

a.s.r. introduced the operating result in 2015 prior to the IPO. The operating result has since been the KPI for managing the profitability of the business. The five-year comparison of the IFRS result and the operating result shows that so far, although the IFRS profit for the year is more prone to volatility, it has always exceeded the operating result. The development of the underlying results shows a steady increase as the business has grown.

IFRS profit and operating result



Reconciliation of IFRS profit for the year to operating result

The reconciliation of the IFRS profit for the year to the operating result is presented as follows:

IFRS profit to operating result

	2019	2018 (restated)
IFRS profit for the year	1, 210	904
- Investment related	343	163
- Incidentals	10	-8
Operating result	**858**	**749**

The investment related incidentals in both 2018 and 2019 consist mainly of capital gains on equity instruments and revaluation of real estate investments. As equity markets soared, the level of these capital gains in 2019 was significantly higher than in 2018.

In 2019, incidentals are mainly related to the gain on the acquisition of Loyalis which is partly offset by Loyalis integration costs, restructuring costs and project implementation regulatory costs (project IFRS17/9) (for more information see chapter 6.4.3).

The 2018 incidentals are mainly related to the a.s.r. post-employment benefit plans, Generali integration costs, project implementation regulatory costs (project IFRS17/9) and to the run-off activities in Real Estate Development.

6.11 Company financial statements

6.11.1 Company balance sheet

Company balance sheet

(in € millions) (Before profit appropriation)	Note	31 December 2019	31 December 2018
Non-current assets			
Intangible assets	6.11.3.2	103	74
Property and equipment	6.11.3.3	217	-
Subsidiaries	6.11.3.4	7,222	5,959
Loans to group companies	6.11.3.5	41	83
Loans and deposits	6.11.3.6	20	21
Deferred tax assets	6.11.3.7	68	67
Total non-current assets		**7,670**	**6,204**
Current assets			
Other receivables	6.11.3.8	3,334	2,969
Cash and cash equivalents	6.11.3.9	459	394
Total current assets		**3,793**	**3,363**
Total assets		**11,463**	**9,567**
Equity			
Share capital	6.11.3.10	23	23
Share premium reserve	6.11.3.10	976	976
Legal reserves	6.11.3.10	1,868	1,518
Actuarial gains and losses	6.11.3.10	-1,016	-635
Retained earnings	6.11.3.10	3,248	2,596
Treasury shares	6.11.3.10	-9	-
Equity attributable to shareholders		**5,090**	**4,478**
Other equity instruments	6.10.3.10	1,004	1,001
Equity attributable to holders of equity instruments		**6,093**	**5,479**
Provisions			
Employee benefits	6.10.3.11	3,860	3,327
Other provisions	6.10.3.12	35	16
Total Provisions		**3,894**	**3,343**
Long-term liabilities			
Subordinated liabilities	6.10.3.13	990	497
Borrowings	6.10.3.14	220	-
Debts to group companies	6.10.3.15	84	40
Total long-term liabilities		**1,294**	**537**
Current liabilities			
Due to banks	6.10.3.16	105	135
Other liabilities	6.10.3.17	77	73
Total current liabilities		**182**	**208**
Total equity and liabilities		**11,463**	**9,567**

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

6.11.2 Company income statement

Company income statement

(in € millions)	Note	2019	2018 (restated)[1]
Operating expenses	6.11.3.18	-132	-111
Other expenses		-3	-8
Other income		121	3
Income from subsidiairies and investments			
Share of profit/(loss) in subsidiairies	6.11.3.4	960	721
Investment income		7	7
Fair value gains and losses		-	1
Interest expense	6.11.3.19	-50	-16
Profit before tax		**904**	**597**
Income tax (expense) / gain		68	72
Profit for the year		**972**	**669**

The share of profit/(loss) in subsidiaries is non-taxable as a result of the participation exemption under Dutch tax law.

6.11.3 Notes to the company financial statements

6.11.3.1 Accounting policies

The company financial statements are prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The consolidated financial statements of a.s.r. for 2019 have been prepared in accordance with IFRS – including the IAS and Interpretations – as accepted within the EU and with part 9 of the book of the Dutch Civil Code. In accordance with Section 362(8), Book 2 of the Dutch Civil Code, the ASR Nederland N.V. EB 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 recognised, 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 €. Calculations in the tables are made using unrounded figures. As a result rounding differences can occur.

Changes in EU endorsed published IFRS standards and interpretations effective in 2019

IFRS 16 Leases

IFRS 16 is EU endorsed and became effective as of 1 January 2019. Under this standard a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The main items a.s.r. leases, under operating lease agreements, are vehicles and buildings. For contracts that contain a lease component and one or more additional lease or non-lease components a.s.r. applies the practical expedient not to separate non-lease components from lease components.

For the implementation of IFRS 16 a.s.r. applied the modified retrospective method, meaning that the 2018 comparative figures in the 2019 financial statements are not restated. The application of this standard resulted in an increase in balance total of € 222 million per 1 January 2019 and does not have an impact on equity of the consolidated financial statements of a.s.r. per that date. Per 31 December 2018 a.s.r. reported € 17 million of operating lease commitments. The difference between the statutory amount and the consolidated amount stated is mainly due to the lease of the a.s.r. building that a.s.r. leases from a.s.r. leven.

1 Comparative figures for 2018 have been restated. For details see chapter 6.11.3.1.

Incremental borrowing rate applied at the date of initial application:
For vehicles leased a.s.r. uses the borrowing rate supplied by the lease company, which is 0.9%. The weighted incremental borrowing rate of a.s.r. as a lessee applied to the leased land and buildings for own use and other property and equipment is 2.9%.

Annual improvements to IFRS standards 2015-2017 cycle: IAS 12 amendment

The IAS 12 amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

The amendment impacts the presentation of the tax related to interest payments on other equity instruments. The tax impact of the interest payments on these instruments was until 2018 presented as part of equity. As from 2019, the tax impact is presented in the line item income tax (expense) / gain in the consolidated income statement. The comparative figures have been restated accordingly, tax expense was reduced by € 15 million. There is no impact on equity.

6.11.3.2 Intangible assets

The intangible assets as at 31 December 2019 amounted to € 103 million (2018: € 74 million) and consist for € 74 million (2018: € 74 million) of goodwill. The goodwill relates to the acquisition of De Eendragt Pensioen N.V. in 2015 (€ 23 million), to the acquisition of BNG Vermogensbeheer B.V. in 2016 (€ 4 million), and to the acquisition of Generali in 2018 (€ 47 million). The € 29 million increase relates to the identified intangible assets as a result of the acquisition of Loyalis.

6.11.3.3 Property and equipment

Property and equipment

	31 December 2019	31 December 2018
Right-of-use assets:		
Land and buildings owned by subsidiary	205	-
Vehicles	8	-
Other	4	-
Total property and equipment	**217**	**-**

The right-of-use assets includes property and equipment that is leased by a.s.r. Land and buildings owned by subsidiary relates mainly to the a.s.r. head office, which is owned by a.s.r. leven.

Changes in property and equipment

	2019	2018
At 1 January	-	-
Impact change in accounting policy	222	-
Additions	4	-
Depreciation	-11	-
Impairments	-	-
Other changes	-	-
Changes in the composition of the group	1	-
At 31 December	**217**	**-**
Gross carrying amount as at 31 December	228	-
Accumulated depreciation as at 31 December	-11	-
Accumulated impairments as at 31 December	-	-
Net carrying value as at 31 December	**217**	**-**

Depreciation of property and equipment is recorded in the operating expenses (see chapter 6.11.3.18).

6.11.3.4 Subsidiaries

On 1 May 2019, a.s.r. acquired Loyalis. As a result, a.s.r. fully included the results and the balance sheet positions in the a.s.r. financial statements from that date. Loyalis has been legally merged into a.s.r. as per 1 August 2019. Loyalis Life and Loyalis Non-life legally merged respectively into a.s.r. leven and a.s.r. schade as per 30 September 2019. In preparation of these mergers, Loyalis Life was sold to a.s.r. leven and Loyalis Non-life was sold to a.s.r. schade.

On 5 February 2018, the closing for the transaction of Generali took place. As a result, a.s.r. fully included the results and the balance sheet positions in the a.s.r. financial statements from that date. As of 8 May 2018 the legal merger of ASR Utrecht N.V. (formerly named Generali Nederland N.V.) with a.s.r. was effective. Since a.s.r. already owned 100% of the shares of Generali, this merger has no financial impact on the company financial statements of a.s.r.

Subsidiaries

	2019	2018
At 1 January	5,959	5,750
Additions to capital	465	161
Share of profit	961	721
Dividend received	-501	-446
Revaluations	339	-230
Other changes	-3	3
At 31 December	**7,222**	**5,959**

The additions to capital relate to capital contributions made by a.s.r. to a.s.r. leven (€ 196 million) and a.s.r. schade (€ 269 million) to finance the acquisitions of respectively Loyalis Life and Loyalis Non-life.

6.11.3.5 Loans to group companies

Loans to group companies

	2019	2018
At 1 January	83	88
Issues	9	4
Repayments	-50	-9
At 31 December	**41**	**83**

The loans to group companies consist primarily of deposits with group companies of € 16.5 million (2018: € 61 million) with an average interest rate of 1.73% (2018: 1.80%) repayable within one year and loans of € 24.5 million (2018: € 22 million) with a maturity term longer than one year and an average interest rate of 5.2% (2018: 3.7%). Interest income on loans to group companies amount to € 1 million (2018: nil).

6.11.3.6 Loans and deposits

Loans and deposits

	2019	2018
At 1 January	21	19
Issues	-	-
Repayments	-	-
Impairments	-	-
Other changes	-	1
At 31 December	**20**	**21**

6.11.3.7 Deferred tax assets

The deferred tax assets arises from the difference in commercial and fiscal valuation of employee benefits (including the asset resulting from the insurance contracts, which are administrated by a.s.r. leven) amounting to € 164 million (2018: € 113 million) and € -10 million (2018: € 24 million) because of the future corporate tax rate reduction offset by the equalisation reserve of € 79 million (2018: € 66 million).

6.11.3.8 Other receivables

The other receivables includes receivables from group companies, which include the receivable with respect to non-qualifying plan assets (see chapter 6.5.15) administered by a.s.r. leven amounting to € 3,163 million (2018: € 2,944 million). The plan assets administered by a.s.r. leven include the separate account to fund future inflation indexation amounting to € 241 million as at 31 December 2019 (2018: € 306 million). The remaining portion of the receivables from group companies is payable on demand.

6.11.3.9 Cash and cash equivalents

Cash and cash equivalents are fully and freely available.

6.11.3.10 Equity

Equity

	Share capital	Share premium reserve	Actuarial gains and losses	Legal reserves	Retained earnings	Treasury shares	Equity attributable to shareholders	Other equity instruments	Equity
At 1 January 2019	**23**	**976**	**-635**	**1,518**	**2,596**	**-**	**4,478**	**1,001**	**5,479**
Profit for the year	-	-	-	-	972	-	972	-	972
Remeasurement of post employment benefit obligation	-	-	-381	-	-	-	-381	-	-381
Unrealised change in value	-	-	-	339	12	-	351	-	351
Dividend paid	-	-	-	-	-252	-	-252	-	-252
Change in reserves required by law	-	-	-	10	-10	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-60	-	-60	-	-60
Issue of other equity instruments	-	-	-	-	-	-	-	207	207
Redemptions of other equity instruments	-	-	-	-	-	-	-	-209	-209
Cost of issue of other equity instruments	-	-	-	-	-2	-	-2	-	-2
Treasury shares acquired (-) / sold	-	-	-	-	-1	-9	-10	-	-10
Increase (decrease) in capital	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-6	-	-6	6	-
At 31 December 2019	**23**	**976**	**-1,016**	**1,868**	**3,248**	**-9**	**5,089**	**1,004**	**6,093**
At 1 January 2018	**24**	**1,018**	**-674**	**1,319**	**2,934**	**-188**	**4,433**	**1,001**	**5,433**
Profit for the year	-	-	-	-	669	-	669	-	669
Remeasurement of post employment benefit obligation	-	-	39	-	-	-	39	-	39
Unrealised change in value	-	-	-	-230	-53	-	-283	-	-283
Dividend paid	-	-	-	-	-321	-	-321	-	-321
Change in reserves required by law	-	-	-	429	-429	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-59	-	-59	-	-59
Increase (decrease) in capital	-1	-42	-	-	-146	188	-	-	-
Other movements	-	-	-	-	1	-	1	-	1
At 31 December 2018	**23**	**976**	**-635**	**1,518**	**2,596**	**-**	**4,478**	**1,001**	**5,479**

Share capital

For a breakdown of the share capital, see chapter 6.5.12.1.

Legal reserves

The legal reserves relate to the revaluation of investments in group companies. The legal 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 legal reserves are not freely distributable. See chapter 6.9 for more information on the regulatory restrictions.

Other equity instruments

The other equity instruments relate to two (2018: four) different hybrid Tier 1 and Tier 2 instruments classified as equity. The first instrument (issue date 2014) features a perpetual non-call 10 year restricted Tier 2 capital instrument. The second instrument was issued in two stages. In 2017, a.s.r. issues a perpetual non-call 10 year restricted Tier 1 contingent convertible capital instrument. In 2019, an additional € 200 million of Restricted Tier 1 capital was issued and was fully integrated in the outstanding Restricted Tier 1 2017 issue, increasing its notional size to € 500 million.

Two Tier 1 instruments were redeemed during the year at first redemption date.

See chapter 6.5.12.5 for more information.

Distributable items

The calculated available distributable items as at 31 December 2019 and 2018 is as follows.

a.s.r.'s distributable items is an amount equal to (with respect to and as at any interest payment date, without double-counting):

(i) The retained earnings and the distributable reserves of a.s.r., calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of a.s.r.; plus
(ii) The profit for the period (if any) of a.s.r., calculated on an unconsolidated basis, for the period from a.s.r.'s then latest financial year end to (but excluding) such Interest Payment Date; less
(iii) The loss for the period (if any) of a.s.r., calculated on an unconsolidated basis, for the period from a.s.r.'s then latest financial year end to (but excluding) such Interest Payment Date,

each as defined under national law, or in the articles of association of a.s.r.

Distributable items

	31 December 2019	31 December 2018
Equity attributable to shareholders	5,090	4,478
Non distributable items		
- Share capital[1]	23	23
- Legal reserves	1,868	1,518
Distributable items	**3,199**	**2,937**

6.11.3.11 Employee benefits

Employee benefits can be broken down as follows (see chapter 6.5.15 for further details):

Employee benefits

	31 December 2019	31 December 2018
Post-employment benefits pensions	3,835	3,302
Post-employment benefits other than pensions	11	11
Other long-term employee benefits	14	14
Total employee benefits	**3,860**	**3,327**

1 Less the nominal value of treasury shares if applicable

6.11.3.12 Other provisions

Changes in provisions

	2019	2018
At 1 January	16	15
Additional provisions	30	23
Utilised in course of year	-20	-25
Other changes	-1	2
Changes in the composition of the group	9	-
At 31 December	**35**	**16**

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.

An amount of € 23 million of the provisions is expected to fall due within one year (2018: € 13 million).

6.11.3.13 Subordinated liabilities

Subordinated liabilities can be broken down as follows (see chapter 6.5.13 for further details).

Subordinated liabilities

	Nominal Amount	Carrying value 2019	Carrying value 2018
Hybrid Tier 2 instrument 5.125% fixed interest	500	497	497
Hybrid Tier 2 instrument 3.375% fixed interest	500	493	-
Total	**1,000**	**990**	**497**

On 2 May 2019 a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes. The bond has a maturity date of 2049 and is first callable 3 months before the first reset date of 2 May 2029. The coupon is fixed at 3.375% and paid annually on 2 May. After the reset date the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 4.00 per cent and updated once every five years. The proceeds of the bond are primarily used to finance the acquisition of Loyalis.

In 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.

6.11.3.14 Borrowings

Borrowings

	31 December 2019	31 December 2018
Lease liabilities	220	-
Total borrowings	**220**	**-**

The lease liabilities consist primarily (€ 207 million) of the lease of the a.s.r. head office from a.s.r. leven. The maturity of this contract is 36 years, which includes the total of five extension options of five year each.

Of the total lease liabilities € 14 million falls due within one year.

6.11.3.15 Debts to group companies

Debts to group companies of € 84 million (2018: € 40 million) contains two deposits due to group companies of € 39 million and € 30 million (2018: € 39 million) with an average Interest rate of 0.6% (2018: 0.6%). The maturity of the deposits is 12 months.

There is no significant difference between the carrying amount of € 84 million (2018: € 40 million) debt to group companies and the fair value of these liabilities.

The interest expense on debts to group companies in 2019 is € 0.2 million (2018: € 0.1 million).

6.11.3.16 Due to banks

In 2019 due to banks amounted to € 105 million (2018: € 135 million).

6.11.3.17 Other liabilities

Other liabilities

	31 December 2019	31 December 2018
Accrued interest	18	7
Short-term employee benefits	17	17
Other liabilities	41	49
Total other liabilities	**77**	**73**

There is no difference between the carrying value of other liabilities and their fair value.

6.11.3.18 Operating expenses

The operating expenses of € 132 million (2018: € 111 million) are operating expenses relating to Holding activities. See chapter 6.6.8 for the total operating expenses of the group. Operating expenses also include depreciation of the right-of-use assets owned by subsidiary of € 11 million, see chapter 6.11.3.3.

6.11.3.19 Interest expense

The interest expense relates primarily to the interest on subordinated liabilities, interest on the employee benefits obligation, allocated to the Holding and to the interest on the lease liabilities.

6.11.3.20 Auditor's fees

With reference to Section 2:382a(1) and (2) of the Dutch Civil Code, the following fees for the financial years have been charged by EY Accountants LLP 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.

Auditor's fee

Amounts in € thousands	2019	2018
Audit of the financial statements	4,017	3,320
Other audit engagements	1,088	899
Total audit fees	**5,105**	**4,219**

In the above mentioned years no fees were paid for tax-related advisory services to EY Accountants LLP and no fees were paid to other EY networks, other than EY Accountants LLP.

6.11.3.21 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 associates, joint ventures, members of the EB, 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.

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. 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 6.7.4 and 6.7.9).
The remuneration of the a.s.r. EB and SB members are discribed in chapter 5.3.

6.11.3.22 Contingent liabilities

Joint and several liability

a.s.r. 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 Dutch Civil Code has been issued by a.s.r. for the companies identified in chapter 6.7.9.

Investment obligations and guarantees

As in 2018, a.s.r. has issued no guarantees to third for real estate development projects.

Utrecht, 24 March 2020

Executive Board

Jos Baeten
Annemiek van Melick
Ingrid de Swart

Supervisory Board

Kick van der Pol
Sonja Barendregt
Cor van den Bos
Herman Hintzen
Gerard van Olphen
Gisella van Vollenhoven

7

Other information

Object
Eagle carving

About the object
This carving comes from the facade of the De Utrecht office building, designed by architect Jan Verheul in the 1899-1903 period. The building was richly decorated, both inside and out, with images including dragons, eagles and lions. This carving of an eagle was a facade element that stood high above the building.

7.1 Report on the audit of the financial statements 2019 included in the annual report

To: the shareholders and supervisory board of
ASR Nederland N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements for 2019 of ASR Nederland N.V., based in Utrecht, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2019, and of its result and its cash flows for 2019 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 accompanying company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated balance sheet as at 31 December 2019;
- The following statements for 2019: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
- The company balance sheet as at 31 December 2019;
- The company income statement for 2019; 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 EU Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), 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.

Our audit approach

Our understanding of the business

ASR Nederland N.V. is a Dutch insurance company. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain 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.

Materiality

Materiality	€ 40 million (2018: € 36 million)
Benchmark applied	Approximately 5% of Operating Result
Explanation	Operating Result is based on the profit before tax adjusted for investment related income for own account of an incidental nature and incidentals. Using Operating Result 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. For ASR Nederland N.V. as a listed company, financial performance and thus Operating Result is a key metric for its stakeholders and therefore selected as basis for the calculation of materiality. In note 6.10 of the financial statements a reconciliation is provided from profit before tax to Operating Result.

We have also taken into account misstatements 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 (SB) that misstatements in excess of € 2 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.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal officer, compliance officer, the CFRO's of the business lines) and the SB. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets in close co-operation with our forensic specialists.
We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 6.3.4 of the financial statements. In our risk assessment we considered the potential impact of these important judgment areas and significant accounting estimates on the valuation and adequacy of insurance contract liabilities, fair value measurement of non-listed investments and on important financial KPI's disclosed in the financial statements: the Solvency II Ratio, Operational Result and the Combined Ratio. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, the business line CFRO's and the compliance officer, reading minutes, inspection of internal audit and compliance reports, inspection of Systematic Integrity Risk Analyses (SIRA) reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us. In cases of known instances of non-compliance we assessed whether the company has a process in place to evaluate the impact of non-compliance for its operations and financial reporting and, where relevant, implemented remediation plans.

Going concern
In order to identify and assess the risks of going concern and to conclude on the on the appropriateness of management's use of the going concern basis of accounting, we consider 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.

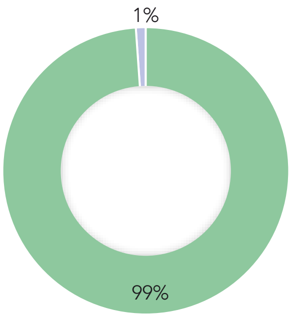
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Scope of the group audit
ASR Nederland N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of ASR Nederland N.V.

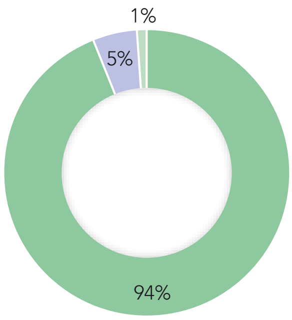
Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile 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 included all insurance entities, asset management entities and bank entity in the audit scope for consolidation purposes (full scope and specific scope). We performed for the remaining entities, amongst others, analytical review procedures to corroborate our assessment that there are no significant risks of material misstatement (limited scope). This resulted in the following coverage:

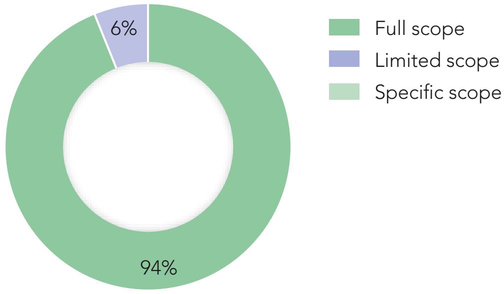
Assets



Equity



Operational result



By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the insurance industry. We included specialists in the areas of IT audit, forensics and income tax and have made use of our own experts such as actuaries and valuation experts in the areas of valuation and adequacy of insurance contract liabilities, valuation of employee benefits liabilities, valuation of complex (Level 3) investments and IFRS 3 fair value accounting.

General audit procedures
Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- 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.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the SB. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter Generali Nederland N.V. acquisition which was included in our last year's auditor's report, is not considered a key audit matter for this year as the acquisition was finalised in 2018 and presented in the annual report of 2018.

Following the acquisition of Loyalis N.V on 1 May 2019, a new key audit matter has been defined.

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.

Valuation and adequacy of insurance contract liabilities (including shadow accounting) due to the complexity and use of assumptions

Risk	ASR Nederland N.V. has insurance contract liabilities of € 51 billion representing 80% of its total liabilities. The valuation of the insurance contract liabilities and the related Liability Adequacy Test (LAT) is complex, 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 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 incurred but not reported, cost and recovery rate assumptions. Additionally, the valuation of the insurance contract liabilities 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. ASR Nederland N.V.'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. The LAT discount rate is based on Solvency II guidance. As disclosed in note 6.5.14 the UFR has a significant impact on the LAT. The company applies shadow accounting in its financial reporting as disclosed in note 6.5.14. 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. The company has comprehensive procedures and internal controls in place to determine the shadow accounting.
Our audit approach	We involved internal actuarial specialists in performing the audit procedures regarding the insurance contract liabilities. 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. Additionally, key audit procedures included assessing ASR Nederland N.V.'s methodology for calculating the insurance liabilities, assessing 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 audited the main assumptions used for the determinations of the insurance liabilities and LAT calculations. We assessed the internal control regarding determination of the insurance liabilities and LAT calculations. We tested the internal controls regarding the shadow accounting of the (un)realised results on the investments eligible for shadow accounting. Furthermore, we tested the application of shadow accounting by inspecting the reconciliations of the (un)realised results of the investments with the investment administration, assessing the calculation and the accounting of the related shadow accounting adjustment in the liabilities arising from insurance contracts.

Key observations	Based on our audit procedures performed, we consider the methods used for the valuation of the insurance contract liabilities appropriate. We consider the assumptions used to be within a reasonable range. We determined that the company applied shadow accounting (including the accounting for realised results) in accordance with their accounting policy and consistent with previous years.

Fair value measurement of investments and related disclosures

Risk	ASR Nederland N.V. invests in various categories of investments, of which 82% (year-end 2018: 86%) is carried at fair value in the balance sheet. Fair value measurement can be subjective, and more so for investments reliant on model based valuation or with less liquidity. Valuation techniques for investment property, fixed income instruments and equities without a quoted price in an active market involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Specific area of focus include the fair value hierarchy disclosure, where the investments are classified in 3 levels: Level 1: fair value based on quoted prices in active market; Level 2: fair value based on observable market data; and Level 3: fair value not based on observable market data. The level 3 investments are 7,8% (2018: 6,5%) of all investments carried at fair value. The company has comprehensive procedures and internal controls in place to determine the valuation of the non-listed investments and related disclosures.
Our audit approach	We assessed and tested the design and operating effectiveness of the controls over valuation, including independent price verification and model approval. We performed additional procedures on the valuation and fair value level classification of the investments. This included, where relevant, involving our valuation specialists, comparison of judgments made to 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. Furthermore, we assessed and tested the design and operating effectiveness of the controls over related disclosures including the disclosures in note 6.7.1.
Key observations	Based on our audit procedures performed, we consider the fair value of investments to be within a reasonable range. The fair value disclosures of investments in note 6.7.1. meet the requirements of EU-IFRS.

Solvency II disclosure

Risk	ASR Nederland N.V. presents its capital position in accordance with Solvency II, in the capital management section of the annual accounts (note 6.9). These disclosures provide information on the capital position of ASR Nederland N.V. on a regulatory basis (Solvency II) of accounting compared to an IFRS basis. The determination of the Solvency II ratio involves judgment in respect of methodologies used and setting best estimate assumptions. 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 because the book of policies dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse. Changes to the interpretation of the Solvency II requirements of the accounting for contingent liability for the unit linked issue can materially impact the Solvency II ratio disclosed.
Our audit approach	As part of our audit procedures, we assessed the internal control of the solvency calculations. Those controls include ASR Nederland N.V.'s methodology, model and assumption approval processes and management review controls. Additionally, where relevant, comparison of judgments and best estimate assumptions was made to market practice and re-performance of calculations on a sample basis.
Key observations	Based on our audit procedures performed, we consider that the Solvency II information disclosed in the capital management section of the annual accounts (note 6.9), sufficiently reflects the valuation and risk-based capital requirements of the Solvency II regulatory framework and the capital management disclosure requirements of EU-IFRS.

Unit-linked exposure

Risk	Holders of unit-linked products (where the customer bears all or part of the investment risk), or consumer protection organisations on their behalf, have filed claims or initiated proceedings against the company and may continue to do so. A negative outcome of such claims and proceedings in respect of unit-linked products, settlements or any other actions for the benefit of customers by other insurers and sector-wide measures could have a significant impact for ASR Nederland N.V. relating to compensation. The financial consequences of these legal proceedings cannot be reliably estimated or quantified at this point. Refer to note 6.7.6.2 to the financial statements.
Our audit approach	We performed audit procedures in this area, which include: • An assessment of ASR Nederland N.V.'s governance, processes and internal controls with respect to unit-linked exposure; • A review of the documentation and enquiries about the unit-linked exposures with management and its internal legal advisor. These procedures took into account ASR Nederland N.V.'s specific developments as well as broader market developments in 2019; • Obtaining a legal letter from ASR Nederland N.V.'s external legal advisor; • Consideration of the recognition and measurement requirements for establishing provisions under IFRS. We also considered whether the Company's disclosures in respect of this legal exposure is compliant with the relevant accounting requirements. We focused on the adequacy of disclosure of the related risks and assumptions in note 6.7.6.2 to the financial statements.

Key observations	Based on our audit procedures performed, we found management's assessment that the financial consequences of the unit-linked exposure cannot be reliably measured or quantified at this point and therefore no provision is recognised in the 31 December 2019 balance sheet, sufficiently substantiated. The disclosure of the exposure in note 6.7.6.2 describes the related risks and management judgments in compliance with the relevant accounting requirements.

Loyalis N.V. acquisition

Risk	In the second half of 2019 ASR Nederland N.V. finalised its Purchase Price Allocation (PPA) regarding its acquisition of Loyalis N.V. as per 1 May 2019, in accordance with IFRS 3 Business Combinations. The final consideration for the Loyalis N.V. acquisition was € 436 million. Net assets acquired were valued at € 554 million and a bargain purchase (badwill) of € 118 million was recognised. In addition, ASR Nederland N.V. is required to make certain IFRS 3 disclosures related to the acquisition in its 2019 financial statements. Refer to note 6.4.5.
Our audit approach	The management of ASR Nederland N.V.'s engaged a third-party expert to provide support with respect to the determination of the fair values of Loyalis N.V. 's assets and liabilities under IFRS 3. We have assessed the expertise of the third-party expert. Furthermore, we deployed a specialist team to audit the PPA. Our team included valuation specialists who have extensive experience in the valuation of investments and insurance liabilities. Our procedures focused primarily on the risks relating to the valuation model, assumptions and judgments associated with the estimation of the fair value measurements. These included amongst others: • Gaining an understanding through enquiry and review of the valuation methodology adopted by ASR Nederland N.V. and comparing the approach with accepted industry practice; • Assessing the appropriateness of key assumptions; • Confirming consistency of assumptions with other areas of the financial statements; • Analysing the reconciliation between purchase price, Business Enterprise Value and IFRS 3 fair value of net assets acquired; • Recalculating the consideration and badwill amount. In addition, we determined whether ASR Nederland N.V. has made the disclosure as required by IFRS 3.
Key observations	Based on or audit procedures performed, we determined that management applied a reasonable approach in determining the PPA of Loyalis N.V. 's assets acquired and liabilities assumed, and resulting amount of badwill recognised. We assessed that the disclosure meets the requirements of IFRS 3.

Reliability and continuity of electronic data processing

Risk	ASR Nederland N.V. is highly dependent on its IT infrastructure for the continuity of the operations. To meet clients' needs and business requirements ASR Nederland N.V. 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. High quality data and securitisation of this data is (becoming more) important. To ensure this, reliability and continuity of electronic data processing is key. Therefore, we consider this a key audit matter.

Our audit approach	We tested the IT general controls related to logical access, change management and application controls as embedded in the IT systems, where relied upon for financial reporting. In some areas we performed additional (substantive) procedures. We also assessed the impact of changes to the infrastructure and where relevant adjusted the scope of our IT procedures. In response to the increased frequency and severity of cyber incidents and heightened concerns from regulators and other stakeholders about cybersecurity attacks and breaches, we have evaluated cybersecurity risks as part of our annual audit procedures. Our main focus during this audit was to gain an understanding of the cybersecurity risks at ASR Nederland N.V. and the actions taken by ASR Nederland N.V. to address these risks. We have included IT auditors in our team in performing our audit procedures.
Key observations	Based on the combination of the tests of controls and IT substantive procedures performed, we obtained sufficient appropriate audit evidence for the purposes of our audit. Based on our procedures performed with regards to Cyber Security we did not identify a significant risk impacting our financial statement audit. Our audit was not aimed at making a statement about the cybersecurity of ASR Nederland N.V.

Classification and valuation of ASR Bank N.V. as held for sale and discontinued operation

Risk	Management of ASR Nederland N.V. has decided on 10 October 2018 to label ASR Bank N.V. as a non-core component. As a consequence, ASR Nederland N.V. has classified the component ASR Bank N.V. as held for sale and as a discontinued operation in its 2018 and 2019 financial statements in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. On 20 March 2019 a sales agreement was signed with Achmea Bank N.V., after which the entire mortgage portfolio of € 1.4 billion and a significant part of the saving accounts of € 1.5 billion were transferred on 1 December 2019. Additionally, an agreement was signed with Van Lanschot Kempen N.V. to transfer the remaining saving accounts to Evi van Lanschot. IFRS 5 requires an entity to measure a non current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. As a consequence, an impairment loss of € 36 million was recorded in the 2018 financial statements. The closing of the sale agreement on 1 December 2019 resulted in an immaterial adjustment to the carrying amount. Refer to Note 6.4.6. Discontinued operations and assets held for sale and related liabilities.
Our audit approach	As part of our audit procedures, we have assessed the held for sale, valuation and discontinued operation classification and related disclosures of ASR Bank N.V. by investigating if the requirements of IFRS 5 are met. We performed audit procedures in relation to the impairment, which included: • An audit of the transaction with Achmea Bank N.V.; • An inspection of the agreement with Van Lanschot Kempen N.V.; • Validating the fair value less cost to sell; • Recalculating the revaluation.
Key observations	Based on our audit procedures performed we consider that the classification and the presentation of ASR Bank N.V. as held for sale and discontinued operation is appropriate. In addition, we concur with the result from discontinued operations and carrying amount of ASR Bank N.V. as at 31 December 2019. The held for sale disclosure of ASR Bank N.V. in note 6.4.6 meets the requirements of EU-IFRS.

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organisations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty. ASR Nederland N.V. is confronted with this uncertainty as well, that is disclosed in the Report of the Management Board, chapters 1.2 CEO Statement and 4.2 Risk management and the disclosure about Events after the balance sheet date (note 6.7.7). We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

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:
- Report of the Management Board, including the remuneration report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- Report of Stichting Continuïteit ASR Nederland.

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 and the remuneration report in accordance with Section 2:135b 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 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially 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 Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement
We were engaged by the general meeting of shareholders as auditor of ASR Nederland N.V. on 16 April 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided
In addition to the statutory audit of the financial statements of ASR Nederland N.V. and its subsidiaries, we provided the following services:
- Regulatory reporting: We issued auditor's reports on selected regulatory reporting templates of ASR Nederland N.V., and of its subsidiaries, to the Dutch Central Bank (DNB);
- Corporate responsibility reporting: We issued an assurance report on ASR Nederland N.V.'s corporate responsibility reporting included in the annual report;
- We issued audit reports on the financial information of ASR Nederland N.V.'s financial intermediary business;
- We issued assurance reports in respect of the administration and internal control of ASR Vermogensbeheer, ASR Real Estate, ASR Mortgages, ASR Pensions and ASR ITC; We issued assurance reports on the cost price models for financial products prepared by ASR Nederland N.V.'s insurance subsidiaries;
- We issued reports of factual findings on statements prepared by ASR Nederland N.V. to meet contractual obligations with its customers.

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 SB 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 engagement 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 detect all material errors and fraud during our audit.

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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the SB 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.

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the SB with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 SB, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Amsterdam, 24 March 2020

Ernst & Young Accountants LLP

Signed by M. Koning

7.2 Provisions of the Articles of Association regarding profit appropriation

Articles 35, 36 and 37 of the Articles of Association[1]:

Distributions – General
Article 35

35.1 A distribution can only be made to the extent that the Company's equity exceeds the Non-Distributable Equity.

35.2 The EB may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) of the Dutch Civil Code that the requirement referred to in Article 35.1 has been met and, if it concerns an interim distribution of profits, taking into account the order of priority described in Article 37.1.

35.3 Subject to Article 19.10, the Executive Board (EB) may adopt, and amend from time to time, a dividend and reservation policy for the Company. Amendments to such a 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.

35.5 Distributions on ordinary shares shall be made in proportion to the aggregate nominal value of those ordinary shares. Distributions on preferred shares (or to the former holders of preferred shares) shall be paid in proportion to the amounts paid up (or formerly paid up) on those preferred shares.

35.6 The parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the EB for that purpose. This date shall not be earlier than the date on which the distribution was announced.

35.7 The General Meeting may resolve, subject to Article 31.1, that all or part of such a distribution, instead of being made in cash, shall be made in the form of shares in the Company's capital or in the form of the Company's assets.

35.8 A distribution shall be payable no later than thirty days after the date on which such distribution was declared, unless the EB sets a different date. If it concerns a distribution in cash, such distribution shall be payable in such currency as determined by the EB.

35.9 A claim for payment of a distribution shall lapse after five years have expired after the distribution was declared.

35.10 For the purpose of calculating any distribution, shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of shares held by it.

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 authorised 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 EB 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 Subject to Article 35.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following 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) in relation 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;

1 See for the complete Articles of Association www.asrnl.com.

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 EB shall determine which part of the remaining profits shall be added to the Company's reserves; and
e. Any remaining profits shall 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 paragraphs 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, subject 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 allowed.

8

Report of the Stichting Continüiteit ASR Nederland

Object
Personnel administration filing cabinet

About the object
This filing cabinet comes from the Personnel Department of Levensverzekering Maatschappij Utrecht and contains the personnel administration for the period from 1883 to 1963.

8.1 Report of Stichting continuiteit ASR Nederland

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 objectives 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 these 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 when the call option is exercised, less the number of preference shares already held by the Foundation at that time (if any) and less one, or (b) the maximum number of preference shares that may be issued under the authorised share capital as shown by the Articles of Association of a.s.r. at the time when the call option is exercised. The Foundation has the right to exercise the call option at any time, either fully or in part. The exercise price for 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 that is, in the opinion of the Foundation, materially contrary to the interests of a.s.r., its business or 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., and (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.

Ultimately after the Foundation has held preference shares for a period of 20 months (or for such longer period as the Foundation deems appropriate given the facts and circumstances at hand), the Foundation may request, by means of a notice to that effect, that a.s.r. considers submitting, as soon as practicable, a proposal 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 manner 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, to be held within 20 months following such issuance, for the purpose of adopting a resolution on the cancellation of all 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 membership 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 on two occasions in 2019. The matters discussed included the full-year 2018 results of a.s.r., the execution of the strategy, the financing of a.s.r., acquisitions and divestments by a.s.r., developments in the market, and the general course of affairs at a.s.r. At these meetings, a representative of the EB of a.s.r. provided the Board of the Foundation with information on the developments within a.s.r. and the relationship with its shareholders. The Board of the Foundation also monitored the developments of a.s.r. outside of Board meetings, for instance through a Board member's receipt of press releases issued by a.s.r.

The Foundation is an independent legal entity for the purpose of Section 5:71(1)(c) of the Dutch Financial Markets Supervision Act.

Utrecht, the Netherlands, 24 March 2020

Stichting Continuïteit ASR Nederland
Mr H.J. Hazewinkel (Chairman)
Mr A.A.M. Deterink
Ms M.E. Groothuis

This page has intentionally been left blank.

9

Annexes

Object
The Library Cupboard

About the object
The library was a large rectangular room on the first floor of the De Utrecht building. The entire wall on the side with the entrance to the room was taken up by the library cupboard, designed by the architect Jan Verheul. The library cupboard contained Managing Director W.P. Ingenegeren's collection of books on the insurance world. After the De Utrecht building was demolished, the cupboard, after many wanderings, ended up in the attic of the Central Museum. Now it shines once again at a.s.r.

Annex A

Facts and figures

Sustainability ratings

Ratings

	2019	2018	2017
Dow Jones Sustainability Index (DJSI)	73	71	62
MSCI	BBB	BB	BB
ISS Oekom	C (prime)	C-	NA
FTSE4Good	4.9	3.5	NA
Euronext Vigeo Eiris (Eurozone 120)	*included*	*included*	*NA*
Vigeo Eiris	NA	52	NA
Carbon Disclosure Project (CDP)	B	B	NA
Sustainalytics	NA	76	NA
Ethibel Excellence Europe Index	*included*	*included*	*NA*
Dutch Transparency Benchmark[1]	21	NA	46
Fair Insurance Guide (Eerlijke Verzekeringswijzer)	#1	#1	#1
VBDO (once every two years)	4.5 / #1	NA	#2
VBDO Tax Transparency Benchmark	25 / #10	18 / #15	7 / #19

Nominations and awards

- With a rise of six places, from 26 to 20, a.s.r. makes the biggest advancement of Dutch companies in the Brand Finance Top 50 2019;
- De Amersfoortse keeps the overall top position in the IG&H Income Performance Monitor (Disability, Individual and Collective);
- At the Hypovak event a.s.r. won the Golden Lotus for the best home insurer. It was the third time that a.s.r. won the highest number of votes in this category from the mortgage consultants;
- Honourable mention for 'I think ahead' Pensions Guide 2019;
- a.s.r. wins all Adfiz 'Best Partner' cups;
- a.s.r. emerges as the best in a Complaints and Customer Feedback test;
- a.s.r. wins the Best Employers 2019-2020 certificate with the maximum of 3 stars;
- a.s.r. top insurer in Step 1 of the CSR Performance Ladder (PSO);
- a.s.r. asset management came out top in a ranking of the Dutch Association of Investors for Sustainable Development (VBDO);
- a.s.r. once again a leader in the *Eerlijke Verzekeringswijzer* (Fair Insurance Guide);
- UN PRI qualified ASR Nederland as the 2019 Group Leader. For the first time this year, the title was awarded to the top 10% of members of the UN PRI for the way in which they select their external asset managers;
- VBDO names a.s.r. as the most sustainable investor;
- a.s.r. asset management takes four Lipper Awards;
- Fair Insurance Guide named a.s.r. as a leader in sustainable investments in pharmacy;
- The Services Department won the Benchmark XL Award for the third time in a row in the 'Best overall performance' category.

1 The Dutch Transparency Benchmark takes place on a bi-annual basis. Due to a new methodology, the 2019 result can not be compared to the result in 2017.

Customer-related indicators

Net Promoter Score

	2019	2018	2017
a.s.r.	**44**	**42**	**40**
P&C	51	47	45
Disability	46	45	42
Health	43	39	37
Pensions	52	47	41
Individual life	42	37	34
Funeral	40	41	41
Bank	NA	36	41

Complaints settled

In numbers	2019	2018	2017
Upheld	3,213	2,935	2,924
Rejected	2,163	2,092	2,103
Total complaints settled	**5,376**	**5,027**	**5,027**

Complaints handled

In numbers	2019	2018	2017
Yes, fully	2,474	2,260	2,164
No, not fully but follow up is clear to me	546	470	555
No, not fully and the follow up is unclear to me	193	205	205
Total complaints handled	**3,213**	**2,935**	**2,924**

Incidents lack of integrity

In numbers	2019	2018	2017
Employees	9	14	17
Intermediaries and suppliers	32	21	32
Total complaints handled	**41**	**35**	**49**

Human Resource indicators

FTEs

In numbers	2019	2018	2017
Non-life	1,711	1,549	1,498
Life	616	619	622
Asset Management	391	381	430
Distribution and Services	581	507	430
Holding and Other	1,315	1,241	1,114
Real estate development	8	17	23
Total full-time equivalents (internal & external)	**4,622**	**4,314**	**4,117**
External FTEs	716	631	624
Total full-time equivalents internal	**3,906**	**3,683**	**3,493**
% of all a.s.r. staff working from the Utrecht location (FTE/HC)	90%	95%	96%

Part-time employees

In numbers	2019	2018	2017
Male	449	530	514
Female	949	925	885
Total number of part-time employees	**1,398**	**1,455**	**1,399**

Full-time employees

In numbers	2019	2018	2017
Male	1,675	1,544	1,527
Female	510	409	369
Total number of full-time employees	**2,185**	**1,953**	**1,896**

Contracts of indefinite duration

In numbers	2019	2018	2017
Male	1,970	1,952	1,908
Female	1,303	1,210	1,183
Total number of indefinite duration contracts	**3,273**	**3,162**	**3,091**

Contract of definite duration

In numbers	2019	2018	2017
Male	154	122	133
Female	156	124	98
Total number of definite duration contracts	**310**	**246**	**231**

Average years of service

In years	2019	2018	2017
Male	16.4	16.6	16.5
Female	12.7	13.1	13.5
Difference	**3.7**	**3.5**	**3.0**

Diversity (male/female)

In %	31 December 2019	31 December 2018	31 December 2017
Supervisory Board 30-50 year			
Male	-	-	-
Female	17	-	-
Supervisory Board > 50 year			
Male	66	60	75
Female	17	40	25
Total Supervisory Board	**100**	**100**	**100**
Executive Board 30-50 year			
Male	33	50	50
Female	-	-	25
Executive Board > 50 year			
Male	33	25	25
Female	33	25	-
Total Executive Board	**100**	**100**	**100**
Senior management 30-50 year			
Male	20	33	40
Female	15	24	23
Senior management > 50 year			
Male	55	38	32
Female	10	5	5
Total senior management	**100**	**100**	**100**
Management excl. senior management < 30 year			
Male	1	-	1
Female	-	-	1
Management excl. senior management 30-50 year			
Male	42	57	46
Female	15	13	21
Management excl. senior management > 50 year			
Male	36	24	25
Female	6	6	6
Total management	**100**	**100**	**100**
Other employees < 30 year			
Male	5	5	5
Female	6	5	4
Other employees 30-50 year			
Male	26	30	32
Female	24	25	26
Other employees > 50 year			
Male	26	25	24
Female	13	10	9
Total other employees	**100**	**100**	**100**

Diversity (male/female)

In numbers	31 December 2019	31 December 2018	31 December 2017
Supervisory Board			
Male	4	3	3
Female	2	2	1
Total Supervisory Board	**6**	**5**	**4**
Executive Board			
Male	2	3	3
Female	1	1	1
Total Executive Board	**3**	**4**	**4**
Senior management			
Male	15	15	16
Female	5	6	6
Total senior management	**20**	**21**	**22**
Management			
Male	124	108	102
Female	33	26	22
Total management	**157**	**134**	**124**
Junior management			
Male	102	113	121
Female	24	51	51
Total management	**126**	**164**	**172**
Non-management			
Male	1,881	1,948	1,920
Female	1,366	1,301	1,252
Total other employees	**3,247**	**3,249**	**3,172**

Participation desk

In numbers	2019	2018	2017
Employees participation desk	35	29	31

Gross average wages split by gender (gross hourly wages)

In €	31 December 2019	31 December 2018	31 December 2017
Executive Board			
Male	288	223	172
Female	269	191	148
Senior management			
Male	101	98	93
Female	101	91	87
Management			
Male	59	56	55
Female	55	54	54
Other employees			
Male	28	27	25
Female	24	23	22

Absenteeism rate

In %	31 December 2019	31 December 2018	31 December 2017
Male	3.17	2.87	3.19
Female	5.37	5.49	5.30
Total absentee rate	**3.97**	**3.83**	**3.95**

Nil absenteeism

In %	2019	2018	2017
Nil absenteeism	54	56	50

Collective Labor Agreement

In %	2019	2018	2017
Employees covered by CLA	99.3	99.3	95.4

Grievances

In numbers	2019	2018	2017
Grievances on labor practices	1	1	1

Training and development

	2019	2018	2017
Total spending on training and development (in € million)	6.4	6.8	5.4
Equivalent working time spent on training (in € million)	1,530	1,203	1,338
Training spending per FTE (in €)	1,774	1,995	1,626
Human capital return on investment (in %)	12	12	11
Average days of training per employee (#)	3.7	3.7	3.6
Employees took at least one targeted training session (in %)	58	44	52
Employees completed job related trainings (#)	1,912	1,512	1,729
Employees took part in one of the development programmes (#)	534	719	819
Employees followed a workshop sustainable employability (#)	343	792	589
Employees have completed an individual coaching programme (#)	487	486	266
Employess were giving guidance in the context of redundancy (#)	157	154	182

Employee turnover

	2019	2018	2017
Voluntary employee turnover rate (in %)	3.7	4.9	3.5
Involuntary employee turnover rate (in %)	6.5	8.0	4.6
Total employee turnover rate (in %)	**10.2**	**12.9**	**8.1**
Open positions filled by internal candidates (#)	256	208	98
Open positions filled by external candidates (#)	224	184	142
Total number of vacancies filled	**480**	**392**	**240**
Vacancies filled internally (in %)	53	53	31

Employee compensation

In € million	2019	2018	2017
Total employee wages and benefits	257	248	234

Pay ratio

	2019	2018	2017
Annual total compensation for the highest-paid individual (€)	766,000	655,000[1]	546,000[1]
Median annual total compensation for all employees (€)	61,000	61,000	59,000
Pay ratio	12.56	10.74	9.25

Responsible investor indicators

Asset management

	2019	2018	2017
Assets under management in SRI funds and mandates (end of period) (in %)	100	100	100
Impact investing (in € million)	927	346	< 300
Engagement dialogues (#)			
Participating in number of engagement dialogues via Robeco	9	9	11
Participating in number of engagement dialogues specific topics	13	12	NA
Total dialogues	**22**	**21**	**11**
Number of screened companies (#) excluded due to:			
Human rights violations	7	6	3
Labor rights violations	3	2	3
Environmental	7	13	6
Armaments	153	100	107
Tobacco	16	15	17
Gambling	49	44	39
Coal mining	10	47	63
Tar-sands and shale oil	5	4	10
Coal fired electricity generation	13	NA	NA
Nucleair energy related activities	8	9	5

GRESB Real Estate and Debt Assesment scores

Out of 100	2019	2018	2017
ASR Dutch Core Residential Fund	84	80	72
ASR Dutch Prime Retail Fund	76	72	66
ASR Dutch Mobility Office Fund	77	70	NA

1 Restated 2017 and 2018.
The annual total compensation for the highest-paid individual consists of base salary and fringe benefits, including the maximum social security contributions.

Trusted company indicators

Dividend

	2019	2018	2017
Dividend history (in € million)	267	245	230
Dividend history (in €) per share	1.90	1.74	1.63

Share price performance

	2019	2018	2017
Introduction price as at 10 june 2016: € 19.50	-	-	-
Starting price as at 1 January	€ 34.58	€ 34.31	€ 22.60
Highest closing price	€ 39.91	€ 42.18	€ 35.74
Lowest closing price	€ 30.30	€ 33.70	€ 21.90
Closing price as at 31 December	€ 33.36	€ 34.58	€ 34.31
Market cap as at 31 December (in € million)	€ 4,695	€ 4,876	€ 5,043
Average daily volume shares	422,419	474,054	602,768

Shareholder return

In %	2019	2018	2017
Shareholder return including dividend reinvested in a.s.r. shares	1.8	6.7	58.6
Euronext AEX index	23.9	12.0	39.1
Stoxx Euro 600 insurance index	24.3	10.5	44.9

Environmental indicators

Energy consumption

	2019	2018	2017
Electricity (in kWh)	5,627,112	5,572,103	5,853,609
Renewable electricity solar panels (in %)	2.7%	3.0%	2.5%
Wind electrial energy (in kWh)	5,627,112	5,572,103	5,853,609
PV electrical energy (in kWh)	152,808	168,758	149,251
WKO (renewable heat and cooling) (in kWh)	2,568,000	2,720,800	3,214,858
Natural gas (in m^3)	18,311	43,816	42,629

Energy consumption

In kWh	2019	2018	2017
Electricity	5,627,112	5,572,103	5,853,609
Natural gas	178,880	428,056	416,460
WKO (renewable heat and cooling)	2,568,000	2,720,800	3,214,858
Total energy consumption (in 1,000 kWh)	8,373,992	8,720,959	9,484,927
Energy consumption per m^2 purchased	63	65	68
Energy consumption per m^2 purchased and self produced	91	95	103

Commuter travel mobility

In %	2019	2018	2017
Car use	59	58	57
Bicycle use	22	22	21
Public transport use	16	18	20
Carpool	3	2	2
Total	**100**	**100**	**100**

Water consumption

In m^3	2019	2018	2017
Water usage	18,763	17,212	15,914

Waste

In tonnes	2019	2018	2017
Waste	220	234	228

Environmental incidents

In numbers	2019	2018	2017
Incidents	-	-	-

Annex B

About this report

Long-term value creation requires companies to steer on the financial- and non-financial aspects of business. Certain non-financial aspects contribute directly or indirectly to financial performance, and often have a greater impact over the medium to long term. a.s.r. believes that an integrated approach towards performance management is key to ensuring the company creates stakeholder value in the long run. In this integrated annual report, a.s.r. provides a transparent overview of its activities and results in 2019. In addition, this report describes the relationship between its mission, strategy, governance and the social and economic context in which it operates. More information about a.s.r. can be found at www.asrnl.com.

Scope

The financial information in this annual report has been consolidated for a.s.r. and all its group entities. All quantitative and qualitative information relates to a.s.r. as a whole, unless a specific business line is explicitly mentioned. The data in chapter 3 Sustainable value creation is exclusive Van Kampen Groep (VKG), Dutch ID (Felisson and Boval), Poliservice, SuperGarant, Corins, Stoutenburg, Loyalis Kennis & Consult and ANAC. Their combined assets account for approximately 0.4% of total assets. Together, the sections 1, 2, 3 and 4 make up the Report of the Management Board.

Process

Relevant topics and boundaries for this report were selected on the basis of a materiality analysis involving both internal and external stakeholders. A dialogue was held with senior management, including the CEO, to define a.s.r.'s material topics. The process is described in chapter 2.3 (Stakeholders and material topics). The information in the Management report is based on reports from the business lines and the results of questionnaires and interviews. For the preparation of the annual report, a Steering Group (SG), a Working Group (WG), and a Review Group (RG) have been set up to guide the process and review the content of the texts. The annual report SG agrees on the different tasks, roles and responsibilities relating to the preparation of the annual report. The SG represents the CEO, the Director Finance, Risk & Performance Management and the Director Corporate Communications. The following disciplines are represented in the WG: Finance, Risk and Performance Management, Group Balance Sheet Management, Investor Relations & Ratings, Corporate Communications (including CSR), Human Resources, Group Risk Management, and the Company Secretary.

Before work started on gathering information and writing the annual report, the SG and the WG decided on the structure and key messages of the report. The WG then translated these guidelines into drafts, which were reviewed by a committee of members from the WG, SG and RG. During the reporting process, the RG delivered feedback on the draft annual report. The RG is represented by directors. The draft texts of the annual report are discussed in the respective meetings of the EB, the SB and the Audit & Risk Committee. Disclosure of the annual report is subject to the approval of the EB and the SB.

Standards

The consolidated financial statements of a.s.r. have been prepared in accordance with IFRS – including the IAS and Interpretations – as adopted by the 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. All amounts quoted in these financial statements are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur.

The Solvency II figures in this report are based on the standard formula. In addition to the information in this report, a.s.r. also publishes a separate Solvency and Financial Condition Report (SFCR).

This report has been prepared in accordance with the GRI Standards: Core option. The GRI standards provide relevant and clear requirements for reporting on economic, social and environmental aspects. The GRI table, including additional information not included in the annual report itself, can be found in Annex F. In addition, the Integrated Reporting Framework of the IIRC has been used to further integrate the financial and non-financial information into the Management report.

As an UN Global Compact signatory since 2011, a.s.r. reports annually through an online submission its progress of implementing the ten UN Global Compact principles. These principles are related to human rights, labor, environment and anti-corruption. Please see https://www.unglobalcompact.org/ for more detailed information.

As a large listed company in the Netherlands, a.s.r. is required to comply with the EU Directive on non-financial information. This directive is implemented in Dutch law and applies to annual reports published after 1 January 2018. a.s.r. is required to report about non-financial information in relation to environmental, social and personnel matters, in respect of human rights and combatting bribery and corruption. Please find the EU directive table in Annex G.

a.s.r. uses the Greenhouse Gas Protocol to report its GHG emissions.

Presentation of non-financial data

The definitions and calculation methods of indicators are presented in the relevant sections and in Annex C Glossary.

Audit and assurance of the auditor

The consolidated financial statements have been audited by our external auditor, Ernst & Young Accountants LLP (EY). EY's audit opinion can be found in chapter 7.1 Report on the audit of the financial statement included in the annual report.

In addition to the financial results, EY also reviewed the sustainability information in this annual report with 'a limited level of assurance' in accordance with Dutch law including Dutch Standard 3810 which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000. EY's assurance report can be found in chapter 4.6 Assurance report of the independent auditor. The EB and senior executives are involved in seeking external assurance for the organisation's sustainability information.

Annex C

Glossary

Amortised cost
The amount at which a financial asset or financial liability is measured on initial recognition net of principal repayments, plus or minus accumulated amortisation using the effective interest method or any difference between that initial amount and the amount at maturity, and minus any reduction for impairments or collectability.

Asbestos-safe
Some buildings in the rural property portfolio may still contain asbestos. Targets are set in order to make the rural property portfolio fully asbestos-safe. Results of rural portfolio asbestos-safe, includes the number of rehabilitated properties plus the number of properties sold compared to the portfolio of 2015. From 2018 on the Jutte estate has been included in the population of buildings.

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
One-hundredth of one percent (0.01%).

Building Research Establishment Environmental Assessment Methodology
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.

Carbon footprint
Scope of a.s.r.'s carbon footprint disclosure.

The non-financial target regarding the carbon footprint coverage shows the percentage of a.s.r.'s internally managed AuM for the own account of ASR Nederland N.V., where a.s.r. has measured at least the carbon emissions scope 1+2.

a.s.r.'s activities are divided into three categories:
- For asset management the carbon footprint includes all asset classes, in particular sovereign bonds, corporate bonds, mortgage loans, Interest Rate Swaps, direct real estate, listed equity and cash.
- For real estate the most recent figures from a selected set of external data providers are used in the carbon footprint calculation.
- The mortgages carbon footprint data are based on 2016 numbers as these are the most recent numbers available.

The carbon footprint methodology is aligned with PCAF, except for direct real estate. This approach is built on principles of consistency, transparency, prudence and accuracy with a focus on data quality.

Claims ratio
The cost of claims, net of reinsurance in Non-life, excluding the internal costs and exclusively commissions paid 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 unrealised portion of accrued interest.

Closed books
Closed books are policies that are no longer sold but are still on the books of a life insurance carrier as premium paying policies.

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.

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 materialise.

Discretionary Participation Feature
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, realised and/or unrealised 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.

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.

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Global Reporting Initiative
The GRI is an international organisation that defines standards for sustainability reporting.

Global Real Estate Survey Benchmark
The GRESB is a benchmark that looks at the sustainability performance of more than 700 institutional investment funds worldwide.

Goodwill
An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.

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 recognises the offsetting on profit or loss of changes in the fair value of the hedging instrument and the hedged item.

Impact investments
The Global Impact Investing Network defines 'impact investing' as: 'Investments made into companies, organisations, and funds with the intention to generate positive, measurable social and environmental impact alongside a financial return'. This definition will be used by a.s.r. for its targets on impact investing.

a.s.r. applies impact investing in its business activities: asset management and mortgages. Impact investing includes investments in listed equity (funds), private equity, listed bonds, private bonds and sustainable mortgages. a.s.r. selects impact companies and impact bonds (green bonds) for its investments.

Impact bonds
An impact bond meets the following conditions:
- The bond complies with the Green Bond Principles, Climate Bond Principles or Social Bond Principles;
- The bond has been verified by an independent accountant.

Impact companies
> 50% of the company's output comes from products or services (with a theory of change) for one or more of the ten impact themes as defined by the UN PRI.

For asset management impact investing is defined as:
Investments in organisations or governments with the intention of generating positive impact in addition to positive financial returns on a sustainable future for people and the planet.

When selecting these investments, the output side of an organisation (products, services) is considered, not the input side (ESG policy, initiatives, risk management). In order to qualify as an impact investment, a company or government must always be allowed within the general ESG policy.

Mortgages defines impact investments as:
Mortgage loans that make a positive contribution to solving one or more problems in the environmental field. And more specifically, where governments and civil society organisations are not sufficiently able to solve certain (persistent) social issues on their own.The main goal is to generate a measurable positive impact on a sustainable future for people and the planet.

These investments are visible in (parts of) concrete products and services. Financial return is important, but not the most important.

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 recognised through profit and loss.

Institution for Occupational Retirement Provision
IORP is a pension vehicle in the form of a separate legal entity that can operate a DC 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 FTE
An employee on an employment contract of definite or indefinite duration with a.s.r. or one of its subsidiaries.

International Financial Reporting Standards
As of 1 January 2005, these standards have been the generally accepted international accounting policies that apply to all listed companies in the EU. They make annual results easier to compare and offer a better understanding of a company's financial position and performance.

Investment contract
A life insurance contract that transfers FR with no significant insurance risk.

Investment property
Property held to earn rentals or for capital appreciation or both.

Joint venture
A contractual arrangement under which two or more parties undertake an economic activity that is subject to joint control.

Living Wage
The United Nations' Universal Declaration of Human Rights (1948) states that 'everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity'. A living wage can be defined as: the remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events. A living wage may therefore differ from one country, region or even city to the next.

Materiality
An aspect is considered material if it is relevant to the stakeholders, has reasonably estimable economic, environmental, and/or social impact 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.

Net Promoter Score
A management tool that can be used to gauge the customer satisfaction of an organisation's customers. The question to the customer now places the emphasis on the employee of a.s.r.: How likely is it that you will recommend a.s.r. to family, friends and colleagues based on your experience with me? The NPS is calculated after customers had been in contact with one of the agents. Calculation of the NPS: With a score of 9 or 10, the customer is seen as a promoter (recommendation). With a score of 7 or 8, the customer gets the predicate passive. He or she will neither recommend nor discourage the brand. With a score of 0 to 6, the customer will discourage the brand. The NPS term for this is detractor (criticaster). The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The NPS scores presented reflect the year end scores.

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.

Operating Return on equity
A measure of financial performance calculated by dividing the operating result (after hybrid costs and net of taxes) by the average adjusted equity attributable to shareholders for the reporting period.

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.

Organic capital creation
The sustainable creation of capital from both the change in the EEOF and the change in the SCR on Solvency II basis. To express the change in SCR in EOF-equivalent terms, the change in SCR is multiplied by the Solvency II ratio. The OCC consists of three elements: (1) Business Capital Generation,

(2) Release of Capital and (3) Technical Movements. In this definition sustainable means: generated by the company on its own account, net of external and one-off effects. This results in a view on the Solvency II figures that is comparable with the definition of the operational result on IFRS basis.

Order in Council
An Order in Council is a decision taken by the Dutch government with respect to statutory provisions.

Principles for Responsible Investments
The UNPRI is a framework for institutional investors. The principles, which were launched in April 2006, pertain to the integration of ESG aspects into investment policies. For more information, see unpri.org.

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.

Provision
A liability of uncertain timing or amount. Provisions are recognised 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.

Return on equity
A measure of financial performance calculated by dividing the net result attributable to holders of equity instruments by the average equity attributable to shareholders for the reporting period.

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 recognised but unrealised gain or loss on an asset to be transferred to insurance liabilities.

Socially responsible investment
Investing with due regard for ethical standards, policies and procedures, in line with the interests of a.s.r. stakeholders, whereby the integration of ESG criteria is key. To achieve this a.s.r. makes use of multiple ESG approaches such as the exclusion of controversial activities, exclusion of companies and countries due to their ethical performance, the engagement dialogue, the integration of ESG assessments in the portfolio construction and impact investing. A detailed description of a.s.r.'s SRI policy is published on asrnl.com.

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, harmonised Europe-wide regime for insurance companies and sets regulatory requirements for solvency and risk governance.

Stakeholders
Stakeholders are persons or organisations that have an interest of whatever nature in an organisation. They have a link with its activities, share in its earnings, influence its performance and assess its ESG effects. a.s.r.'s main stakeholder groups are customers, employees, investors and the society as a whole.

Subsidiary
An entity that is controlled by ASR Nederland N.V. (the parent company) or a subsidiary of ASR Nederland N.V.

Tenant satisfaction
a.s.r. calculates a satisfaction rating with respect to the real estate property, the area (for retail units), the (administrative and commercial) services (for retail units and offices) and the maintenance/repair (for offices) based on the weighted average for the four categories of real estate 'retail units', 'offices', 'residential units' and 'rural' real estate. The satisfaction surveys for the four categories do not take place in each and the same year.

Transaction date
The date at which a.s.r. enters into the contractual terms of an instrument.

Trees for all
Trees for All is a foundation and recognised charity with CBF quality mark. The contribution of a.s.r. for CO_2 compensation and planting trees invests Trees for all in the construction of new forest and the protection of existing forest. These projects generate extra income for the local population and contribute to the restoration of nature and the environment.

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
The present value of future profits embedded in acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the effective life of the acquired contracts.

Volunteering
Volunteer activities undertaken by a.s.r. employees, partly during work hours (eight hours per day) 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.

Annex D

Abbreviations

AEX	Amsterdam Exchange Index
AF	Actuarial Function
AFM	Dutch Authority for the Financial Markets
AGM	Annual General Meeting
AI	Artificial Intelligence
AIFM	Alternative Investment Fund Managers
AIFMD	Alternative Investment Fund Managers Directive
ALM	Asset Liability Management
AMX	Amsterdam Midcap Index
APG	Algemene Pensioen Groep N.V.
ATES	Aquifer Thermal Energy Storage
AuM	Assets under management
AVB	ASR Vermogensbeheer B.V.
BEC	Business Executive Committee
BKR	Credit Registration Office
bps	basis points
BRC	Business Risk Committee
BREEAM	Building Research Establishment Environmental Assessment Methodology
BVPA	Dutch Association for Public Affairs
CAK	Central Administration Office
CBS	Statistics Netherlands
CCB	Climate, Community and Biodiversity Standard
CCR	Counterparty Credit Rating (Standards and Poor's)
CDD	Customer Due Diligence
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIS	Central Information System
CLA	Collective Labor Agreement
CMD	Capital Markets Day
CO_2	Carbon Dioxide
CoC	Cost of Capital
COO	Chief Operating Officer
COR	Combined ratio
CPB	Netherlands Bureau for Economic Policy Analysis
CRO	Chief Risk Officer
CSA	Credit Support Annex
CSR	Corporate Social Responsibility
DB	Defined Benefit
DC	Defined Contribution
DCRF	Dutch Core Residential Fund
DGBC	Dutch Green Building Council
DMOF	Dutch Mobility Office Fund
DNB	Dutch Central Bank
DPF	Discretionary Participation Features
DPRF	Dutch Prime Retail Fund
DSPR	Dutch Science Park Fund
EFRAG	European Financial Reporting Advisory Group
EGM	Extraordinary General Meeting
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESI	Ethibel Sustainability Index
EU	European Union
Euribor	Euro interbank offered rate
EVO	Entrepreneurs organisation for Logistics and Transport
FAIRR	Global network of investors addressing ESG issues in protein supply chains
FR	Financial risk
FRC	Financial Risk Committee
FRPM	Finance, Risk & Performance Management
FSCB	Financial Services Complaints Board
FTE	Full-time equivalent
GBC	Green Building Certificates
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
GRC	Governance Risk Compliance
GRESB	Global Real Estate Survey Benchmark
GRI	Global Reporting Initiative
GRM	Group Risk Management
GWP	Gross written premiums
Hnpf	The Dutch pension fund
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBNR	Incurred But Not Reported
I-CERT	Cybersecurity partnership between insurance companies
ICSR	International Corporate Social Responsibility
IDD	Insurance Distribution Directive
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFSR	Insurer Financial Strength Rating (Standard & Poor's)
IIRC	International Integrated Reporting Council
IORP	Institution for Occupational Retirement Provision
IPO	Initial Public Offering
ISDA	International Swaps and Derivatives Association

ISIN	International Securities Identification Number
KPI	Key Performance Indicator
kWh	kilo Watt hour
LAC DT	Loss Absorbing Capacity Deferred Tax
LAT	Liability Adequacy Test
LDI	Liability Driven Investing
LTO	Agriculture and Horticulture Organisation Netherlands
M&A	Merger and Acquisitions
MSCI	Morgan Stanley Capital International Index
NCSC	National Cyber Security Center
NFR	Non-financial risk
NFRC	Non-Financial Risk Committee
NGOs	Non-governmental and nonprofit organisations
NLFI	NL financial investments
NPS	Net Promoter Score
NVB	Dutch Banking Federation
OBI	Open source Soil Index
OCC	Organic capital creation
OECD	Organisation for Economic Cooperation and Development
OIS	Overnight Indexed Swap
ORM	Operational Risk Management
ORSA	Own Risk and Solvency Assessment
OTC	Over The Counter
OTSO	Supervised entity
P&C	Property and Casualty
PARP	Product Approval & Review Process
PCAF	Platform Carbon Accounting Financials
PLWF	Platform Living Wage Financials
PSO	Performance Ladder for Social Business
PV	Photovoltaics
RAS	Risk Appetite Statements
RM	Risk management
RMF	Risk Management Framework
ROE	Return on Equity
RT1	Restricted Tier 1 bond
S&P	Standard & Poor's
SAA	Strategic Asset Allocation
SaaS	Software as a Service
SBT	Science Based Targets
SCR	Solvency Capital Requirement
SDGs	Sustainable Development Goals
SME	Small and medium-sized enterprises
SRA	Strategic Risk Analysis
SRI	Socially Responsible Investment
STA	Social Team Activity
TCFD	Task Force on Climate-related Financial Disclosures
TNO	Dutch Organisation for applied scientific research
TVOG	Time Value of Financial Options and Guarantees
UFR	Ultimate Forward Rate
UNGC	United Nations Global Compact
UNGPs	The United Nations Guiding Principles on Business and Human Rights
UNPRI	United Nations Principles for Responsible Investments
USD	United States Dollar
UWV	Employee Insurance Agency
VBDO	Dutch Association of Investors for Sustainable Development
VCS	Verified Carbon Standard
VKG	Van Kampen Groep
VPL	early retirement and life cycle
VVP	Revised Value Pack
Wft	Financial Supervision Act
WGA	Resumption of work by Partially Disabled Persons
WIA	Work and Income Act
WnP	Employee's pension
WWF	World Wildlife Fund
ZZP Nederland	Dutch self-employed representative organisation

Annex E

Materiality analysis and stakeholder dialogue

a.s.r. engages with stakeholders who directly and indirectly affect the organisation. a.s.r. is committed to a strategic, constructive and proactive dialogue with all its stakeholders, including customers, employees, investors, civil society organisations and the media. a.s.r. engages with them through road shows, client and employee surveys, participation in sector initiatives, and other means. Also, the EB Members meet on a regular basis with intermediaries, shareholders, regulators, tax authorities, politicians and civil society organisations to discuss the strategic progress, receive their feedback on a.s.r.'s contribution to society and debate developments in the financial sector.

External trends are also continuously monitored, to determine the issues most relevant for a.s.r. and decide where it can make a positive contribution to broader society. For this purpose, a variety of sources are used including regulatory body reports, World Economic Forum, the World Business Council for Sustainable Development (WBCSD) and media coverage.

On top of these continues stakeholder interactions, a broad centrally organised stakeholder consultation was held in 2018. The outcomes of this stakeholder consultation were used to define the material topics for the annual report in 2018. This materiality analysis was further analysed by senior management and the EB in 2019, to develop an integrated business strategy focused on creating sustainable long-term value for a.s.r. and its stakeholders.

More information about the integrated business strategy can be found in chapter 2.1 The story of a.s.r.
More information about the process and outcomes of the centrally organised stakeholder consultation, can be found in the annual report of 2018.
In 2019, a review was carried out on the material topics which have been validated by various internal stakeholders, including the EB. This review was based on input from various stakeholder dialogues that took place in 2019 and desktop research. The material topics of 2019 are presented in chapter 2.3 Stakeholders and material topics.

a.s.r. is working together with peers, civil society organisations and governmental agencies to establish policies that support better management of ESG issues. Also, the Chairman of the EB has discussed how to improve sustainable practices within the financial sector with several civil society organisations and in Dutch parlements members of the Second Chamber during a round table conversation.

On the topic of climate change, a.s.r. participated in several events and initiatives like the Round Table on adaptation for physical climate risks organised by the Dutch Association of Investors for Sustainable Development (VBDO) and the Global Center of Excellence on Climate Adaptation (GCA). Furthermore, a.s.r. participated in the climate pilot of Ortec to integrate climate scenario's in Strategic Asset Allocation and sharing good practices with peers and colleagues of a.s.r. asset management by providing several presentations about the PCAF methodology. a.s.r. also helped smaller insurance companies develop climate policies regarding their investments. In order to align its own (climate related) investment activities with the requirements of its stakeholders, a.s.r. had meetings with pension clients like World Wildlife Fund for Nature (WWF) and the Plastic Soup Foundation. In addition, a.s.r. spoke with Greenpeace regarding its policies to align investments with the Paris Agreement.

More information about a.s.r.'s efforts to promote more thorough sustainability practices can be found in chapter 3.4.1. a.s.r. asset management.

Materiality analysis 2019
Compared to the materiality matrix of 2018, the following adjustments were made:

- The theme 'cyber security' is one of the top five a.s.r. risk priorities for 2019 and falls under the material theme 'risk management' in this report;
- The solvency of a.s.r. is an indicator of its 'financial performance', reflecting the ability to fulfil short- and long-term obligations and commitments to all its stakeholders. In this report 'solvency' falls under the material theme 'financial performance';
- Legal compliance and integrity have been merged because both topics form one department within a.s.r. The theme 'privacy' has been added to the title 'Compliance, integrity and privacy' as a result of increased attention from stakeholders and new legislation (GDPR) regarding this topic;

- Responsible procurement is not a priority topic of a.s.r. or its stakeholders and has therefore been removed from the material topic list.
- In the previous annual report the topic 'Climate change' was described as a trend. Since the reporting of trends has been replaced by a SWOT analysis in this report and due to rapid developments and increasing expectations of stakeholders regarding this topic, this theme has been added as a separate material theme. Climate change and energy transition is also included as one of the three strategic pillars of the sustainability strategy of a.s.r.

Materiality analysis and stakeholder dialogue

Stakeholder group	Type of interaction	Frequency
Customers and intermediaries	• Telephone support • Surveys (e.g. NPS) • Webinars • Business line events • Social media	Daily
Employees	• Performance appraisals / feedback meetings • Works Council • Social media • Infonet • Staff meetings • Managerial staff meetings • Information and inspiration sessions	Daily
Financial market players: shareholders, analysts, banks and rating agency S&P	• Meetings with team Investor Relations and Board members • Conference calls with analysts and (potential) investors • Webinars • Road shows • Corporate presentations	Almost daily
Business partners	• Meetings • Telephone and email	Regularly
Regulators and tax authorities	• Meetings with Board members and departments Compliance and Tax • Telephone & email	Regularly
Government	• Meetings with Board members, senior management and team Public Affairs • Telephone and email	Regularly
Suppliers	• Consultation at strategic (2-4 times per year), tactical (monthly) and operational (daily) level	Regularly
Media	• Meetings • Telephone and email	Almost daily
Trade unions	• Meetings with HR department	Quarterly
Social partners and organisations	• Meetings with a.s.r. foundation • Telephone and email	Regularly
Civil society organisations & interest groups	• Events • Partnerships & memberships • Meetings • Telephone and email	Regularly

Annex F

GRI Content Index

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
General disclosure		
102-1	Name of the organisation	ASR Nederland N.V.
102-2	Activities, brands, products, and services	Ch. 1.1, 3.2 (p. 9, 36)
102-3	Location of headquarters	Ch. 1.1 (p. 11)
102-4	Location of operations	Ch. 1.1, 3.5 (p. 11, 58)
102-5	Ownership and legal form	Ch. 5.1 (p. 102-103)
102-6	Markets served	Ch. 1.1, 2.1, 4.1 (p. 9, 21-22, 66-82)
102-7	Scale of the organisation	Ch. 1.1, 4.1, 6.2 (p. 9-11, 64, 134-140)
102-8	Information on employees and other workers	Ch. 3.3 (p. 39-43) Annex A Facts and figures
102-9	Supply chain	Ch. 1.1, 3.4, 3.5 (p. 9, 44-48, 51-52)
102-10	Significant changes to the organisation and its supply chain	Ch. 2.1, 5.1 (p. 21-22, 102)
102-11	Precautionary principle or approach	Ch. 4.2, 4.4 (p. 84-88, 90-95)
102-12	External initiatives	www.asrnl.com/about-asr/sustainable-business/codes-and-guidelines
102-13	Membership of associations	www.asrnl.com/about-asr/sustainable-business/codes-and-guidelines
102-14	Statement from senior decision-maker	Ch. 1.2 (p. 12-13)
102-15	Key impacts, risks, and opportunities	Ch. 1.3, 2.2, 4.2, 4.4, 6.8 (p. 14-15, 23, 84-88, 90-95, 234-267)
102-16	Values, principles, standards, and norms of behaviour	Ch. 2.1, 3.3, 3.4, 3.5 (p. 18, 39-43, 44-48, 49-57)
102-17	Mechanisms for advice and concerns about ethics	Ch. 3.5 (p. 52-53)
102-18	Governance structure	Ch. 5.1, 5.2 (p. 102, 112-114)
102-40	List of stakeholder groups	Ch. 2.3 (p. 24) Annex E Materiality analysis and stakeholder dialogue

GRI Standard	Disclosure	Location of disclosure, url(s) and/or information
102-41	Collective bargaining agreements	99.3% of the total employees are covered by collective bargaining agreements. Annex A Facts and figures
102-42	Identifying and selecting stakeholders	Ch. 2.3 (p. 24) Annex E Materiality analysis and stakeholder dialogue
102-43	Approach to stakeholder engagement	Ch. 2.3 (p. 24) Annex E Materiality analysis and stakeholder dialogue
102-44	Key topics and concerns raised through stakeholder engagement	Ch. 2.3 (p. 25-26)
102-45	Entities included in the consolidated financial statements	Annex B About this report
102-46	Defining report content and topic boundaries	Annex B About this report
102-47	List of material topics	Ch. 2.3 (p. 25-26)
102-48	Restatements of information	Ch. 6.3 (p. 141-162)
102-49	Changes in reporting	Material themes from 2018 that does not return in the 2019 materiality matrix: • Integrity (combined with Compliance and Privacy) • Solvency (part of Robust financial performance) • IT security and privacy (Part of Integrity, Compliance and Privacy) • Responsible procurement (non-material topic for a.s.r.)
102-50	Reporting period	1 January to 31 December 2019
102-51	Date of most recent report	27 maart 2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Contact details (p. 329)
102-54	Claims of reporting in accordance with the GRI Standards	Annex B About this report
102-55	GRI content index	Annex F GRI Content Index
102-56	External assurance	Annex B About this report Ch. 4.6, 7.1 (p. 97-98, 286-294-295)

GRI Standard	GRI Standard Title	Disclosure	Location of disclosure, url(s) and/or information
Topic specific disclosures			
Robust financial performance			
	Management Approach 2019	Disclosure on management approach.	Ch.1.2, 1.3, 2.1, 2.3, 2.4, 4.1, 6.2 (p. 13, 15, 18, 19, 25, 27, 28, 64, 134-140)
201-1	Economic Performance	Direct economic value generated and distributed.	Ch. 1.3, 4.1, 6.2 (p. 14-15, 64, 134-140)
Meeting customer needs			
	Management Approach 2019	Disclosure on management approach.	Ch. 2.1, 2.3, 2.4, 3.2, 3.4 (p. 18-20, 24-25, 28, 35-38, 44-48)
Compliance, integrity and privacy			
	Management Approach 2019		Ch. 2.3, 3.5, 4.2 (p. 25, 51-55, 89)
419-1	Socioeconomic Compliance	Non-compliance with laws and regulations in the social and economic area.	Ch. 3.5, 4.3 (p. 51-55, 89)
Solid risk management			
	Management Approach 2019	Disclosure on management approach.	Ch. 2.3, 4.2, 4.4 (p. 25, 84-89, 90-93)
Developing and promoting sustainable procucts and services			
	Management Approach 2019	Disclosure on management approach.	Ch. 2.3, 3.2 (p. 25, 35-37)
Socially responsible investments			
	Management Approach 2019	Disclosure on management approach.	Ch. 2.3, 3.4 (p. 25, 44-48)
HR1	Financial Services Sector Supplement	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Ch. 3.4 (p. 44-48)
FS11	Financial Services Sector Supplement	Percentage of assets subject to positive and negative environmental or social screening.	Ch. 3.4 (p. 44-48)
Supporting vitality			
	Management Approach 2019	Disclosure on management approach.	Ch. 2.3, 3.2, 3.3 (p. 26, 35, 41)
403-2	Occupational Health and Safety	Types of injury and rates of injury, occupational disease, lost days, and absenteeism, and number of work-related fatalities.	Ch. 3.3 (p. 40-41) a.s.r. only records absenteeism rates

GRI Standard	GRI Standard Title	Disclosure	Location of disclosure, url(s) and/or information
Fostering diversity & inclusion			
	Management Approach 2019	Disclosure on management approach.	Ch. 1.3, 2.3, 3.3, 5.1 (p. 15, 24, 26, 41-42, 104, 105)
405-1	Diversity and Equal Opportunity	Diversity of governance bodies and employees.	Ch. 1.1, 3.3 (p. 11, 42), Annex A Facts and figures
Contributing to sustainable employability			
	Management Approach 2019	Disclosure on management approach.	Ch. 1.3, 2.3, 3.3 (p. 15, 26, 39-43)
404-2	Training and Education	Programmes for upgrading employee skills and transition assistance programmes.	Ch. 3.3 (p. 39-40)
404-3	Training and Education	Percentage of employees receiving regular performance and career development reviews.	Ch. 3.3 (p. 40)
Reducing a.s.r.'s footprint			
	Management Approach 2019	Disclosure on management approach.	Ch. 1.1, 2.3, 2.4, 3.5, 4.4 (p. 11, 26, 27, 58-59, 95)
Contributing to financial self-reliance			
	Management Approach 2019		Ch. 1.3, 2.3, 2.5, 3.6 (p. 15, 26, 30, 60-61)
Mitigating and adapting to the consequences of climate change			
	Management Approach 2019		Ch. 2.3, 4.2, 4.4 (p. 26, 84-88, 90-95)

Annex G

EU Directive: disclosure on non-financial information and diversity information

EU Directive Non-Financial Information and Diversity information reference table

Topic	Subtopic	Included (yes/no)	Chapter
Business model		Yes	Ch. 1.3 (p. 14-15)
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due dilligence.	Yes	Ch. 3.3 (p. 39-43)
	The outcome of those policies.	Yes	Ch. 3.3 (p. 39-43)
	Principle risks in own operations and within value chain.	Yes	Ch. 4.2 (p. 84-88)
	How risks are managed.	Yes	Ch 4.2 (p. 84-88)
	Non-financial key performance indicators.	Yes	Ch 1.1, 2.4 (p. 11, 27-28)
Relevant Environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due dilligence.	Yes	Ch. 3.4, 3.5 (p. 44-48, 58-59)
	The outcome of those policies.	Yes	Ch. 3.4, 3.5 (p. 44-48, 58-59)
	Principle risks in own operations and within value chain.	Yes	Ch. 4.2, 4.4, 6.8 (p. 84-88, 90-95, 234-267)
	How risks are managed.	Yes	Ch. 4.4, 6.8 (p. 89-94, 234-267)
	Non-financial key performance indicators.	Yes	Ch. 1.1, 2.3, 2.4, 3.4, 3.5 (p. 11, 26, 28, 44-48, 58-59)

Topic	Subtopic	Included (yes/no)	Chapter
Climate change	A description of the policies pursued, including due dilligence.	Yes	Ch. 4.4 (p. 90-95)
	The outcome of those policies.	Yes	Ch. 4.4 (p. 90-95)
	Principle risks in own operations and within value chain.	Yes	Ch. 4.4 (p. 90-95)
	How risks are managed.	Yes	Ch. 4.4 (p. 90-95)
	Non-financial key performance indicators.	Yes	Ch. 1.1, 2.3, 2.4, 3.4, 3,5 (p.11, 26, 28, 44-48, 58-59)
Relevant matters with respect for human rights (e.g. labor protection)	A description of the policies pursued, including due dilligence.	Yes	Ch. 3.4 (p. 51-52)
	The outcome of those policies.	Yes	Ch. 3.4, 3.5 (p. 44-46, 51-52)
	Principle risks in own operations and within value chain.	Yes	Ch. 3.5 (p. 51-52)
	How risks are managed.	Yes	Ch. 4.2, 6.8 (p. 84-88, 234-267)
	Non-financial key performance indicators.	Yes	Ch. 3.4, (p. 44-48)
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due dilligence.	Yes	Ch. 3.5, 4.3, 5.1 (p. 54-55, 89, 109)
	The outcome of those policies.	Yes	Ch.3.5, 4.3, 5.1 (p. 54-55, 89, 109)
	Principle risks in own operations and within value chain.	Yes	Ch. 3.4, 3.5, 4.2 (p. 44-46, 54-55, 84-88)
	How risks are managed.	Yes	Ch. 4.2, 6.8 (p. 84-88, 234-267)
	Non-financial key performance indicators.	Yes	Ch. 3,4, 3.5 (p. 44, 54-55)
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued.	Yes	Ch. 2.3, 3.3, 5.1 (p. 26, 41-42, 106)
	Diversity targets	Yes	Ch. 3.3, 5.1 (p. 41, 108)
	Description of how the policy is implemented	Yes	Ch. 3.3, 5.1 (p. 41-42, 108)
	Results of the diversity policy	Yes	Ch. 1.1, 2.3, 3.3, 5.1 (p. 11, 26, 42, 106)

Contact details

Contact information

We like to receive feedback or questions from our stakeholders on our annual report. If you want to give us feedback, please feel free to contact us.

ASR Nederland N.V.
Archimedeslaan 10
P.O. Box 2072
3500 HB Utrecht
The Netherlands
www.asrnl.com

Investor Relations
+31 90) 257 86 00
www.asrnl.com/investor-relations

Corporate Communications
Press Officer
+31 (0)6 22 790 974
rosanne.de.boer@asr.nl

Publication

Design
Cascade - visuele communicatie bv

Photography
Raphaël Drent
Supervisory Board: Wilco van Dijen

Text
ASR Nederland N.V.

Object
Future chair

About the object
In order to make different choices for a sustainable world of tomorrow, it is important to consider the future in decisions taken today. This is why we give the future a chair at the table at a.s.r. In this way, the future has a literal presence and we protect the voices of the generations still to come.


#TOEKOMSTSTOEL
a.s.r. doet het, al 300 jaar
Bezoek de vi
reality expe
Nostalgie
Heden
Toekomst
Bedankt voor uw komst

www.asrnl.com

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