SFCR ASR Nederland N.V.

2022

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

SFCR ASR Nederland N.V.

2022

Contents

Introduction

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared as described in annex XX of the Solvency II Directive Delegated Regulation. The subjects addressed are based on article 51 to 56 of the Solvency II Directive and act 292 up to and including 298 and act 359 of the Delegated Regulation. Furthermore, the figures presented in this report are in line with the supervisor's reported Quantitative Reporting Templates (QRT).

All amounts in this report, including the amounts quoted in the tables, are presented in millions of euros (€ million), being the functional currency of a.s.r. and all its group entities, unless otherwise stated.

Summary

ASR Nederland N.V., hereinafter 'a.s.r.', is the Dutch insurance company for all types of insurance. As part of the Solvency II legislation, a.s.r. discloses the Solvency position, Governance and Risk management practices by means of a Solvency and Financial Condition Report (SFCR).

A Business and performance

The Solvency II ratio stood at 222% (excluding financial institutions) on 31 December 2022, after deduction of the proposed dividend and the proceeds of the € 0.6 billion share issue. The ratio is based on the Standard Formula as a result of € 7,346 million Eligible Own Funds (EOF) and € 3,307 million Solvency Capital Requirement (SCR).

Having generated € 6,041 million in Gross written premiums (GWP) in 2022 (+3.1% compared to 2021), a.s.r. is one of the larger insurance companies in the Netherlands.

The operating result increased by € 30 million to € 1,039 million (2021: € 1,009 million). All business segments performed strongly and apart from Distribution and Services posted higher operating results.

Operating expenses associated by ordinary activities increased by € 41 million to € 703 million, reflecting organic business growth, especially in the Non-life and Asset Management segments and in the additional (running) costs of several new growth initiatives. The increase also reflects the one-off payments to staff to compensate for higher energy costs and the inclusion of acquisitions (total impact € 5 million) in the fee- based segments (Asset Management and Distribution & Services) and the acquisition of Brand New Day IORP as of 1 April 2021 in the Life segment.

Organic capital creation (OCC) increased by € 59 million to € 653 million (2021: € 594 million), mainly due to the improved technical movements (UFR-unwind) due to higher interest reates and better business capital generation due to improved technical results, mainly in Life business as well as an increase in investment returns.

Full details on the a.s.r.'s business and performance are described in chapter A Business and performance (page 8).

B System of governance

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 EB and a SB. The EB is responsible for the setting of the company's corporate objectives, executing the strategy and the delivery of the results.

The SB is responsible for advising the EB, supervising its policies and for the general state of affairs relating to a.s.r. and its group entities. The SB also acts as employer of the EB. Next to the EB, there is also a Business Executive Committee (BEC). The task of the BEC is to support the EB in implementing and realising a.s.r.'s targets and executing the (business) strategy with the associated risk profile.

Risk management

It is of great importance to a.s.r. that risks within all business lines are timely and adequately controlled. In order to do so, a.s.r. has a Risk Management framework in place based on internationally recognised and accepted standards (such as COSO ERM and ISO 31000 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 applicable to a.s.r. group and the underlying (legal) business entities.

Control environment

In addition to risk management, a.s.r.'s Solvency II control environment consist of an internal control system, an actuarial function, a compliance function, a risk management function and an internal audit function. The system of internal control includes the management of risks at different levels in the organisation, both operational and strategic. Internal control at an operational level centres around identifying and managing risks within the critical processes that pose a threat to the achievement of the business line's objectives. The Actuarial Function is responsible for expressing an opinion on the adequacy and reliability of reported technical provisions, reinsurance and underwriting. The mission of the Compliance department is to enhance and ensure a controlled and sound business operation. The Audit Department evaluates the effectiveness of governance, risk management and internal control processes, and gives practical advice on process optimisation.

Full details on a.s.r.'s system of governance are described in chapter B System of governance (page 25).

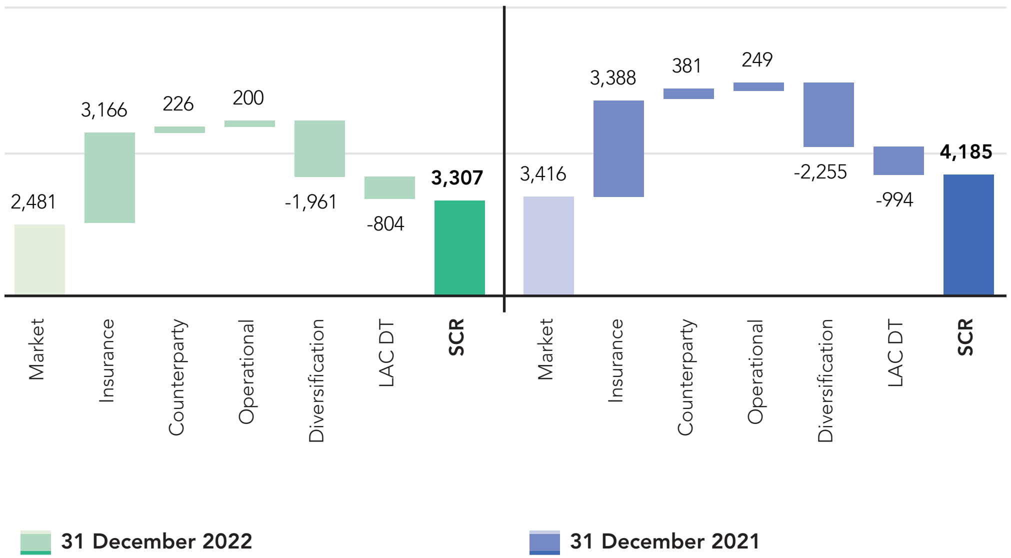
C Risk profile

a.s.r. applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that obligations towards our stakeholders are met. Risk management supports a.s.r. in the identification, measurement and management of risks and monitors to ensure adequate and immediate actions are taken in the event of changes in a.s.r.'s risk profile.

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

The SCR is build up as follows:

Solvency capital requirement



The required capital stood at € 3,307 million at 31 December 2022 (31 December 2021: € 4,185 million). The decrease of required capital was mainly the result of the development of market risks (interest, equity and spread).

Full details on the a.s.r.'s risk profile are described in chapter C Risk profile (page 60).

D Valuation for Solvency purposes

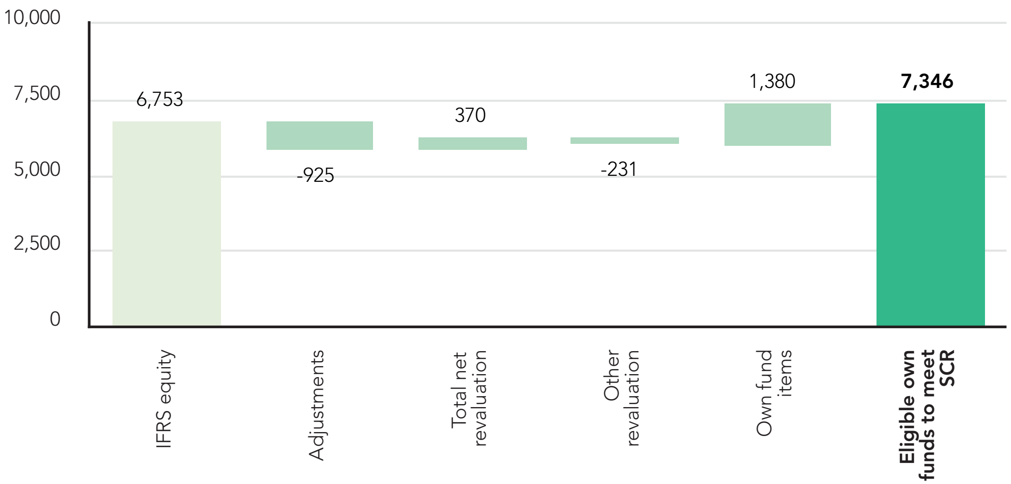
a.s.r. values its Solvency II balance sheet items on a basis that reflects their economic value. Where the IFRS fair value is consistent with Solvency II requirements, a.s.r. follows IFRS for valuing assets and liabilities other than technical provisions.

The reconciliation of IFRS equity to Solvency EOF can be summarised as follows:

- Adjustment of other equity instruments (the other equity instruments excludes any discretionary interest);
- Total net revaluation as a result of revaluation differences of items which are valued different than fair value in the IFRS balance sheet;
- Derecognition of items on the Solvency II economic balance sheet which are admissible on the IFRS balance sheet;
- Recognition of Own Fund items like subordinated liabilities, other equity instruments excluding any discretionary interest), foreseeable dividends valuation difference of financial institutions which are in accordance with the Delegated Regulations part of the EOF.

A graphical representation of the reconciliation from IFRS equity to Solvency EOF is presented below:

Reconciliation total equity IFRS vs EOF Solvency II



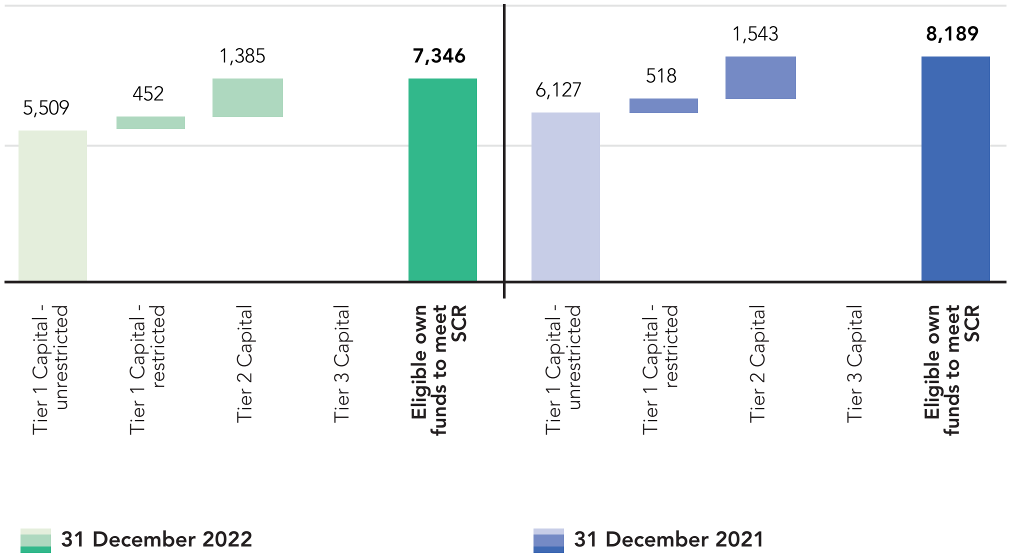
The full details on the reconciliation between a.s.r.'s economic balance sheet based on Solvency II and consolidated financial statements based on IFRS are described in chapter D Valuation for solvency purposes (page 89).

E Capital Management

Overall capital management is administered at group level. Capital generated by operating units and future capital releases will be allocated to profitable growth of new business or repatriated to shareholders, beyond the capital that is needed to achieve management's targets.

a.s.r. follows the SII Standard model for the determination of the group solvency. a.s.r. maintains an internal minimum and management target for the Solvency II ratio. The internal minimum Solvency II ratio for a.s.r. as formulated in the risk appetite statement is 120%. The management threshold level for the Solvency II ratio is above 160%. The lower limit solvency target is 140%. The solvency ratio was 222% at 31 December 2022.

The EOF is build up as follows:



The EOF decreased to € 7,346 million (31 December 2021: € 8,189 million). The decrease of EOF was mainly driven by interest and spread developments and decreasing stock markets partially offset by organic capital creation and increasing VA.

Full details on the Capital management of a.s.r. can be found in chapter E Capital management (page 99).

A Business and performance

Market position

#2

2021: **#3**

Customer base
(in millions)

2.8

Employees
(in numbers)

4,313

2021: **4,155**

Market capitalisation
(in € billion)

6.6

2021: **5.5**

Net Promoter Score (NPS-r)
(-100 to 100)

< market average

2021: **< market average**

Carbon footprint own assets
(% reduction compared to baseline)

65

2021: **56**

Impact investments
(in € billion)

2.8

2021: **2.5**

Employee engagement
(percentile)

88

2021: **91**

Sustainable reputation
(in %)

37

2021: **36**

Multi-brand strategy

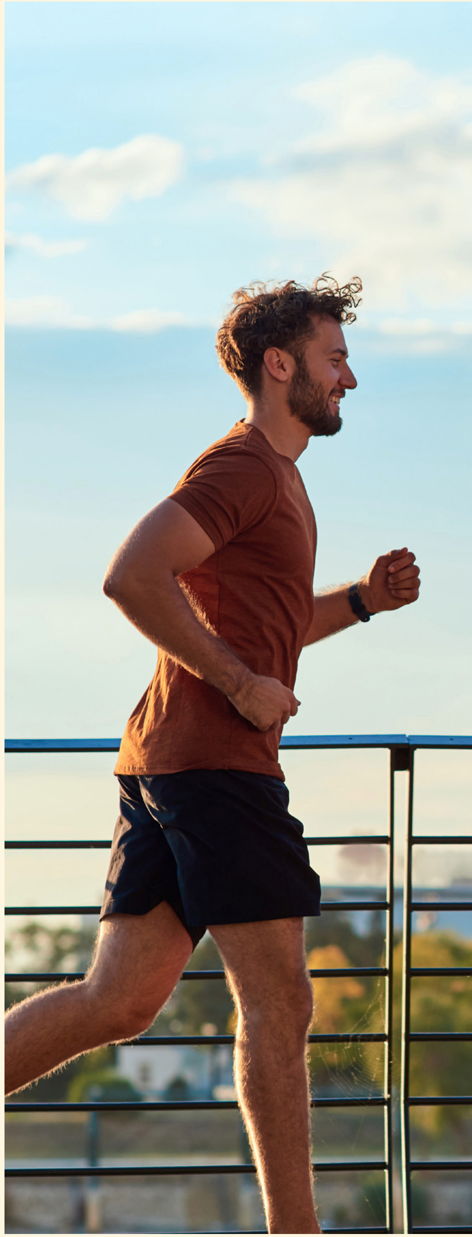
a.s.r.

ardanta uitvaartverzekeringen
een merk van a.s.r.

Ditzo
een merk van a.s.r.

Loyalis
een merk van a.s.r.

europeesche verzekeringen
een merk van a.s.r.



Gross written premiums
(in € million)

6,041 ↑

2021: **5,859**

Combined ratio P&C and Disability
(in %)

IFRS net result
(in € million)

733 ↓

2021: **942**

Operating result
(in € million)

1,039 ↑

2021: **1,009**

Total equity
(in € million)

Total assets
(in € billion)

64.5 ↓

2021: **75.0**

Solvency II ratio
(standard formula, in %)

222 ↑

2021: **196**

Operating return on equity
(in %)

12.8 ↓

2021: **16.3**

Organic capital creation
(in € million)

653 ↑

2021: **594**

Dividend per share
(in €)

2.70 ↑

2021: **2.42**

Share buyback
(in € million)

75 →

2021: **75**

Credit rating
(S&P)

A →

2021: **A**

A.1.1 General information

ASR Nederland N.V. (a.s.r.) is the Dutch insurance company and ranks among the top two insurers in the Netherlands. a.s.r. offers a wide range of financial products for consumers, self-employed persons and companies covering non-life, life, income protection and health insurance, group and individual pensions and mortgages. In addition, a.s.r. is active as an asset manager for third parties.

a.s.r. is listed on Euronext Amsterdam. Until 19 March 2023 a.s.r. was included in the MidKap index and as of 20 March 2023 a.s.r is included in the AEX index. At year-end, a.s.r. has a total of 4,313 internal FTE's (2021: 4,155).

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

a.s.r. is registered under number 30070695 in the register of the Chamber of Commerce.

The consolidated financial statements are presented in euros (€), being the functional currency of a.s.r. and all of 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.

These statements have been prepared on a going concern basis.

The financial statements for 2022 were authorised for issue by the Executive Board (EB) and approved by the Supervisory Board (SB) on 21 March 2023. The financial statements for 2022 will be presented to the Annual General Meeting (AGM) of Shareholders for adoption on 31 May 2023.

Name and contact details of the supervisory authority

Name:	De Nederlandsche Bank
Visiting adress:	Spaklerweg 4, 1096 BA Amsterdam
Phone number (general):	+31 800 020 1068
Phone number (business purposes):	+31 20 524 9111
Email:	info@dnb.nl

Name and contact details of the external auditor

Name:	KPMG Accountants N.V.
Visiting address:	Laan van Langerhuize 1, 1186 DS Amstelveen
Phone number:	+31 20 656 7890

A.1.2 Structure

A.1.2.1 **Group structure**

The a.s.r. group comprises a number of operating and holding companies.

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 Infrastructure Renewables B.V.
- ASR Vermogensbeheer N.V.[3]
- *(through D&S Holding B.V.)*
  - PoliService B.V.[3]
  - Van Kampen Groep Holding B.V.[3]
  - As part of Van Kampen Groep Holding B.V.: Van Kampen Geld B.V.[3]
  - As part of D&S Participaties B.V.: Assurantiekantoor Lodewijk B.V.[3], Van Helvoort Assuradeuren B.V.[3], Van Helvoort Registermakelaars in Assurantiën B.V.[3]
  - As part of Dutch ID B.V.: Felison Assuradeuren B.V.[3] and Boval Assurantiën B.V.[3]
  - Supergarant Verzekeringen B.V.[3], and through Certitudo Investments B.V.: ZZP Nederland Verzekeringen B.V.[3] and Bedrijfsartsengroep Holding B.V.
  - Anac, All-Finance Nederland Advies-Combinatie B.V.[3] and Anac Verzekeringen B.V.[3]
- *(through ASR Deelnemingen N.V.)*
  - ASR Real Estate B.V.[3]
  - ASR Vastgoed Projecten B.V.
  - Corins B.V.[3]
  - ASR Vitaliteit & Preventieve Diensten B.V.
  - ASR Premiepensioeninstelling N.V.[3]
- ASR Vooruit B.V.[3]

1 Registered non-life insurance companies.
2 Registered life insurance companies.
3 Other Wft registered companies.

Segment information

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

Insurance activities

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

Other activities

The other activities consist of:

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

The eliminations applied in the reconciliation of the segment information to the consolidated balance sheet and the consolidated income statement are separately presented in chapter 6.4.2 and 6.4.3 of the Annual report of a.s.r.

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. 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.

A.2 **Underwriting performance**

A.2.1 Financial performance ASR Nederland N.V.

The a.s.r. group consists of operating and holding companies. The operations of a.s.r. are divided into five operating segments. The Non-life and Life segments perform all insurance activities. Asset Management, Distribution and Services, and Holding and Other perform the other activities.

Operating result

The operating result increased by € 30 million to € 1,039 million (2021: € 1,009 million). All business segments performed strongly and apart from Distribution and Services posted higher operating results.

Operating result per segment

The operating result of the Non-life segment remained relatively stable at € 325 million (2021: € 322 million). The performance was strong, with healthy underwriting results in both P&C and Disability, offsetting negative developments in Health due to a decrease in the portfolio and its impact on unfavourable claims development.

The Life operating result increased by 2% (€ 15 million) to € 768 million, reflecting an improved technical result including result on costs (€ 23 million), which more than offset the slight decrease in the investment margin (€ 8 million).

The operating result of the Asset Management segment increased by 7.6% (€ 3 million) to € 39 million, mainly driven by Real estate, offsetting higher operating expenses.

The operating result of Distribution and Services decreased by € 2 million to € 25 million, reflecting higher operating expenses which are partly offset by higher contribution of acquisitions and organic business growth.

The Holding & Other operating result increased by € 11 million to € -119 million, mainly due to the release of an employee-related provision.

Gross written premiums

Gross written premiums (GWP) increased by 3.1% to € 6,041 million. The GWP in the Non-life segment increased by 3.7% to € 4,276 million, driven by strong organic growth at P&C and Disability (9.1%). Health GWP decreased by 9.0%, due in part to the exceptionally strong increase in the number of customers in 2021, which has since been reversed partly by a less competitive price proposition in 2022. The GWP in the Life segment increased by 3.1% to € 1,952 million (2021: € 1,893 million), driven mainly by the ongoing commercial success of the DC pension product 'Werknemers Pensioen' (Employee Pension).

Operating expenses

Operating expenses associated by ordinary activities increased by € 41 million to € 703 million, reflecting organic business growth, especially in the Non-life and Asset Management segments and in the additional (running) costs of several new growth initiatives. The increase also reflects the one-off payments to staff to compensate for higher energy costs and the inclusion of acquisitions (total impact € 5 million) in the fee-based segments (Asset Management and Distribution & Services) and the acquisition of Brand New Day IORP as of 1 April 2021 in the Life segment.

The cost ratio of P&C and Disability improved by 0.2%-points to 7.8%, mainly due to organic business growth.

In the Life segment, the cost ratio increased slightly to 48 bps (2021: 45 bps), reflecting higher operating expenses and a lower average basic Life provision, mainly due to negative revaluations of the unit-linked reserves. This is in line with the target range of 40-50 bps for 2022-2024.

Result before tax

The result before tax decreased by € 280 million to € 929 million (2021: € 1,209 million), mainly due to a lower contribution from indirect investment income and a more negative impact from incidental items, partly offset by a higher operating result. The result of other incidentals also includes the strengthening of Disability provisions related to the 10% increase of the legal minimum wage as of 1 January 2023 (€ 91 million) and the positive impact (€ 46 million) for the reclassification of inflation-linked value changes of bonds to non-operating as of 2022.

With an effective tax rate of 21.9% (2021: 22.4%), the IFRS net result amounted to € 733 million (2021: € 942 million), absorbing the tariff adjustment from 25% to 25.8% as from this year.

Operating return on equity

The operating return on equity decreased by 3.3%-points to 12.8% (2021: 16.1%) and remains within the target range of 12-14%, primarily reflecting a higher adjusted IFRS equity, including the impact from € 0.6 billion equity issuance to finance the business combination of a.s.r. and Aegon Nederland. Excluding the € 0.6 billion equity issuance, the operating return on equity would have been 13.5%.

Solvency II ratio and organic capital creation

The Solvency II ratio, using the standard formula, increased by 26%-points to 222% (31 December 2021: 196%). This includes a 12%-point deduction for capital distributions, consisting of the interim dividend (€ 131 million), the share buyback executed in the first half of 2022 (€ 75 million) and the proposed final dividend (€ 254 million). It also includes the proceeds of the € 0.6 billion share issue (16%-points). Market and operational developments led to a higher solvency ratio, reflecting a positive impact from higher volatility adjustment (VA), higher interest rates and equity and real estate developments, which more than offset negative impacts from higher inflation, spread movements, non-economic assumptions and the lowering of the Ultimate Forward Rate (UFR).

Organic capital creation increased by € 59 million to € 653 million (2021: € 594 million). Negative impact due to increased capital strain from higher new business production was offset by a stronger underlying business performance and lower UFR drag due to higher interest rates.

Dividend and capital distribution

In line with the dividend policy, a.s.r. will propose a dividend for 2022 of € 2.70 per share, an increase of 11.6% compared to the dividend for 2021, driven by confidence in the Aegon Nederland transaction. Taking into account an interim dividend of € 0.98 per share paid in September 2022, the final dividend amounts to € 1.72 per share.

On 27 October 2022, as part of the announcement relating to the business combination with Aegon Nederland, a.s.r. upgraded its progressive dividend guidance to an ambition for mid- to high-single digit dividend growth per annum until 2025.

In the first half of 2022, a share buyback programme of € 75 million was executed according to plan. The current share buyback programme of at least € 100 million per annum was halted due to the Aegon Nederland transaction.

A.2.2 Financial Performance Non-life segment

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

Gross written premiums

Gross written premiums increased by € 153 million to € 4,276 million (2021: € 4,124 million), mostly due to organic growth in P&C and Disability, which more than offset a decrease in Health. The total organic growth of P&C and Disability combined was 9.1% (€ 263 million), driven by increased sales volumes, tariff adjustments (mainly in Disability) and the closing of a new collective disability insurance agreement as part of the collective labour agreement for the nursing and home care employee sector. In Health, premiums decreased by € 111 million due to a less competitive price proposition.

Operating result

The operating result of the Non-life segment remained relatively stable at € 325 million (2021: € 322 million). In P&C, the result reflects the impact of February storms (€ 39 million) and an ongoing normalisation of claims following the abolishing of COVID-19 restrictions. Contribution from Disability increased, driven mainly by a strong performance in Individual Disability and Sickness leave. Underlying performance was strong, with healthy underwriting results in both P&C and Disability, offsetting negative developments in Health due to a decrease in the portfolio and its impact on unfavourable claims development.

Operating expenses

Operating expenses increased by € 17 million (6.2%) to € 286 million, mostly driven by organic growth in P&C and Disability. At segment level, the cost ratio deteriorated slightly due to a shift in the business mix. In P&C and Disability, the cost ratio improved by 0.2%-points due to volume growth at relatively fixed costs.

Combined ratio

The combined ratio of P&C and Disability remained stable at 91.7%[1], which was better than the target range of 93-95%.

In P&C, the combined ratio amounted to 93.9% (2021: 91.9%). Despite the increase of 2%-points, the combined ratio and underlying business performance remained strong. 2021 was impacted positively by COVID-19 restrictions, partly offset by the July floods and reserve strengthening. This year, weather related calamities (the ‘triple storm’ in February) and large claims had a higher impact than last year, and the level of claims rose due to increased traffic intensity as lockdown measures were lifted.

In Disability, the combined ratio amounted to 89.3% (2020: 91.6%). The combined ratio improved by 2.3%-points, mainly due to improved underwriting results in Individual Disability and Sickness leave.

The combined ratio of Health deteriorated by 4.6%-points to 100.8%. In 2021, Health benefited from government support relating to COVID-19 and an extraordinary inflow of customers. This year, a net outflow and its impact on unfavourable claims experience resulted in an increase of the combined ratio. Due to a large inflow of customers (to be insured in 2023), acquisition costs were taken into account in 2022, leading to an adverse impact of 0.8%-points on the combined ratio.

Result before tax

The result before tax decreased by € 271 million to € 87 million (2021: € 357 million), mainly due to a negative impact from incidental items. Indirect investment income decreased by € 184 million, mostly due to lower realised gains and losses, lower fair value revaluations and higher impairments. The result of other incidentals decreased by € 90 million, primarily driven by a strengthening of Disability provisions relating to the 10% increase in the legal minimum wage as at 1 January 2023 (€ 91 million). This includes a € 27 million reclassification of the HY 2022 operating result to other incidentals relating to the strengthening of Disability provisions on the anticipated 2.5% increase in the minimum wage at that time.

P&C

a.s.r. ranks among the top three P&C insurers in the Netherlands, with a market share of 13.8[2] in 2021 (2020: 14.1%), measured by gross written premiums (GWP). a.s.r. offers P&C products for the retail and commercial markets under the brands a.s.r., Ditzo and Europeesche Verzekeringen. The a.s.r. brand focuses on the retail and commercial markets via advisors and mandated brokers, and Ditzo via direct online distribution to individuals. Additionally, the underwriting company Corins operates independently on the Dutch co-insurance market. In addition to a.s.r., Corins represents a panel of reputable international (re)insurers, serving VNAB brokers on the Dutch insurance exchange market. a.s.r.'s market position has been significantly strengthened in recent years through the acquisition of Generali Nederland and through strong organic growth in a market characterised by disciplinary and economic pricing. Europeesche Verzekeringen offers travel and recreational insurance via travel agents. The COR is 93.9% (2021: 91.9%), the increase primarily reflects the claims as a result of the impact of the February storms and the normalisation of claims following the abolishment of the COVID-19 measures.

1 The combined ratio excludes the impact of the 10% increase of the legal minimum wage for the part that is above a regular indexation of 2.1%. The additional increase is considered an incidental item. The impact of this on the combined ratio is 3.0%-point.

2 Source: Market shares DNB 2021. Market shares 2022 are not available yet.

Combined ratio P&C

(in %)

Market

The Dutch P&C market is fairly consolidated. The three top P&C insurers have a combined market share of 64%[1] (2020: 64%). Consolidation has also occurred among the distribution parties and mandated brokers.

Government measures in recent years due to COVID-19 drove further digitalisation of customer service such as more online distribution, the use of customer portals, advice via video calls and the use of live chats. The ending of the COVID-19 lockdown measures had a positive impact on the travel market and consequently, on the turnover of Europeesche Verzekeringen.

The government intends to make service commission for retail P&C insurance transparent. Advisors will be required to actively inform customers of the average amount of commission per product and per person. This could provide a stimulus for change in the distribution landscape.

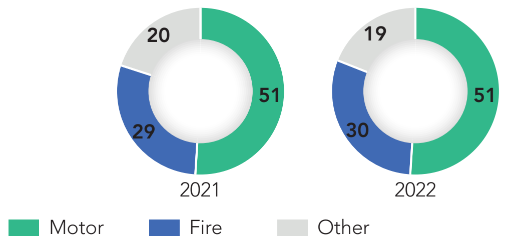
Products

a.s.r. offers a wide range of P&C products in the retail and commercial markets. This includes products in the following categories:

- Motor policies 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 policies provide coverage against various property risks, including fire, flood, storms and burglary. Private coverage is provided on both a single-risk and a multi-risk basis, with multi-risk policies providing coverage against loss of, or damage to, dwellings and damage to personal goods.
- Other P&C insurance products such as liability, legal aid, travel and recreation, and transport insurance.

Product share P&C

(in %)



Strategy and achievements

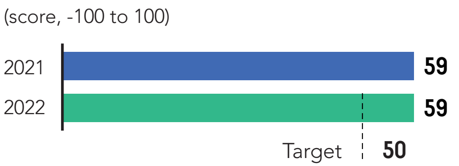
a.s.r. has a strong track record being profitable, with a good customer satisfaction score. Long-term growth is typically driven by the increase of the gross domestic product. a.s.r. is strongly represented among advisors, mandated brokers and in the co-insurance market, via Corins. In the direct channel the revenue of a.s.r. (via the Ditzo label) is stable and profitable. a.s.r. expanded its traditional product portfolio with offering sustainable P&C insurance at the end of 2021 via ASN Bank. In 2022, more products have been launched.

Simplifying and modernising the IT landscape is an important part of the strategy. In 2022, the P&C commercial portfolio was converted to the AXON platform and the old systems were decommissioned. This enables further digitalisation of the chain, improvement of services to customers and advisors, and cost reduction.

Through further digitalisation, the personal online environment My a.s.r. (*Mijn a.s.r.*) for customers has been expanded. By the end of 2022 over 166,000 customers had created accounts for *Mijn a.s.r.* (2021: approximately 80,000). Customers assign P&C a NPS-c score of 59 (2021: 59).

1 Source: Market shares DNB 2021. Market shares 2022 are not available yet.

NPS-c P&C



New sustainable features are continually added to a.s.r.'s products and services. Cover for solar panels, charging units, (mini) wind turbines, heat pumps, green roofs and secondary flooding is already available. For damage repair, a.s.r. works with a sustainable repair network (affiliated to Stichting Groen Gedaan). Corporate customers receive sustainability advice after the risk assessment. The underwriters assess whether risks that are more difficult to insure from a technical insurance perspective, but that have a strong positive impact on climate change, can nevertheless be insured, partly in order to stimulate such initiatives. To encourage corporate customers to improve the sustainability of their companies, a.s.r. has set up a pilot in partnership with Klimaatroute. Customers and intermediairies may find information for example on how to make an energy transition or how to adapt to climate change on our 'sustainable living' internet platform.

Outlook for 2023

a.s.r. expects further growth of the P&C portfolio, by 3-5% per annum, with growth opportunities primarily in the commercial market. The COR target (combined with Disability) for 2023 is 93-95%. Inflation is continuously monitored in relation to the claims and pricing of the products.

In order to strengthen its position in the commercial market, a.s.r. will improve and simplify the business proposition. Additional measures will be implemented towards further digitalisation of the chain, in order to improve a.s.r.'s customer service. *Mijn a.s.r.* will be expanded and further digitalisation of the claims handling process is planned.

Products and services will become more sustainable, partly through further stimulation of sustainable repair (e.g. replacement with refurbished items) and the expansion of new sustainable insurance products, including tiny houses and other buildings.

Disability

Combined ratio Disability

Market

Distribution of disability (income) insurance products is mainly through insurance advisors. With the a.s.r. label, a.s.r. is well positioned in the distribution channel serving self-employed individuals and SMEs. With the Loyalis label, a.s.r. has a good position in the government and education, transport, healthcare and other (semi-)public sectors. a.s.r. is the market leader with a market share of 32.7% (2021: 30.6%) in terms of GWP. The income insurance market grew slightly in size to € 3.97 billion[1].

Distribution through mandated agents has increased in recent years, reaching € 664 million[2]. This is 16.7% (2020: 15%) of the total market (GWP) for income protection insurance. In 2022, 24.1% (2021: 23%) of a.s.r.'s GWP was realised through mandated agents.

Products

a.s.r.'s income protection insurance offers various products divided into the following product lines:

- Individual disability:
  - Products for self-employed individuals to protect loss of income in case of illness and disability until retirement age.
  - Products for employees to protect payment of fixed expenses and loss of income above the maximum daily wage due to illness and disability.
- Absenteeism insurance:
  - Products to protect employers during employees' continued payment of wages obligations for up to two years.
- Group disability:
  - Products for employers to protect against the financial impact of self-insurance status.
  - Products for employees to protect loss of income in the event of (partial) disability in accordance with the rules and guidelines of the Work and Income according to Labour Capacity Act (*Wet Werk en Inkomen naar Arbeidsvermogen*; WIA).

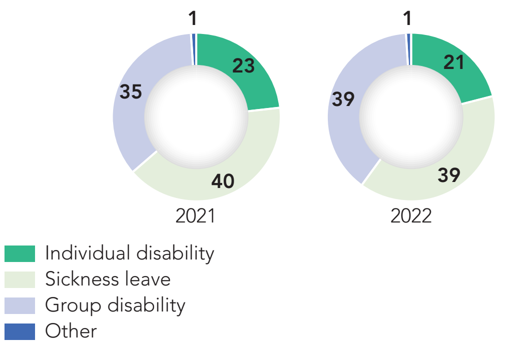
1 Source: Market shares DNB 2021. This does not include foreign providers licensed for the Dutch insurance market. 2022 market shares are not available yet.
2 Source: Mandated brokers 2021 market report Dutch Association of Insurers and NVGA, published in March 2022

Products for employees to protect loss of income in the event of long-term unemployment supplementary to the rules and guidelines of the Unemployment Insurance Act (WW). a.s.r. provides a wide range of prevention and reintegration services to customers of both a.s.r. Income and Loyalis. a.s.r.'s customers face societal developments that lead to high workloads and the need to keep employees employable and vital. With its services, courses, training programmes and a.s.r. Vitality, a.s.r. helps business owners and employers in keeping themselves and their staff employable in the long term.

a.s.r. adapts its products and services to changes in the social security system and monitors political developments so that employers can continue to meet government requirements in keeping employees employable. In 2022, for example, an absenteeism insurance specifically for SMEs (*MKB Verzuim-ontzorgverzekering*) has become a.s.r.'s key product that unburdens SME employers when it comes to the legal obligations relating to the re-integration of employees who have called in sick.

Product share Disability[1]

(in %)



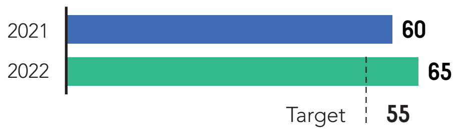
Strategy and achievements

a.s.r. aims to serve customers with best-in-class insurance products, prevention and reintegration services and an excellent service. Customers (self-employed individuals and employers) want to stay employable and prevent their employees from dropping out. And if that is not possible for a while, to be well assured of an income. a.s.r. wants to keep all its customers employable and insured. Through a.s.r.'s prevention and reintegration services, a.s.r helps its customers to ensure optimal employability of themselves and their employees. This helps reduce absenteeism among customers and control the cost of claims, keeping risks affordable and insurable.

a.s.r. focuses on further improving its service by digitising customer processes, reducing paper flows, offering convenience and personalised customer service. Examples include the further development of the *Mijn a.s.r.* and the implementation of links with salary systems for a uniform and user-friendly participant administration. There are digital links with health and safety services so that a.s.r. can unburden the employer and pass on sickness and recovery reports of sick employees to chain partners.

NPS-c Disability

(score, -100 to 100)



Within the semi-public segment, a large master contract was signed in 2022 under the Loyalis label in the healthcare sector. This is partly due to the fully automated application process that participating institutions can use to ensure speed, convenience and predictability of the operational process. a.s.r. has launched a fully digital application process, allowing advisers and business owners to benefit from shorter lead times and have more insight into the progress of the acceptance process.

Besides a.s.r.'s professionalism and the skills of its employees, a.s.r.'s service is characterised by speed, quality and a personal approach. a.s.r. aims to build long-term relationships with its customers and insurance advisors. Customer appreciation is a key performance indicator. This is measured, among other things, through an NPS-c related to customer contact moments.

Outlook for 2023

a.s.r. does not expect any impactful changes in social security that will affect the insurance portfolio in 2023. The COR target (combined with P&C) for 2023 is 93-95%. An uncertain factor is the impact of economic and geopolitical developments on developments in inflation, interest rates, wage development and the eventual (extent of) economic growth and/or business closures/bankruptcies in 2023. a.s.r. continues to focus on the ecosystem of long-term employability with the aim of continued market leadership by leveraging its professionalism, knowledge of the social security market, prevention and reintegration services, whilst offering excellent service to customers and intermediaries and pursuing further chain integration.

Health

With a market share of 3.1% (2021: 3.6%)[2], a.s.r. is the sixth-largest provider of health insurance on the Dutch market in 2022, measured by numbers of customer. The number of policyholders at a.s.r. fell by 16.9% following two years of growth. This is partly due to a.s.r.'s value over volume principle and disciplined pricing. In 2022, a.s.r.'s health insurance policies were offered under the a.s.r. and Ditzo labels.

1 Source: PM report fourth quarter 2021
2 Source: IG&H performancemonitor Inkomen HY2022.

Combined ratio Health

The COR of a.s.r. health deteriorated to 100.8% (2021: 96.2%).

In 2022, the COVID-19 pandemic was still putting pressure on the Dutch healthcare system. a.s.r., together with other health insurers, has taken measures to ensure continuity of care, duty of care and information to its policyholders. Through solidarity agreements, the additional costs due to COVID-19 have been shared equally between health insurers until April 2022. From April, the Authority for Consumers & Markets (ACM) no longer allowed these collective agreements between insurers. Only on rare occasions and in consultation between the Ministry of Health, Welfare and Sport and the ACM will this be allowed.

Markets

The Dutch health insurance market consists of two health product types: basic health insurance and supplementary insurances. The market is highly regulated; all Dutch citizens are obliged to take out basic insurance. Basic cover has a limited number of variations across all insurers since it is a statutory compulsory insurance and its conditions/content are prescribed by the government. Although supplementary insurance is not compulsory, 83.5% of the market opted for some form of supplementary health insurance in 2022. Health insurance contracts are concluded on an annual basis. In general, 6-7% of people insured in the Netherlands switch health insurers each calendar year; this has remained relatively stable over the past eight years. In 2022, the number of people switching was 1.2 million, or 6.7%.

Insurers are obliged to accept as policyholders anyone who is legally required to have basic insurance. This is made possible by a government-run system of risk equalisation, which reimburses insurers on a pro-rata basis for expected healthcare costs in their customer base.

Products

The health insurance offerings of a.s.r. can be divided into the following categories:

- Basic health insurance with a broad coverage of healthcare costs, the content of which is prescribed annually by the government. a.s.r. offers three types of basic health insurance:
  - Contracted care insurance (in-kind), under which the health insurer directly reimburses costs at contracted healthcare providers.
  - Restitution (non-contracted) care insurance, under which the customer is free to choose from hospitals and care providers.
  - Combination of contracted care and non-contracted care insurance.
- Supplementary health insurance that covers specific risks not covered by basic insurance, such as the cost of dentistry, physiotherapy, orthodontics and medical support abroad.

The in-kind policy is the most common policy in the Dutch market: 76% of the insured population has contracted care insurance. 62% of a.s.r.'s healthcare customers had contracted care insurance.

Strategy and achievements

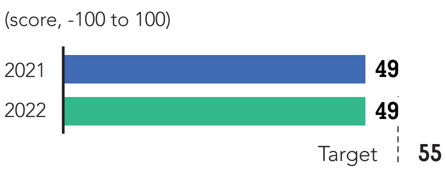
a.s.r. is ambitious in building on the transition to a healthcare system that supports customers in choosing a healthy and sustainable lifestyle. The range of different health services has increased further in the past year, with the aim of helping and motivating people to take care of their own health. a.s.r. wants to accelerate the sustainability transition, among other things, by seeking cooperation with suppliers, healthcare providers, customers and other health insurers.

Several features have been added to the health service offerings to make its policyholders aware of their health throughout the year, and to encourage them to make healthy choices. These healthy choices focus on exercise, sleep and mental health.

In 2022, a.s.r. contracted ZorgDomein. This further helps a.s.r. to advise customers on the best suitable care. ZorgDomein gives referrers and patients instant insight into whether the chosen care is insured. Policyholders are also directed to a dedicated a.s.r. page which provides them with relevant information. This contributes to a.s.r.'s aim of providing customers with a more proactive service.

Customer contact is an important part of the customer experience, which is why further improvements were pursued and achieved in 2022. One of the goals for 2022 was to make information easier to find so that customers do not have to contact the insurer for simple or self-referential questions. One development that takes this further is the online reimbursement finder, where customers can find out for themselves what the reimbursement is for each insurance policy. A further aim was to create proactive contact, with the customer getting a positive experience during this contact, e.g. notifying them in advance about when they have reached the maximum reimbursement on physiotherapy and dental care. As part of its duty of care, a.s.r is also actively pursuing care mediation, especially with a view to preventing catch-up care following COVID-19.

NPS-c Health



With an NPS-c score of 49 (2021: 49), a.s.r. health's customer satisfaction remained stable throughout 2022.

Outlook for 2023

In 2023, a.s.r. expects the health insurance market to be impacted by inflation and the abolition of the group discount, with low premiums being an even more decisive factor in consumers' choice of health insurance. Moreover, the ability to contract healthcare providers is likely to be impacted by rising energy prices and wage costs. Combined with labour market shortages and high staff absenteeism in the healthcare sector, this is putting pressure on healthcare providers and insurers alike.

The first outcomes of the transfer season of the health insurance market at the end of 2022 indicate that a.s.r. will realise a significant growth in the number of insured for 2023. a.s.r. remains committed to a positive customer experience in 2023 and continues to encourage both new and existing customers to boost their health and vitality. In addition, a.s.r. will remain focused on cross-selling and branding, in order to increase the awareness of (new) customers on the added value of a.s.r. as an insurer.

Sustainability is another topic that will remain high on the agenda. Moreover, a.s.r. encourages appropriate care, i.e. care that demonstrably works, is smartly organised, and given in the right place or manner in close consultation with the patient. This ambition partly arises out of the Comprehensive Care Agreement, which sets out agreements to keep healthcare accessible and affordable in the next four years. The agreement was signed by health insurers in the Netherlands and the majority of industry players.

A.2.3 Financial Performance Life segment

The Life segment comprises the life insurance entities and their subsidiaries. The Life segment also includes ASR Premiepensioeninstelling N.V. (previously known as Brand New Day Premiepensioeninstelling N.V.).

Gross written premiums

At € 1,952 million, the gross written premiums increased by 3.1% (€ 59 million). This increase was driven mainly by a growth in Pension Defined Contribution (DC), which more than compensated for the decrease in the 'service book' portfolio comprising the existing DB Pension portfolio and Individual life. The gross written premiums of Funeral increased slightly.

Recurring premiums of the Pension DC product 'Werknemers Pensioen' rose by € 134 million (or 21%) to € 768 million. The number of active participants further increased to over 150,000 (2021: almost 130,000). The DC product 'Doenpensioen', especially for small employers and facilitated in an IORP, also contributed to the growth, with the number of active participants increasing to over 160,000 (2021: over 120,000) and AuM increasing to € 2.0 billion (2021: € 1.9 billion).

Growth of the pension business resulted in an increase in AuM to € 5.4 billion (2021: € 5.1 billion). This reflects € 1.2 billion of net inflow, partly offset by lower market valuations (€ -0.9 billion).

Operating result

The operating result increased by 2% (€ 15 million) to € 768 million, reflecting an improved technical result, including result on costs (€ 23 million), which more than offset the slight decrease in the investment margin (€ 8 million).

Technical result (including result on costs) showed an increase of € 23 million to € 104 million (2021: € 81 million), driven by higher mortality results. Mortality rates in 2022 were above average in the Netherlands, most likely due to COVID-19, delayed care and the influenza wave. The excess mortality was also visible in the diversified portfolio of a.s.r., especially in the Pensions DB and immediate annuities products, resulting in improved mortality results. The disability result in pensions also improved compared to 2021 reflecting a non-recurring favourable assumption change on recovery rates. Due to the decline in equity markets and considerably higher interest rates, provisions for unit-linked liabilities with guarantees were strengthened by € 39 million. The size of these guarantee provisions is highly dependent on the volatile financial markets. Result on costs decreased as a result of lower cost coverage in Individual life and higher operating expenses.

The investment margin decreased by € 8 million to € 665 million. This decrease reflects a negative additional impact from annual inflation update on Funeral provisions (€ 25 million) and lower amortisation of realised capital gains, partly offset by a higher contribution due to the further optimisation of the strategic asset mix and renewable energy investments. The realisation of capital losses due to higher interest rates resulted in a lower amortisation from the capital gains reserve this year. In addition, the required interest on technical provisions decreased to the regular run-off of the Individual life portfolio.

Operating expenses
Operating expenses increased by € 8 million to € 182 million, mainly driven by an increase in the cost base following the acquisition of Brand New Day IORP as at 1 April 2021 (renamed 'Doenpensioen' in April 2022), extraordinary compensation to employees for higher energy costs and expenses for realising a new IT landscape to administer the pension portfolio.

Life operating expenses, expressed in basis points of the basic life provision, increased slightly to 48 bps (2021: 45 bps), reflecting higher operating expenses and a lower average basic Life provision. This is in line with the target range of 40-50 bps for 2022-2024.

Result before tax
The result before tax increased by € 42 million to € 1.023 million (2021: € 981 million). This increase reflects a rise in the operating result (€ 15 million) and a higher contribution of incidental items (€ 27 million).

Total incidental items went up by € 27 million, primarily driven by a higher contribution from other incidentals relating to a.s.r.'s own pension scheme, which more than offset a lower indirect investment income reflecting the fair value of investments, including derivatives.

Funeral and Individual life
In 2022, Funeral (Ardanta) and Individual life business lines were combined in the new business line Life, because of the many similarities in their (partially) closed-book portfolios.

In recent years, both Funeral and Individual life have proved to have excellent skills in the satisfactory integration of portfolios, efficiently and with an eye for customer interests. These skills are cherished, with potential future acquisitions in mind.

Market
In the Dutch market, a.s.r. ranks third with in Funeral and second in Individual life, measured by GWP. The market concentration that has taken place in recent years has further diminished the number of active providers. The market share in new production of funeral insurance policies was 15.4% in 2022 (2021: 17%). The ambition is to regain our market share in the coming years. Higher interest rates in 2022 led to lower premiums, helping to realise these ambitions.

Movements in the consumer price index in 2022 led to an unprecedentedly high index percentage of 14.3% for funeral. Close attention was paid to explaining this to customers. The lapse in the portfolio as a result of the price increases rose slightly in comparison with earlier years.

Products
Following product rationalisation in 2021, Funeral still has one active product: a capital funeral insurance policy with maximum options for the customer (free choice of undertaker and various options for the premium payment term and for retaining the value of the insurance). Distribution takes place via independent intermediaries and direct channels.

Individual life is still active in the market with term life insurance. Fierce competition, including from new providers, has led to a fall in a.s.r.'s share of this market in recent years.

Strategy and achievements
The focal point for Funeral and Individual life is the provisional innovative service to customers, driven by digitalisation. In 2022, Funeral introduced an upgraded portal for its customers, at which they can now make virtually all changes to their insurance policies themselves in a simple manner, at any time they choose.

This portal complies with the industry standard for digital access (Web Content Accessibility Guidelines (WCAG)-compliant). The share of output sent digitally rose in 2022 to 68% (2021: 56%) and 44% of all customer requests received by the customer contact departments are processed automatically ('straight through processing') (2021: 31.5%). New customers contract funeral insurance entirely digitally.

The bundling of expertise enables Funeral and Individual life to work together more effectively to realise the ambitions of efficient operations and 'best in class' customer service. The results of this approach are shown in the results of customer satisfaction surveys.

NPS-c Funeral

(in score, -100 to 100)

NPS-c Individual life

(in score, -100 to 100)

Both Funeral and Individual life make efforts to contribute towards a.s.r.'s sustainability ambitions. In 2022, a.s.r. became the first funeral insurer to join GreenLeave, an alliance of organisations in the funeral undertaking sector which aims for 100% sustainable funerals in the Netherlands. With this membership, a.s.r. aims to make an active contribution to research into and implementation of initiatives that promote sustainable funerals and communicate actively on this with customers.

Outlook for 2023

Continuation of stable financial results remains an important objective. The focus lies on organic growth and on opportunities to acquire new portfolios. After making improvements, Individual life will re-launch the upgraded term life insurance product in 2023 with the aim of recovering lost market share. In other respects, the objectives are consistent with a.s.r.'s 'digital agenda'. In concrete terms, this means:

- Activation of customers through campaigns to check whether their insurance is still consistent with the purpose for which it was contracted (realising duty of care).
- Helping customers to do business with a.s.r. digitally. The objective is that by the end of 2024, 60% of the Individual life customers and premium-paying Funeral customers have adapted a digital approach.
- A brand transition is planned for Funeral in the third quarter of 2023. The brand Ardanta will from that moment on continue under the flag of a.s.r.

Pensions

a.s.r. is a major provider of pension insurance in the Netherlands. The defined benefit (DB) product is a part of the existing pension portfolio, but the growing defined contribution (DC) proposition forms the largest part of new sales. The current customer base of these portfolios comprises approximately 31,200 companies (2021: 27,800) and 720,000 participants (2021: 583,000).

In 2022, a.s.r. successfully completed the integration of Brand New Day IORP and renamed the entity a.s.r. PPI. The selling product is Doenpensioen. a.s.r. PPI is a separate legal entity and therefore not included in the figures.

a.s.r. has split its Life and Pensions activities on 1 March 2022. As a result, the management of the (customer service of) Life, the ASR Pensioenfondsen activities and Funeral are combined. Pensions can now focus entirely on (organic) growth and on the migration to a new IT landscape.

Market

With the pension reform in the Netherlands, a.s.r. expects the pension market to continue to move from DB to DC solutions over the coming years. With the acquisition of a.s.r. PPI, a.s.r. has further expanded its product range in DC solutions. One fifth of the Dutch pension market is still DB. Following the pension reform in the Netherlands the DC market provides strategic growth opportunities for a.s.r.

The switch from DB to DC results in a shift in risk from employer to employee/participant. This switch also leads to a declining cost coverage in the market. a.s.r. is taking further steps to enable digital self-service, given that customers expect to be able to arrange their own financial affairs online.

A second result from the pension reform is that part of the company pension funds will transfer to the new Wet Toekomst Pensioenen (Future Pensions Act; WTP). Activating and guiding pension participants is an important element of the WTP. a.s.r has extensive experience with this and is well-positioned to benefit from this development.

Products

a.s.r. provides DC pension products with recurring premiums, in which benefits are based on investment returns on selected funds, in some cases with guarantees. a.s.r.'s DC proposition concerns the employee pension product Werknemers Pensioen (WnP). In 2022, the WnP had almost 151,000 active participants (2021: 130,000) and € 3.3 billion (2021: 3.0) in AuM, all invested in SRI funds.

The number of active participants at a.s.r. PPI grew to over 162,000 (2021: 120,000) and the invested capital to € 2.0 billion (2021: 1.9). In addition to the fixed annuity product, a.s.r. also has a variable pension product. This offers customers a product for the payout phase of their pension, with an appropriate balance between risk and return. a.s.r. also offered DB products, but these are no longer (actively) sold since 1 January 2022.

Strategy and achievements

a.s.r.'s competitive position is being strengthened through the creation of further economies of scale and a focus on digital transformation and consolidation opportunities.

With the launch of the Ik denk vooruit ("I think ahead") platform, customers have been able to gain more insight into their financial situation so that they can take the right financial decisions. Through the platform, customers can register for the targeted investment product, which allows them to choose between three sustainable ASR Vooruit mixed funds.

The a.s.r. strategy in pensions consists of 5 focus points:

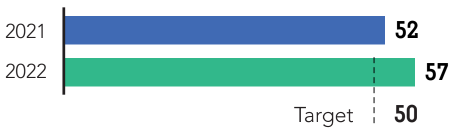
- Serving the needs of clients and partners. Helping customers increase their financial health, providing more insight into their financial situation and helping them to make the right financial decisions. Excellent operational performance with a high level of client satisfaction.
- Realising a new IT landscape to administer the pension portfolio. This new target IT landscape will contribute to the efficient implementation of changes in laws and regulations (among them the new pension legislation) and the further reduction of costs.
- Building a future-proof company by investing in the development of its employees and developing a data-driven organisation with healthy financial performance.

- Realising growth by having the right product propositions in place and looking for opportunities through ongoing market consolidation to acquire portfolios or companies in order to achieve cost reductions.
- Maintaining control by keeping service levels on-track, complying with legislation and continuously monitoring the risk appetite. If necessary, a.s.r. can enact measures and make adjustments.

The average NPS-c rating in 2022 was 57 (2021: 52).

NPS-c Pensions

(in score, -100 to 100)



Outlook for 2023

In 2023, a.s.r. will focus on further growth in WnP, DoenPensioen and on immediate fixed and variable pension annuities, as well as on further improving customer satisfaction. a.s.r. is also preparing for the roll-out of the Wet Toekomst Pensioenen which will have an impact on Operations and IT.

A.3 **Investment performance**

a.s.r.'s investment policy is aimed at striking a balance between generating returns and preventing risks. Protecting the solvency position is an important factor in this context.

A.3.1 Revenues and costs of all assets

Investments

	31 December 2022	31 December 2021
Available for sale	20,900	30,333
At fair value through profit or loss	4,740	3,216
	25,640	**33,550**

The investments available for sale decreased € 9,433 million in 2022, whereas investments at fair value through profit and loss increased by € 1,524 million, this can be explained by the table below.

Breakdown of investments

	31 December 2022			31 December 2021		
	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	9,227	-	9,227	14,149	-	14,149
Corporate bonds	7,188	-	7,188	10,827	-	10,827
Asset-backed securities	416	-	416	530	-	530
Preference shares	289	-	289	311	-	311
Rural property contracts	-	-	-	-	215	215
Equities and similar investments						
Equities	3,471	82	3,553	4,111	18	4,129
Real estate equity funds	-	3,974	3,974	-	2,202	2,202
Mortgage equity funds	303	684	987	398	781	1,179
Other participating interests	6	-	6	7	-	7
Total investments	**20,900**	**4,740**	**25,640**	**30,333**	**3,216**	**33,550**

In 2022, government bonds decreased to € 9,227 million (2021: € 14,149 million) mostly due to negative revaluations and the disposal of government bonds. Cash collateral received on derivative instruments was reinvested into government bonds, cash collateral decreased due to increasing interest rate, therefore these government bonds were sold.

The equities consist primarily of listed equities and investments in investment funds. Equities decreased mainly as a result of negative revaluations.

Real estate equity funds increased mainly due to the addition of ASR DFLF. During 2022, a.s.r. lost control of ASR DFLF when external participants invested in ASR DFLF. The rural property contracts are held by ASR DFLF, and therefore transferred to real estate equity funds.

For the real estate equity funds and mortgage equity funds for which a.s.r. has significant influence, being ASR DMOF, ASR DPRF, ASR DCRF, ASR DFLF 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.

All investments at fair value through profit or loss are designated as such by a.s.r. upon initial recognition.

Based on their contractual maturity, an amount of € 13,868 million (2021: € 21,400 million) of fixed income investments is expected to be recovered after more than 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.

Breakdown of investment income per category

	2022	2021
Interest income from receivables due from credit institutions	99	110
Interest income from investments	371	331
Interest income from amounts due from customers	325	278
Interest income from derivatives	660	574
Other interest income	41	54
Interest income	**1,497**	**1,347**
Dividend on equities	82	78
Dividend on real estate equity funds	71	58
Dividend on mortgage equity funds	22	21
Rentals from investment property	58	64
Other investment income	3	3
Dividend and other investment income	**236**	**224**
Total Investment income	**1,732**	**1,571**

The effective interest method has been applied to an amount of € 789 million (2021: € 715 million) of the interest income from financial assets not classified at fair value through profit or loss. Included within interest income is € 3 million (2021: € 4 million) of interest received on impaired fixed-income securities.

A.3.2 Information about profit and losses in equity

Consolidated statement of comprehensive income for the year ended 31 December

(in € millions)	Note	2022	2021
Net result		**725**	**939**
Remeasurements of post-employment benefit obligation		1,195	249
Unrealised change in value of property for own use		13	-7
Income tax on items that will not be reclassified to profit or loss		-312	-49
Total items that will not be reclassified to profit or loss		**896**	**193**
Unrealised change in value of available for sale assets		-4,168	-389
Realised gains/(losses) on available for sale assets reclassified to profit or loss		-750	-456
Shadow accounting		1,760	1,260
Segregated investment pools		21	-6
Income tax on items that may be reclassified subsequently to profit or loss		745	-79
Total items that may be reclassified subsequently to profit or loss		**-2,392**	**330**
Total other comprehensive income, after tax		**-1,496**	**523**
Total comprehensive income		**-771**	**1,461**
Attributable to:			
Non-controlling interests		-8	-3
- Shareholders of the parent		-811	1,416
- Holders of other equity instruments		48	48
Total comprehensive income attributable to holders of equity instruments		**-763**	**1,465**

Shadow accounting allows a recognised but unrealised gain or loss on an asset to be transferred to liabilities arising from insurance contracts.

A.3.3 Information about investments in securities

As a.s.r. has no investments in securitisation, no further information is included here.

A.4 **Performance of other activities**

No other activities are material.

A.5 **Any other information**

No other information is applicable.

B System of governance

B.1 General information on the system of governance

B.1.1 Corporate governance

B.1.1.1 Supervisory Board Committees

The SB has three committees that discuss specific issues and prepare items on which the full SB takes decisions. The chair 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 Nomination & ESG Committee (N&ESGC).

Audit & Risk Committee

The committee advises the SB and prepares decision making on matters such as supervision of the integrity and quality of financial reporting and effectiveness of internal risk management and control systems. This explicitly also includes the application of information and communication technology, including cyber security risks.

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 six regular meetings in 2022. In accordance with the A&RC Rules of Procedure, committee meetings are also attended by the CFO, the Director of Group Risk Management, the Director of Finance, Risk and Performance Management, the Manager of Compliance, the Director of Audit and the independent external auditor. The committee also held an annual private meeting with the independent external auditor KPMG.

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 as well as of the Actuarial Function (AF) was monitored. The full 2022 reporting year was discussed in the first quarter of 2023, 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. It discussed and adopted the external auditor's letter of engagement and the audit plan for 2022. The external auditors' independence and additional fees were reviewed each quarter. The management letter of the external auditor highlighting key internal control observations was discussed. The audit results report of the external auditor was also discussed and special attention was given to the reported key audit matters. The A&RC approved the updated charters and annual plans for 2023 of the Actuarial and Risk Management Function and the Compliance Function. It advised the SB to approve the updated charter and the audit plan 2022 of the internal Audit Function; this advice was followed.

Specific topics discussed in the committee included (i) progress of the IFRS 9/17 implementation, (ii) geopolitical developments, including the impact on inflation and interest rates, with an effect on solvency and other financial results. This was presented through the noted quarterly updates, the balance sheet plan and projection updates, (iii) cyber risks and IT security, and (iv) compliancy with rules and regulations, including CDD. In addition to these specific topics, the committee also discussed matters related to the Aegon Transaction, such as the funding for the business combination transaction and a non-regular Own Risk and Solvency Assessment (ORSA).

a.s.r.'s solvency position was reviewed and discussed each quarter. Specific attention was paid to the impact of inflation and interest rates, the development of operating costs and material events, such as the February-storms. The A&RC discussed the risk scenarios and the outcomes of the ORSA, plus the balance sheet plan and the related projection updates. In all the ORSA risk scenarios, the solvency ratio remains within the boundaries set by a.s.r., demonstrating the robustness of a.s.r.'s solvency and the effectiveness of certain management actions. Rising interest rates can result in increasing liquidity needs and as such liquidity is also integrated in the balance sheet plans and discussed during the committee meetings.

a.s.r.'s risk appetite is based on a prudent approach to risk management, which is translated into qualitative business guidelines for NFR matters and requirements for solvency, liquidity and returns for the FR matters. a.s.r.'s updated capital and dividend policy was also 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. At the end of the year, the A&RC was informed of the outlines of the reinsurance programme for 2023.

Remuneration Committee

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 RC met seven times in 2022. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed), the director of Human Resources and the company secretary. The committee solicits support and advice from departments such as Group Risk Management, Compliance, Audit and Human Resources. Where needed, it consults independent legal and pay & benefit experts.

In line with the policy, the committee advised the SB on target-setting and performance appraisals; and the yearly Remuneration Disclosure was also prepared.

In accordance with the current remuneration policy of a.s.r., approved by the AGM in 2019, the RC performed two separate benchmarks for both the EB and the SB, in order to follow trends (including the effects of COVID-19). The 2021 Remuneration Report was submitted to the AGM for an advisory vote; 98% of the votes cast were for the report and 2% were against. The results demonstrate the shareholders' increased understanding for remuneration in the Dutch context.

In 2022, the RC devoted considerable time and attention to the evaluation of the remuneration policy for the EB, which is compulsory every four years. The RC was assisted by an internal committee and a pay & benefits expert. In its evaluation of the remuneration policy, the RC carefully took into account the opinions of all stakeholders, resulting in an integrated approach for the evaluation based on four perspectives:

1. Organisational perspective;
2. Internal perspective: consistency with and fairness in relation to internal wages;
3. External perspective: competitiveness with the external market;
4. Stakeholder perspective: taking into account the views of various stakeholder groups with regard to remuneration (level and structure): customers, employees, society and shareholders.

The remuneration policy aims to strike a fair balance between the views and interests of these various stakeholder groups. Extensive analyses were made and various stakeholder groups were consulted on possible amendments of the remuneration policy for the EB. In evaluating the remuneration policy, the RC carefully took into account the opinions of all stakeholders, a.s.r.'s market position, and its ability to attract and retain high-performing employees. As required every four years, the policy is scheduled for the 2023 AGM.

Nomination & ESG Committee

The N&ESGC advises the SB on its duties and prepares the SB's decision-making in this respect. The Committee advises the SB on ESG-topics, selection and appointment procedures and the composition of the EB and SB; it also prepares the (re)appointment of its members. The N&ESGC met five times in 2022. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed), the director of Human Resources and the company secretary.

In 2022 the N&ESGC discussed the strategic personnel plan for the organisation, resulting in a rotation of senior management at the beginning of the year. As a result of the Aegon Transaction, a selection process will be undertaken in 2023 of senior management for the new combination.

The retirement schedule of the SB was also discussed, including the conditional nominations of Daniëlle Jansen Heijtmajer and Lard Friese as part of the Aegon Transaction, and the reappointment of Gisella van Vollenhoven and Gerard van Olphen.

Other topics discussed by the N&ESGC were the evaluation of the DEI policy, undesirable behaviour in the workplace as a result of several incidents at other companies as reported by the media, the SER's Act on ingrowth quota and targets 2022/2023 that came into force on 1 January 2022 and a.s.r.'s action plan in that regard, as well as the results of the Cultural Diversity Barometer. The committee also discussed the annual appraisals of senior management taking into consideration the financial as well as the non-financial KPIs set. 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.

With regard to ESG, the N&ESGC discussed the various developments in this field and related legislation and what this means for a.s.r. as a sustainable insurer, such as progress on the targets of the various themes, with a focus on the strategic pillars from the strategic framework for sustainability and internal and external developments in this area such as sustainability, climate change and biodiversity. In addition, progress on the non-financial targets was discussed and advice was given on new medium-term targets in that area. The committee compliments a.s.r. on the quality of the first edition of its Climate report, published on the same date as the Annual report 2021.

Financial statements and dividend

The EB prepared the 2022 Annual Report and discussed it with the SB in the presence of the external auditor. The 2022 financial statements will be submitted for adoption by the AGM on 31 May 2023. a.s.r. will propose a dividend of € 2.70 per ordinary share, or € 386 million in total, including the interim dividend paid in September 2022.

Appreciation

The SB wishes to express its gratitude to all the employees of a.s.r., both permanent and external employees, for their dedication to a.s.r. in 2022, and in particular for their efforts in relation to the Aegon Transaction. All employees worked collectively to achieve a.s.r.'s mission by helping customers share risks and build capital for the future. Together, we are creating a strong and sustainable insurance leader in the Netherlands. 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. and for achieving a good operational result and increased customer satisfaction. The SB greatly appreciates the ongoing and constructive open dialogue and cooperation with the EB.

Utrecht, The Netherlands, 21 March 2023

Joop Wijn (chair)
Herman Hintzen
Sonja Barendregt
Gisella van Vollenhoven
Gerard van Olphen

B.1.1.2 **Corporate Governance**

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 EB and a SB. The EB is responsible for the setting of the company's corporate objectives, executing the strategy and the delivery of the results. The SB is responsible for advising the EB, supervising its policies and for the general state of affairs relating to a.s.r. and its group entities. The SB also acts as employer of the EB. Next to the EB, there is also a Business Executive Committee (BEC). The task of the BEC is to support the EB in implementing and realising a.s.r.'s targets and executing the (business) strategy with the associated risk profile.

Legal structure

ASR Nederland N.V. is the Group's holding company. The supervised entities (OTSOs) within the Group are ASR Schadeverzekering N.V., ASR Levensverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V. and ASR Premiepensioeninstelling N.V.

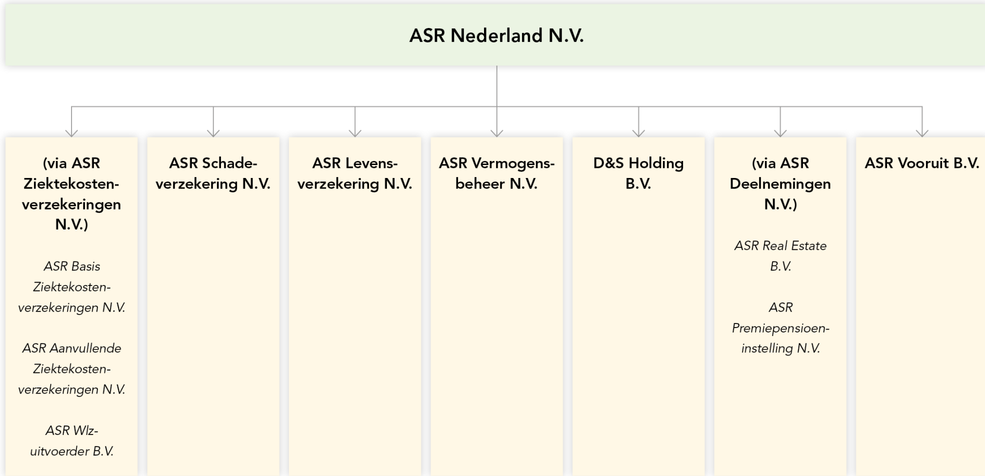
A union exists between ASR Nederland N.V., ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. through cross-membership of the EB and the SB. ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V. have their own EBs. The SBs of these entities consist of a combination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

ASR Premiepensioeninstelling N.V. is an Institution for Occupational Retirement Provision (IORP) and has its own EB and SB.

ASR Vermogensbeheer N.V. and ASR Real Estate B.V. are two Alternative Investment Fund Managers Directive (AIFMD) licensed Alternatvie Investment Fund Managers (AIFM). These entities have their own EBs.

ASR Vooruit B.V. operates as an investment firm and insurance advisor. The EB of this company consists of one member of the EB of ASR Nederland N.V. and one other member.

D&S Holding B.V. operates as a holding company for the entities within the segment Distribution & Services.



On 27 October 2022, a.s.r. announced the Aegon Transaction, approved by the Extraordinary General Meeting of Shareholders on 17 January 2023.

General Meeting of Shareholders and consultation with shareholders

In line with a.s.r.'s articles of association, at least one Annual General Meeting (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 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 chair of the SB and the company secretary.

In 2022, the AGM was held on 25 May. Shareholders had the option to attend the AGM physically or virtually. A total of 74.64% of the total issued share capital with voting rights was represented, either physically or by an electronic proxy with voting instructions. The agenda of the AGM included for advisory vote the 2021 remuneration report and the proposals to adopt the financial statements, the dividend payments for the financial year 2021, 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 2021 financial year, the proposals to extend the authorisation 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, the proposal to cancel shares held by a.s.r. and the proposal to reappoint Sonja Barendregt as member of the SB. All agenda items were approved by the AGM. The next AGM will be held on 31 May 2023.

There were no Extraordinary General Meetings (EGMs) in 2022. On 24 November 2022, a.s.r. announced an EGM to be held on 17 January 2023. Shareholders had the option to attend the EGM physically or virtually. A total of 74.98% of the total issued share capital with voting rights was represented, either physically or by an electronic proxy with voting instructions. The agenda for the EGM included the proposal to approve the Aegon Transaction and, in relation thereto, the proposals to authorise the EB to issue ordinary shares and / or to grant rights to subscribe for ordinary shares and to restrict or exclude the statutory pre-emptive right, as well as the proposals (conditional upon closing of the Aegon Transaction), to appoint two new members to the SB, Daniëlle Jansen Heijtmajer and Lard Friese. All agenda items were approved by the EGM. Further agenda items included the proposal of the SB to reappoint Jos Baeten as member and chairman of the EB, conditional upon closing of the Aegon Transaction.

Contacts with shareholders are conducted entirely in line with the policy on fair disclosure and on the basis of bilateral dialogue with shareholders (see 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.

B.1.1.3 **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, employees, investors and society. The EB is accountable to the SB and the AGM regarding 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. During 2022, the composition of the EB remained unchanged, consisting of the following three members: the CEO, Jos Baeten, the CFO, Ewout Hollegien and the COO/CTO, Ingrid de Swart.

Executive Board

Name	Years in Board	Date of initial appointment	Date of reappointment	Appointed until
Jos Baeten	14	26 January 2009	AGM 2020	AGM 2024[1]
Ewout Hollegien	1	1 December 2021	-	AGM 2025
Ingrid de Swart	3	1 December 2019	-	AGM 2023

1 Jos Baeten will be reappointed until AGM 2026, conditional upon closing of the Aegon Transaction.

Business Executive Committee

The BEC supports the EB, and shares responsibility for the implementation and realisation of the business strategy. A further purpose of the BEC is to strengthen a.s.r.'s innovation power and improve customer focus. The BEC consists of the members of the EB, the Chief Risk Officer (CRO) and senior managers representing specific business areas and staff departments. Only the members of the EB have voting rights in BEC meetings.

The BEC ensures 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.

Sustainability governance and culture

Governance

a.s.r. aims to embed sustainability in all its core processes and activities. In order to continue to drive and monitor sustainability in all its aspects within a.s.r., sustainability has been earmarked as a strategic topic. Within the EB, the CEO is ultimately responsible for a.s.r.'s sustainability themes. The Sustainability Workforce supports the CEO in his responsibility for the development and implementation of a.s.r.'s sustainability strategy and policy. This workforce includes delegates from the business as well as staff departments. It reports quarterly on a set of sustainability KPIs and targets to the BEC, which evaluates the results achieved and takes action where necessary.

The BEC also sets strategic sustainability targets as part of the total set of financial and non-financial KPIs. Each year, the SB, with advice from the Nomination & ESG Committee, discusses and approves the strategic targets and progress made in these specific areas. a.s.r.'s sustainability team coordinates the implementation together with the workforce. All members of the workforce subsequently promote this strategy, policy and targets within their own focus areas.

In September 2022, the Sustainability Committee was created, a new advisory body for dealing with a.s.r. wide sustainability issues and dilemmas. The committee is embedded in a.s.r.'s risk governance, making the chain of decision-making regarding these sustainability issues more transparent for the EB and SB.

Diversity, equality and inclusion
a.s.r. aims towards diverse representation and an inclusive culture, where differences are recognised, valued and contributed. a.s.r.'s Diversity, equity and inclusion (DEI) policy is published on www.asrnl.com. The EB believes that diverse representation, equity and belonging reinforce the success and relevance of a.s.r. as a socially desirable insurer and are necessary to create business models and develop (new) products that serve the whole of society.

At the end of 2022, the EB consisted of one female and two male board members; the current composition of the EB therefore meets the gender target of having at least one-third female and one-third male board members. a.s.r. will aim for an adequate and balanced composition of the EB in its future appointments by taking into account its DGI policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment. Also, the Dutch Social and Economic Council's (Sociaal Economische Raad; SER) act on ingrowth quota and targets 2022/2023 came into force on 1 January 2022, requiring a.s.r. to set ambitious and appropriate goals to promote more balanced gender ratios in the EB, SB and BEC, and to report on this annually to the SER and in its management report, from 2023 onwards. An action plan has been set up to ensure a.s.r. will meet these requirements adequately and timely.

Code of Conduct
The Code of Conduct is the guideline for behaving with due care and integrity. When starting work at a.s.r., all employees receive the Code of Conduct, which is part of the employment agreement. All a.s.r. employees (both internal and external) take an oath or make a solemn affirmation within three months of commencing employment. During a specially organised ceremony, employees promise or declare to comply with the Code of Conduct. In this way, a.s.r. contributes to the trust that society has in financial institutions and in a.s.r. as an insurer.

The Code of Conduct contributes to optimum customer service and prescribes certain standards of behaviour in the working environment. This is then linked up with and referred to in various ways. Several workshops are organised throughout the year to discuss specific dilemmas in the workplace, moderated by a.s.r.'s internal ethicist. These workshops are open to all employees. In addition, the internal awareness programme, Gamification, ensures that the Code of Conduct and specific topics such as incentives, conflicts of interest and outside business activities receive attention throughout the year.

Permanent education and evaluation

The 2022 self-evaluation session of the EB was conducted on the basis of a questionnaire and discussed with the members of the EB and the company secretary.

The EB looks back positively on an exciting and intense year with many internal and external developments. These included remaining COVID-19 restrictions, geopolitical tensions and resulting economic uncertainty at the beginning of the year, the Aegon Transaction in the second half of the year, and CLA negotiations at the end of the year. Cooperation within the EB, in the first full year of its current composition, was evaluated as positive, constructive and open. Issues and dilemmas were discussed freely, focusing on content without impacting personal relationships. Within the organisation the EB is seen as a natural, cohesive, and confident team, with complementary skillsets that ensure stakeholder interests are addressed in a balanced way. Communication with the SB is assessed as transparent and positive, whereby the intensified collaboration during the Aegon Transaction process further strengthened the relationship between the EB and the SB. The EB looks forward to maintaining these constructive dynamics with the new composition of the SB after closing of the Aegon Transaction.

Focus areas for 2023 include the closing of the Aegon Transaction and the subsequent integration process, as well as realisation of the ambitious medium term targets. Sustainability and long-term value creation are increasingly and naturally integrated into the business, but in the coming years further developments in these areas will also remain important focus points for the new combination.

The performance 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 EB members (by two SB members on each occasion) in which the results of the aforementioned self-evaluation are included.

In 2022, specific sessions were also organised jointly with the SB for the benefit of further education. The first session, led by Asset Management, provided an overview and update on the interest rate and inflation sensitivity of the a.s.r. balance sheet, as well as recent inflation developments and drivers of inflation in the short and long term. The second session focused on the implementation of a partial internal model for the envisaged business combination of a.s.r. and Aegon Nederland N.V. During this session, led by Group Balance Sheet Management and Group Risk Management, the SB and EB were given an overview of internal models in the Dutch insurance sector as a whole, the internal model used at Aegon Nederland N.V., the advantages of implementing an internal model for the new business combination and the steps required to do so. The session was the first in a series, to be continued in 2023.

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

Remuneration

Information on the remuneration policy for EB members and their individual remunerations can be found in chapter B.1.2.

Executive Board

J.P.M. (Jos) Baeten

Chair of the Executive Board (CEO)

Responsible for

- Audit
- Corporate Communications
- Group Risk Management
- Human Resources
- Legal & Integrity

Male, Dutch, 1958

Additional positions

- Member of the Executive Board of the Dutch Association of Insurers
- Member of the Supervisory Board of the Efteling B.V.
- Member of the General Administrative Board of VNO-NCW
- Member of the Advisory Board of the Nyenrode Executive Insurance Programme
- Board Member of Stichting Grote Ogen until 22 December 2022

E. (Ewout) Hollegien

Chief Financial Officer (CFO)

Responsible for

- Asset Management
- Finance, Risk & Performance Management
- Group Balance Sheet Management
- Real Estate

Male, Dutch, 1985

Additional positions

- Ewout Hollegien does not hold any additional positions at the moment

I.M.A. (Ingrid) de Swart

Member of the Executive Board (COO / CTO)

Responsible for

- Disability
- Distribution and Services Segment
- Ditzo
- Funeral
- Health
- Mortgages
- Life & Pensions
- P&C
- Customer experience & Digital
- IT&C

Female, Dutch, 1969

Additional positions

- Board member of Thuiswinkel.org
- Member of the Supervisory Board of Thuiswinkel B.V.
- Member of the Supervisory Board of HumanTotalCare B.V.
- Member of the Supervisory Board of HumanTouch Holding B.V.

For more information about the biographies see www.asrnl.com

B.1.1.4 **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. The SB currently consists of five members: Joop Wijn (Chair), Herman Hintzen, Sonja Barendregt, Gerard van Olphen and Gisella van Vollenhoven. 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.

In accordance with the rotation schedule, the first term of office of Gerard van Olphen and Gisella van Vollenhoven will expire at the close of the 2023 AGM. Both Gerard van Olphen and Gisella van Vollenhoven were nominated by the SB for a reappointment for a further four-year term. The proposal to reappoint them will be submitted to the 2023 AGM.

Furthermore, on 17 January 2023, the EGM approved the proposed appointment of two new members to the SB, Daniëlle Jansen Heijtmajer and Lard Friese, conditional upon closing of the Aegon Transaction. With the appointment of these new members, the SB will consist of seven members as from closing of the Aegon Transaction.

Diverse representation

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 www.asrnl.com. One of the targets of a.s.r.'s DEI policy is to achieve a SB consisting of at least one-third female and at least one-third male members. In 2022, the composition of the SB met this gender ratio, with 40% female and 60% male members.

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 aim for an adequate and balanced composition of the SB in any future appointments by taking into account the DGI policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

Supervisory Board

Name	Years in Board	Date of initial appointment	Date of reappointment	End of current term of appointment[1]	End of the term of appointment at AGM[2]
Joop Wijn	2	28 October 2020	-	AGM 2024	2032
Herman Hintzen	7	1 January 2016	20 May 2020	AGM 2024	2028
Sonja Barendregt	4	31 May 2018	25 May 2022	AGM 2026	2030
Gerard van Olphen	3	30 October 2019	-	AGM 2023	2031
Gisella van Vollenhoven	3	30 October 2019	-	AGM 2023	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. All the SB members passed the fit and proper test required under the Dutch Financial Supervision Act. In 2022, 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, in accordance with article 39 (1) Directive 2014/56/EU. The maximum number of other mandates for a member of the SB is set at 5.

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 2022 was based on a questionnaire and interviews with members of the SB and the EB. The following aspects were assessed:

- Role and composition of the SB;
- Effectiveness of processes (information-gathering and decision-making);
- Role as an employer;
- Advisory role and strategy.

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 12 years (two times four years and two times two years in accordance with principle 2.2.2 of the Dutch Corporate Governance Code).

The outcome of the assessment was discussed by the members of the SB and the company secretary, and at a later stage with the members of the EB.

The current composition of the SB is assessed as good and diversified; dynamics within the SB are transparent and positive. 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 (and one-on-one) contact. In 2022 the Aegon Transaction demanded significant extra flexibility and commitment from the SB. The SB was an important sparring partner and advisor for the EB during this process, which strengthened the relationship between the members. The evaluation of the remuneration policy was another extra focus area in 2022.

The Aegon Transaction will bring new challenges for a.s.r., including in terms of governance. The SB looks forward to the appointment of Daniëlle Jansen Heijtmajer and Lard Friese (conditional upon closing of the Aegon Transaction), whose specific knowledge and expertise will be valuable in achieving a successful integration. Attention will be given to smoothly onboarding the new members and to maintaining the currently existing open and constructive dynamics within the SB.

The SB is also satisfied with the division of roles between and within the SB committees. The SB looks forward to welcoming Daniëlle Jansen Heijtmajer to the Nomination and ESG Committee and Lard Friese to the Audit & Risk Committee after closing of the Aegon Transaction.

In 2022, specific sessions were also organised jointly with the EB for the benefit of further education. The first session, led by Asset Management, provided an overview and update on the interest rate and inflation sensitivity of the a.s.r. balance sheet, as well as recent inflation developments and drivers of inflation in the short and long term. The second session focused on the implementation of a partial internal model for the envisaged business combination of a.s.r. and Aegon Nederland N.V. During this session, led by Group Balance Sheet Management and Group Risk Management, the SB and EB were given an overview of internal models in the Dutch insurance sector as a whole, the internal model used at Aegon Nederland N.V., the advantages of implementing an internal model for the new business combination and the steps required to do so. The session was the first in a series, to be continued in 2023.

The individual SB members attended (leadership) sessions on various topics in their capacity as supervisory members at other organisations.

Supervisory Board

J. (Joop) Wijn
Male, Dutch, 1969

- Chair of the Supervisory Board
- Member of the Remuneration Committee
- Chair of the Nomination & ESG Committee

Additional positions
- Member of the Supervisory Board of NIBC Holding N.V. and NIBC Bank N.V.

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

- Vice-chair of the Supervisory Board
- Member of the Audit & Risk Committee
- Member of the Remuneration Committee

Additional positions
- Non-Executive Board Member of VCM Holdings Ltd.

S. (Sonja) Barendregt
Female, Dutch, 1957

- Member of the Supervisory Board
- Chair of the Audit & Risk Committee

Additional positions
- Member of the Supervisory Board and chair of the Audit & Risk Committee of Robeco Holding B.V. and Robeco Institutional Asset Management B.V.
- Member of the Oversight Committee of Robeco Indices

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

- Member of the Supervisory Board
- Chair of the Remuneration Committee
- Member of the Nomination & ESG Committee

Additional positions
- Member of the Supervisory Board of Waarborgfonds Sociale Woningbouw and chair of the Remuneration Committee
- Member of the Supervisory Board of the Pensioenfonds Vervoer
- Member of the Supervisory Board of BUNQ
- Member of the Supervisory Board of MUFG BANK (Europe) N.V.
- (Substitute) council with the Enterprise Chamber of the Amsterdam Court of Appeal

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

- Member of the Supervisory Board
- Member of the Audit & Risk Committee
- Member of the Nomination & ESG Committee

Additional positions
- Member of the Supervisory Board of the Heart Foundation
- Chair of the Supervisory Board of de Volksbank
- Independent Director of GP House B.V.

For more information and full biographies see www.asrnl.com

Independence
(in %)

100

2021: **100**

Female members
(in %)

40

2021: **33**

Male members
(in %)

60

2021: **67**

Average age
(in years)

59

2021: **58**

Attendance

	Joop Wijn	Herman Hintzen	Sonja Barendregt	Gisella van Vollenhoven	Gerard van Olphen
Supervisory Board	32/33 97%	33/33 100%	33/33 100%	32/33 97%	32/33 97%
Audit & Risk Committee	-	5/6 83%	6/6 100%	-	6/6 100%
Remuneration Committee	7/7 100%	5/7 71%	-	7/7 100%	-
Nomination & ESG Committee	5/5 100%	-	-	5/5 100%	5/5 100%

Competencies

	Joop Wijn	Herman Hintzen	Sonja Barendregt	Gisella van Vollenhoven	Gerard van Olphen
General business management strategy	●	●	●	●	●
Finance (balance, solvency & reporting)	●	●	●	●	●
Financial markets / Disclosure, communication	●	●	●	●	●
Audit, risk, compliance, legal & governance	●	●	●	●	●
Insurance (Life, Non-life and Asset Management)	○	●	●	●	●
M&A	●	●	○	○	○
IT / Digital & innovation	●	○	○	○	●
Social / Employment	○	○	●	○	●
Sustainability / Climate change / Policies	●	○	○	●	●

B.1.1.5 **Corporate Governance Codes and regulations**

The current articles of association (dated 3 August 2021) are published on www.asrnl.com. The SB and EB rules are also available on the corporate website.

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. complies with all the principles and best practices of the Dutch Corporate Governance Code, with the exception of those that are not applicable. In the Corporate Governance section on www.asrnl.com, a.s.r. also publishes a detailed comply or explain list indicating which principles and best practices do not apply to it.

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 employees who could 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.

Notwithstanding the above, a.s.r. has decided that all employees and other individuals carrying out activities under its responsibility must also 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 wishes to be transparent concerning the nonfinancial information in its Management Report. Since the 2017 reporting year, the relevant legal requirements have been extended for large companies of public interest. Such organisations, which include a.s.r., are 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. In addition, from 1 January 2022, large companies of public interest must publish information about how and to what extent their activities are associated with economic activities (eligibility) that qualify as environmentally sustainable as defined in Regulation (EU) 2020/852 (EU Taxonomy Regulation). The information requirements regarding the disclosure of non-financial and diversity information can be found in chapter 3and chapter 7.12 of the Annual Report of a.s.r.

B.1.2 Remuneration report

The remuneration policy consists of:

- A fixed salary within a salary scale (no variable remuneration system);
- Executive Board (EB) members progress through the scales in the same way as a.s.r. employees.

The remuneration policy was approved in the AGM in 2019 and will be up for vote again at the AGM in May 2023. This remuneration policy pertains to the remuneration of the EB and the Supervisory Board (SB). In 2022, the remuneration report was submitted for an advisory vote at the AGM. 97.99% of the votes were in favour of the report, compared to 90.14% in 2021, demonstrating the broad support for a.s.r.'s remuneration policy. The SB reviews and evaluates the remuneration policy regularly. In 2022, in preparation of the proposal that will be put forward at the AGM in May 2023, a comprehensive analysis was undertaken of the remuneration policy and executive remuneration, taking into account the views of a.s.r.'s key stakeholders such as shareholders, customers and employees. The analysis included a review of remuneration of EB members in relation to the policy, companies in a.s.r.'s reference group and all a.s.r.'s employees. Based on the results of this analysis and the dialogue within the Remuneration Committee and the SB, a proposal for an updated remuneration policy will be put to a vote at the 2023 AGM. The AGM will take place on 31 May 2023 and the convocation for the AGM will be published on 11 April 2023.

a.s.r. is of the opinion that it meets the requirements of the Shareholder Rights Directive II (as incorporated into Dutch law) in so far as these apply to a.s.r. The current remuneration policy was adopted by more than 75% of the votes cast. The remuneration policy is clear and comprehensible. The remuneration policy explains how it contributes to a.s.r.'s strategy, sustainability and the interests of stakeholders. The identity and positioning of a.s.r. and the remuneration relationships within a.s.r. were taken into account, by providing a framework for the four perspectives: the organisational perspective, the internal perspective, the external perspective and the stakeholder perspective. The 2022 Remuneration Report will be submitted to the AGM for advice.

B.1.2.1 **Remuneration policy**

The current remuneration policy of a.s.r. is applicable as of 1 January 2020.

The following four perspectives are used as a basis for the remuneration policy:

1. The organisational perspective: 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 into account the views on remuneration of different stakeholder groups: customers, shareholders, employees and society.

1. The organisational perspective

It is a.s.r.'s view that society may expect it to be a valuable insurer which handles the funds entrusted to it and the environment in which it operates in a responsible way. With respect to the remuneration of the EB, society may expect this to be in line with a.s.r.'s profile, and that both the remuneration policy and the level of executive remuneration are reasonable from that perspective.

In line with this perspective, a.s.r. has a fixed salary only and 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 opinion of society towards variable remuneration in the financial sector is also relevant in this respect.

2. The internal perspective
All a.s.r. employees have job-weighted salaries within defined salary scales that they progress through over time. The remuneration of EB members is determined by the various roles within the EB and fall within certain salary scales. The link between roles and salary scales is consistent throughout the organisation. For all employees including the EB, the maximum of a salary scale is just below the median of the reference group.

In principle, EB members progress through the salary scales in the same way as employees. For employees, an annual growth of 3% of the max of the scale is applied (provided there is upward room in the scale). For EB members, the SB has the mandate to slightly adjust this growth path upwards or downwards (growth of 0% to 6%), taking into account a.s.r.'s performance and the principles of the remuneration policy. The SB accounts for this in the annual remuneration report.

The a.s.r. Collective Labour Agreement (CLA) applies to the EB with regard to salary indexation.

3. The external perspective
a.s.r. pays its employees a salary in line with the market. Market conformity is tested against a reference group and the current competitive labour market is taken into account as well. The reference group for the EB consists of Dutch organisations only, many of which have a social profile, including listed companies and Dutch financial institutions including insurers. To be included in the reference group, the listed companies must meet at least two of three criteria for comparable size with a.s.r. These criteria are: turnover, market capitalisation and number of employees. In addition, all remuneration data of companies in the reference group must be published individually. For companies in the reference group that have a variable remuneration component, the median is established using a conversion factor of 0.5 of the 'at target' variable to the fixed salary.

The 2022 reference group for other employees is the general market; from 2023 this will be financial institutions. For some positions within Asset Management and Real estate, the reference group is the asset management market. To prevent the salary scales of employees and the EB from diverging too much, partly as a result of the difference in reference groups, salary scales of the EB are validated against the reference group of other employees bi-annually. If the gap widens too much, this may be a reason to adjust the extent to which the maximum of the salary scales of the EB members is below the median. The ratio between the remuneration of the CEO and the average remuneration of a.s.r's employees must be less than 20.

4. The stakeholders' perspective
The structure of the remuneration policy was reviewed against the views of shareholders, customers, employees and society. The views and interests of these different stakeholder groups are taken into account as much as possible.

Periodical review
The Remuneration Committee reviews the principles of the remuneration policy against the four perspectives (at least) once every four years. The remuneration policy is submitted for a vote (at least) once every four years at a General Meeting of Shareholders. The market comparison (remuneration benchmark) is carried out once every two years by an external and independent consultancy firm.

The performance of each EB member is reviewed annually, based on a set of financial and non-financial targets approved by the SB. The targets for 2022 can be summarised as follows:

- Shareholder: realisation of the financial targets and the financial KPIs in the multi-year budget within the established risk appetite. In addition, a visible focus on sustainable and long-term value creation.
- Customer: targets to improve a.s.r.'s service and to retain its customers over a long(er) period. This target is measured by tracking the development of both the NPS and the scores of the annual reputation survey. Other targets include expansion of financial services, further digitisation in the interest of the customer, and sustainable reputation.
- Employee: a minimum annual Denison scan score of 85.
- Society: further expansion of the positioning of a.s.r. as a long-term value-creating insurer and socially aware financial institution. This is measured by different ratings and benchmarks.
- Sustainability targets: CO_2-eq reduction across the whole investment portfolio, and an increase in impact investments.

These targets are complemented by specific strategic priorities for each EB member, such as the implementation of IFRS 17 and IFRS 9, and the details of the digitisation roadmap. Targets are discussed periodically during various evaluation meetings between the SB and (members of) the EB. After assessing the financial and non-financial targets of a.s.r. and the performance of the EB, all in relation to the perspectives of the remuneration policy, the SB may adjust the growth path of EB members within their salary scale from 0% to 6%. The SB accounts for this in the annual remuneration report.

Contractual aspects
EB members work on the basis of an indefinite contract for services. These contracts legally expire as soon as a party ceases to be a member of the EB. The contracts can also be terminated with a notice period of six months for a.s.r. and a notice period of three months for EB members. The contracts also contain a provision for dismissal due to a change of control.

The following conditions apply to severance pay for policymakers (which includes EB members):

Pay ratio

(in units below)	2022	2021	2020[1]	2020 (reported)	2019
Annual total compensation for the highest-paid individual (€)[2]	1,215,000	1,108,000	1,420,000	824,000	1,145,000
Average annual total compensation for all employees (€)	106,000	100,000	102,000	62,000	98,000
Average Pay ratio (%)	11.5	11.0	13.9	13.3	11.7

1 The pay-ratio of 2020 excluding the extraordinary items is in accordance with the new calculation method 12.38.
2 The annual total compensation for the highest-paid individual is less high in 2021 because of the new defined contribution plan started from 1 January 2021. All employees participate in the defined contribution plan. The annual pension expenditure is based on a premium table.

- The maximum severance pay is 100% of the (fixed) annual remuneration.
- Severance pay is not awarded in the event of the company's failure.
- No severance pay is awarded that can be classified as variable.
- Severance pay may not be awarded to any employee (including EB members) in the following cases:
  - If an employment relationship is terminated prematurely at the employee's own initiative, except where this is due to serious culpable conduct or neglect by the employer.
  - In the event of serious culpable conduct or neglect by the employee and/or an urgent reason for instant dismissal applies.

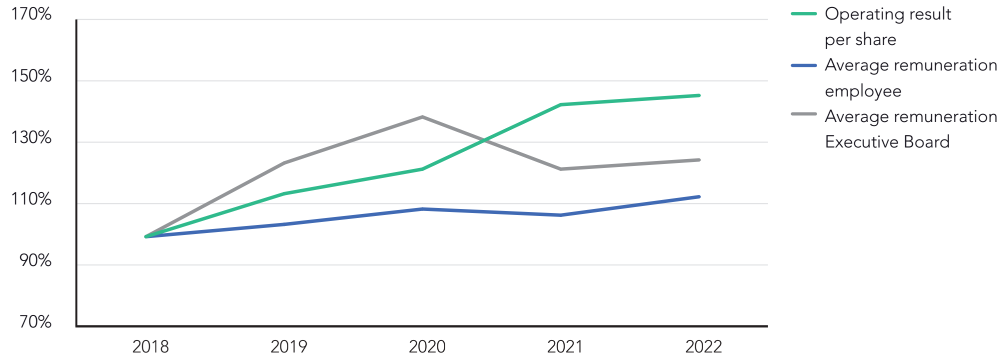
Pay ratio
a.s.r. is transparent concerning the remuneration of the EB, not only in terms of actual amounts, but also in accordance with Dutch law and the Dutch Corporate Governance Code as compared with the average remuneration of all employees of a.s.r. As laid down in the remuneration policy, the ratio between the remuneration of the CEO and the average remuneration of the employees at a.s.r. should at all times be less than 20. The current average pay ratio is 11.5. The SB feels that this pay ratio is reasonable. Compared to the remuneration of other executive directors of comparable companies, this pay ratio is among the lowest.

B.1.2.2 **Executive Board**

The remuneration of current and former EB members is in accordance with the remuneration policy. Neither a.s.r. nor any Group company provides any loans, advances or guarantees on behalf of an EB member.

The comparative chart below shows the remuneration and company performance over the last five reported financial years. Company performance is expressed in terms of operating result per share. The average remuneration of employees (who are not EB members) is also shown, and this is also used to calculate the pay ratio. Finally, the average EB remuneration (CEO and CFO) is presented.

The full remuneration policy can be found at www.asrnl.com.



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 expenses include:

- Pensions based on a maximum pensionable salary cap (€ 114,866, 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') (*vervroegde pensioenleeftijd*).

All components of EB remuneration are included in the basis used for calculating pension benefits. EB members have the same pension scheme as a.s.r. employees. In 2022, a.s.r. and the labour unions came to an agreement (and thereby a commitment) to add additional funds to the indexation of the defined benefit plan, which until the commitment could not be allocated to the individual participants in the defined benefit plan. As a result of the commitment, the indexation granted to EB members in 2022 is as follows: Jos Baeten € 234,351 and over 2021 € 329,120, Ewout Hollegien € 6,866 and over 2021 € 11,047 and Ingrid de Swart € 823 and over 2021 € 1,222. In addition, the indexation granted in 2022 to former EB members who are participants in the defined benefit plan is € 1,503,676 and over 2021 € 719,771.

Remuneration in 2023
Based on the benchmark and in line with the remuneration policy, the CEO's salary scale is currently between € 764,363 and € 1,091,948. A salary scale of € 592,676 to € 846,679 applies for the CFO. For the COO, a scale of € 584,500 to € 835,000 applies. The benchmark is set every two years. The positioning, scale maximum and resulting bandwidth of the scales are then assessed and may be adjusted in relation to the resulting median.

The reference group 2022, which consists of 20 companies, is shown in the overview below.

Reference group

Organisation	Index
Aalberts Industries	AMX
Arcadis	AMX
BAM Groep	AScX
Boskalis	AMX
Fugro	AMX
GrandVision	AMX
KPN	AEX
PostNL	AMX
SBM Offshore	AMX
Sligro	AScX
Signify	AEX
TomTom	AScX
Vopak	AMX
ABN AMRO	AMX
Achmea	Not listed
Aegon	AEX
NN Group	AEX
Triodos Bank	Not listed
Van Lanschot Kempen	AScX
Volksbank	Not listed

The financial results for 2022 are strong and, in addition, a.s.r. is on track to achieve the medium term targets for the period 2022-2024. Strategic developments are also exceptional with the Aegon Transaction and the largely completed financing of the cash consideration. Further to the advice of the Remuneration Committee, it was therefore decided to grant a salary increase of 3% to all members of the EB as of 1 January 2023.

Furthermore, under the new CLA (applicable from 1 January 2023 until 1 July 2024), a.s.r. employees were given an indexation of their salary of 4% from 1 December 2022 and will receive another 3% from 1 July 2023. This increase also applies to EB members.

Participation in a.s.r. shares
In addition to the remuneration policy, EB members have committed to acquiring a certain percentage of their remuneration in a.s.r. shares (75% for the CEO and 50% for other EB members). These percentages must be achieved by 2026 and the shares must be held for a minimum of five years (blocking period). The percentages may be considered low in relation to other companies, but the fact that EB members use their own financial resources to purchase the shares should be taken into account. The shares are therefore not variable remuneration, nor a remuneration in shares.

As of 1 March 2023, the current EB members hold at least the following numbers of shares:

- Jos Baeten 10,213 (40.4% of latest gross salary);
- Ewout Hollegien 1,640 (10.1% of latest gross salary);
- Ingrid de Swart 4,539 (22.1% of latest gross salary).

2022 remuneration for members of the Executive Board

(in € thousands)

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
	Fixed remuneration			Variable remuneration					
Jos Baeten, CEO	946	-	14	-	-	-	255	1,215	100%
Ewout Hollegien, CFO	664	-	23	-	-	-	82	769	100%
Ingrid de Swart, COO / CTO	777	-	19	-	-	-	152	948	100%
Total	**2,388**	**-**	**55**	**-**	**-**	**-**	**489**	**2,932**	**100%**

2021 remuneration for members of the Executive Board

(in € thousands)

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
	Fixed remuneration			Variable remuneration					
Jos Baeten, CEO	861	-	13	-	-	-	233	1,108	100%
Ewout Hollegien, CFO[3]	51	-	2	-	-	-	3	57	100%
Ingrid de Swart, COO / CTO	713	-	16	-	-	-	141	869	100%
Former member									
Annemiek van Melick[4]	653	-	14	-	-	-	95	762	100%
Total	**2,279**	**-**	**44**	**-**	**-**	**-**	**473**	**2,796**	**100%**

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 post-employment defined benefit plan of a.s.r. ended 31 December 2020. A new defined contribution plan started from 1 January 2021. The defined benefit obligation will continue to exist, but no further regular annual premium contributions will be paid to the plan. All members of the Executive Board participate in the defined contribution plan. The annual pension expenditure is based on a premium table. Further changes in the cost of pension benefits are mainly due to the impact of age. The pension costs include defined contribution pensions based on maximum pensionable salary cap, compensation for the maximum pensionable salary cap (to be used for pensions at the employees' discretion in total), and VPL. The amount presented is excluding amounts related to the indexation of the defined benefit plan, as they are not expenses in the current year.
3 Ewout Hollegien was appointed as CFO and member of the EB of a.s.r. on 1 December 2021. The remuneration figures for 2021 reflect a partial year as a member of the EB.
4 Annemiek van Melick stepped down as member of the EB of a.s.r. on 12 October 2021 and left a.s.r. on 1 December 2021. The remuneration figures for 2021 reflect a partial year as a member of the EB.

B.1.2.3 **Supervisory Board**

Remuneration paid to SB members is not linked to the financial performance of a.s.r. and none of the SB members own a.s.r. shares. SB members are entitled to the following remuneration, as adopted by the 2019 AGM:

- A base fee for each SB member and the chair.
- A committee fee for each member and chair of a committee of the SB.

In determining the level of remuneration, the responsibilities and time commitment of an SB of a listed financial institution are taken into account as stated in the Dutch Corporate Governance Code, including with respect to:

- Revised and increased legislation and regulations.
- Fundamental changes in the nature and complexity of the business and governance.
- a.s.r.'s profile, in which organic growth, mergers, acquisitions and collaborations in complex insurance areas are actively explored and / or pursued.

SB committee fees

(in €)	2022
Supervisory Board	
Chair	50,000
Member	35,000
Audit & Risk Committee	
Chair	15,000
Member	10,000
Remuneration Committee	
Chair	10,000
Member	5,000
Nomination & ESG Committee	
Chair	10,000
Member	5,000

The remuneration level within the reference group used is also taken into consideration. The reference group for the SB is the same as the reference group used for the EB.

An overview of the committee fees for the SB is shown in the table on this page.

SB members who also serve on the SB of ASR Basis / Aanvullende Ziektekostenverzekeringen N.V. or on the SB of ASR PPI receive an additional € 5,000 per annum. No additional fees are paid to EB members who are also members of the SB of a Group company.

Remuneration of Supervisory Board members in 2022

The remuneration of current and former members of the SB is in accordance with the remuneration policy. Neither a.s.r. nor any Group company provides loans, advances or guarantees on behalf of an SB member.

A basic principle of a.s.r.'s current remuneration policy (both for the EB and the SB) is that remuneration should be just below the median for the reference group. The current remuneration of the SB has not been adjusted since 2019. A yearly benchmark study commissioned by the SB shows that the remuneration levels of the SB are significantly below the median for the reference group.

The responsibilities and time commitment of SB members have become considerably more intense and complex in recent years. Also, a.s.r. has experienced important developments, whereby changes in the nature and complexity of the business and governance have led to an improved growth and profit profile. a.s.r. has also strengthened itself in recent years with targeted acquisitions. The successful completion and integration of the Aegon Transaction could well become one of the biggest achievements. These continuing developments require solid knowledge and experience at SB level, as well as an increased time commitment.

To address the above, the SB will propose to amend the remuneration of the SB at the 2023 AGM.

2022 remuneration for members of the Supervisory Board

(in € thousands)	Fixed remuneration			
	Base salary	Fees	Total remuneration	Fixed portion of the total remuneration
Joop Wijn[1]	50	15	65	100%
Herman Hintzen[2]	35	15	50	100%
Sonja Barendregt[3]	35	20	55	100%
Gisella van Vollenhoven[4]	35	23	58	100%
Gerard van Olphen[5]	35	15	50	100%
Total	**190**	**88**	**278**	**100%**

2021 remuneration for members of the Supervisory Board

(in € thousands)	Fixed remuneration			
	Base salary	Fees	Total remuneration	Fixed portion of the total remuneration
Joop Wijn[1]	44	13	57	100%
Herman Hintzen[2]	35	19	54	100%
Sonja Barendregt[3]	35	19	54	100%
Gisella van Vollenhoven[4]	35	18	53	100%
Gerard van Olphen[5]	35	11	46	100%
Former member				
Kick van der Pol[6]	21	8	29	100%
Total	**205**	**88**	**292**	**100%**

1 Joop Wijn was appointed chair of the SB on 19 May 2021. Fees in 2022 are amounts received as chair of the N&ESG Committee (€ 10,000) and member of the Remuneration Committee (€ 5,000). Fees in 2021 are amounts received as member and subsequently chair of the N&ESG Committee (€ 7,917) and member of the Remuneration Committee (€ 5,000).
2 Fees are amounts received as member of the Audit & Risk Committee (€ 10,000), member of the Remuneration Committee (€ 5,000), and a partial year in 2021 as member of the N&ESG Committee (€ 3,750).
3 Fees are amounts received as chair of the Audit & Risk Committee (€ 15,000) and member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 5,000 in 2022; € 4,000 in 2021).
4 Fees are amounts received as member of the N&ESG Committee (€ 5,000), chair of the Remuneration Committee (€ 10,000), member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 5,000 in 2022; € 3,000 in 2021, reflecting a partial year), and a partial year in 2022 as member of the SB of PPI (€ 2,500).
5 Fees are amounts received as member of the Audit & Risk Committee (€ 10,000) and member of the N&ESG Committee (€ 5,000 in 2022; € 1,250 in 2021, reflecting a partial year).
6 Kick van der Pol left the SB as of 19 May 2021. The remuneration figures for 2021 reflect a partial year as SB member. Fees are amounts received as chair of the N&ESG Committee (€ 4.167), member of the Remuneration Committee (€ 2,083) and member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 1,667).

B.1.3 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, key management personnel, 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 B.1.2.

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).

Financial scope of a.s.r.'s related party transactions

	Associates	Joint ventures	Total
2022			
Balance sheet items with related parties as at 31 December			
Loans and receivables	37	8	45
Other liabilities	176	-	176
Transactions in the income statement for the financial year			
Fee and commission income	74	-	74
Fee and commission expenses	1	-	1

Financial scope of a.s.r.'s related party transactions

	Associates	Joint ventures	Total
2021			
Balance sheet items with related parties as at 31 December			
Loans and receivables	21	12	33
Other liabilities	177	-	177
Transactions in the income statement for the financial year			
Fee and commission income	57	-	57
Fee and commission expenses	1	-	1

No provisions for impairments have been recognised on the loans and receivables for the years 2022 and 2021.

The members of the EB and the Business Executive Committee (BEC) have mortgage loans with a.s.r. amounting to respectively € 435 thousand (2021: € 495 thousand) and € 1,099 thousand (2021: € 596 thousand). The mortgages have been issued subject to normal employee conditions. The employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans higher than € 340 thousand arm's length conditions apply. The average interest rate on the mortgage loans (for members EB and BEC) is 2.6% (2021: 2.4%). In 2022, the mortgage loans of EB members were settled for an amount of € 61 thousand (2021: € 61 thousand) and for BEC members for an amount of € 13 thousand (2021: € 79 thousand).

B.1.4 Consolidation method and aggregation of data

The diagram below provides an overview of the consolidation method at a.s.r. for Solvency II purposes.

Overview of consolidation method for Solvency II purposes

Entity	IFRS classification	Type of equity	Treatment SII
Insurance subsidiary	Subsidiary	Insurer	Full consolidation
ASR Vermogensbeheer N.V.	Subsidiary	Credit Institution	Adjusted net equity
ASR Real Estate N.V.	Subsidiary	Credit Institution	Adjusted net equity
ASR Vooruit B.V.	Subsidiary	Credit Institution	Adjusted net equity
ASR Premiepensioeninstelling N.V.	Subsidiary	Inst. for Occupational Retirement Prov.	Adjusted net equity
Ancillary service entities >50%	Subsidiary	Ancillary services	Full consolidation
Ancillary service entities <50%	Participation	Ancillary services	Adjusted net equity
Other enitities	Participation	Ancillary services	Adjusted net equity
Various entities	Investment	n/a	Financial instrument

The classification of entities is based on Solvency II guidelines (Directive 2000/12/EG).

Since other entities do not have sectoral required or available capital which deviate from the SII volumes, the remaining entities are processed on the basis of full consolidation in accordance with IFRS principles and are part of the SCR calculation if applicable.

Furthermore, interpretation of a.s.r. is that all non-insurance entities have an ancillary character because they are supportive to the insurance process. In line all daughters who are not insurers, banks or asset managers, are classified as 'ancillary'. This includes for example entities of ASR Deelnemingen or the entities acquired in the distribution channel as part of integration of insurance chain (Dutch ID, Van Kampen Groep).

The interpretation above is based on the Solvency II definition of an ancillary entity: a non-regulated legal entity the principal activity of which consists in owning or managing property, managing data-processing services, health and care services, or any other similar activity which is ancillary to the principal activity of one or more insurance or reinsurance undertakings.

a.s.r. has many real estate entities. Given the definition of an ancillary entity (the main activity consists of the owning or managing property) a.s.r. classifies these entities as ancillary.

As part chain integration, a.s.r. did acquisitions in the distribution channel (for example Dutch ID, van Kampen). These entities are also 'supportive to the main process' and are classified as ancillary entity.

B.2 **Fit and Proper requirements**

a.s.r. has a policy that sets out principles and criteria to ensure that persons who effectively run the undertaking and other key functions are fit and proper. The fit and proper policy provides guidance on the assessment process and contributes to controlled and sound business operations and promotes the stability and integrity of a.s.r. as well as customer confidence.

a.s.r. assesses all employees (internal and external FTEs) for their reliability and integrity prior to their appointment and periodically during the course of employment. This includes persons who effectively run the undertaking and other key functions.

The fit and proper requirements that are imposed on persons who effectively run the undertaking and other key functions are included in the job profile, which is used as a basis for recruitment. Each year, an assessment is made of the extent to which an employee may require additional training. In addition, a.s.r. has a program for the continuing education of persons who effectively run the undertaking and other key functions.

B.3 **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 (RM) framework based on internationally recognised and accepted standards (such as COSO ERM and ISO 31000 RM principles and guidelines). Using this framework, material risks that a.s.r. is, or can be, exposed to, are identified, measured, managed, monitored, reported and evaluated. The RM framework is both applicable to a.s.r. group and the underlying (legal) business entities.

B.3.1 Risk Management Framework

The figure below is the RM framework as applied by a.s.r.

Risk Management framework

The RM framework consists of risk strategy (including risk appetite), risk governance, systems and data, risk policies and procedures, risk culture, and RM process. The RM framework contributes to achieving the strategic, tactical and operational objectives as set out by a.s.r. The overall effectiveness of the RM framework is evaluated as part of the regular internal review of the system of governance.

Risk strategy (incl. risk appetite)
Risk strategy is defined to contain at least the following elements:
- Strategic, tactical and operational objectives that are pursued;
- The risk appetite in pursuit of those strategic, tactical and operational 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 EB and the SB (see chapter 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 RM organisation and the structure of the Risk committees (see chapter Risk governance).

Systems and data
Systems and data support the RM 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 RM process by giving guidance to and insights into the key risk indicators, risk tolerance levels, boundaries and actions, and remediation plans to mitigate risks (see chapter Systems and data).

Risk policies and procedures:
Risk policies and procedures contain at least:
- 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 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 one or more policies or procedures that explicates how risks are identified, measured and controlled within a.s.r. (see chapter 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 emphasises the human side of RM. The EB 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 Risk culture).

Risk management process
The RM 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 RM framework. At a.s.r., the RM 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 Risk Management process).

B.3.1.1 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 EB and the SB.

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 a.s.r. risk committee and approved by the SB.

The statements are evaluated yearly to maintain alignment with the strategy. The NFR statements have been strengthened in 2022, but not materially changed. FR statements have not been changed at a.s.r. group level.

Risk appetite statement ASR Nederland N.V. 2022

1	ASR Nederland N.V. places long-term value creation at the forefront of its (strategic) operations and ensures that all stakeholders' interests are met in a balanced and sustainable way.	NFR
2	ASR Nederland N.V. acts in a sustainable and (socially) responsible manner.	NFR
3	ASR Nederland N.V. focuses on customer and has effective and controlled (business) processes, whereby the customer data quality is in order.	NFR
4	ASR Nederland N.V. has reliable financial reports, whereby IFRS and Solvency II data quality is in order.	NFR
5	ASR Nederland N.V. manages its internal and external outsourcing in a controlled and effective way.	NFR
6	ASR Nederland N.V. processes information safely (in accordance with availability, confidentiality and integrity requirements) and is cyber threat resilient.	NFR
7	ASR Nederland N.V. has controlled projects (in terms of timeliness, budget and/ or quality).	NFR
8	ASR Nederland N.V. and those working for or on behalf of a.s.r. act in accordance with applicable laws and regulations, self-regulation, and ethical and internal standards. a.s.r. meets the legitimate expectations and interests of its stakeholders and puts the customer's interests at the heart of its proposition. a.s.r. therefore provides products and services that are cost-efficient, useful, safe and understandable for customers, distribution partners, society and a.s.r. itself. Acting with integrity protects and strengthens a.s.r.'s reputation.	NFR
9	ASR Nederland N.V. has a minimum SCR ratio of 120%.	FR
10	ASR Nederland N.V. remains within the bandwidth of periodically reassessed market risk budgets.	FR
11	ASR Group (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.	FR
12	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
13	ASR Nederland N.V. has a maximum financial leverage ratio of 40%. Financial leverage ratio = Debt / (Debt + Equity).	FR
14	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
15	ASR Nederland N.V. has a minimum interest coverage ratio of between 4 and 8. Interest coverage ratio = EBIT operational / interest expense.	FR
16	a. ASR Nederland N.V. is capable of releasing liquidities worth up to € 1 billion over a 1-month period following stress. b. ASR Nederland N.V. remains capable of meeting its collateral requirements in the event of an (instant) increase of 3% interest rate.	FR
17	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
18	ASR Nederland N.V. (excl. ASR Ziektekosten) has a maximum combined ratio of 99%.	FR
19	ASR Nederland N.V. has a total SCR 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, measuring 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. The main strategic risks are translated into 'risk priorities' and 'emerging risks' at group level and are monitored throughout the year. Important changes in risk priorities and emerging risks are reported to the a.s.r. risk committee and the Audit & Risk Committee. 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.

B.3.1.2 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 EB 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		
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 EB and can escalate to the chairman of the Audit & Risk Committee of the SB. 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
GRM is responsible for the execution of the RM function (RMF) and the Actuarial Function (AF).
The department is led by the CRO, which is also the RMF holder. GRM consists of the following sub-departments:
- Enterprise Risk Management;
- Financial Risk Management;
- Model Validation.

As of 1 January 2023, Business Risk Management (BRM) will be hierarchically part of GRM. An important goal for this change is to realise a future proof and efficient RM organisation (regarding the organisation, processes and the execution of non financial risk management) taking into account the impact of the intended acquisition of Aegon Nederland. For the implementation a maximum period of 2-3 years is expected.

Enterprise Risk Management
Enterprise Risk Management (ERM) is responsible for second-line strategic and operational (including IT) RM and the enhancement of the risk awareness for a.s.r. and its subsidiaries. The responsibilities of ERM include the development of risk policies and procedures, the annual review and update of the risk strategy (risk appetite), the coordination of the SRA process leading to the risk priorities and emerging risks 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 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 RM and supports both the AF and RMF. An important task of FRM is to be the countervailing power to the EB 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. 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. Other responsibilities of financial RM are e.g. monitoring Solvency II compliancy (e.g. changes in Solvency II regulation), updating policies on valuation and risk, activities related to the DNB (National Supervisor), assessment of the ORSA (financial parts), assessment of strategic initiatives.

Model Validation
Model Validation (MV) is responsible for performing validation activities or having them carried out in accordance with the drawn up annual model validation plan. MV is responsible for supervising compliance with the model validation policy, discussing and challenging the (draft) validation reports and advising the Model Committee. The MV is a separate sub-department within GRM. The MV is part of the RMF and operates independent of the AF.

Compliance
Compliance is responsible for the execution of the compliance function. An important task of Compliance is to be the countervailing power to the EB and other management in managing compliance risks for a.s.r.

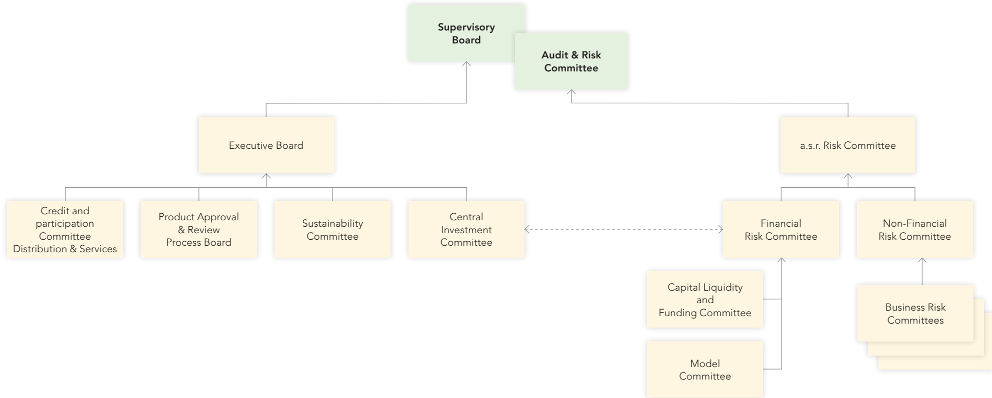
and its subsidiaries. The mission of the compliance function is to enhance and ensure a controlled and sound business operation.

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 formulating policies. Compliance supports the first line in the identification of compliance risks and assesses the effectiveness of RM on which Compliance reports to the relevant risk committees. In doing so, Compliance uses a compliance risk and monitoring framework. In line with RM, Compliance also creates further awareness to comply with the rules and desired ethical behavior. Compliance coordinates interaction with regulators in order to maintain effective and transparent relationships with those authorities.

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 EB 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 optimise 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 SB to the AGM to appoint the independent external auditor;
- The performance of the audit function, compliance function, the AF and the RMF;
- Compliance with rules and regulations; and
- The financial position.

The Audit & Risk Committee has three members of the SB, one of whom acts as the chairman.

a.s.r. risk committee
The a.s.r. risk committee monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the a.s.r. risk committee determines the risk appetite statements, limits and targets for a.s.r. This relates to the overall a.s.r. risk appetite and the subdivision of risk appetite by financial and non-financial risks. The risk appetite is then submitted to the a.s.r. Audit & Risk Committee, which advises the SB on the approval of the risk appetite. The a.s.r. risk committee also monitors the progress made in managing risks included in the risk priorities and emerging risks of the EB.

All members of the EB participate in the a.s.r. risk committee, which is chaired by the CEO. The involvement of the EB ensures that risk decisions are being addressed at the appropriate level within the organisation. In addition to the EB, the Key Functions (Risk management, Compliance, Internal audit, Actuarial function) are members of the Committee.

Non-Financial Risk Committee
The Non-Financial Risk Committee (NFRC) discusses, advises and decides upon non-financial risk policies. The most relevant non-financial risk policies are approved by the a.s.r. risk committee. 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 a.s.r. risk committee. The NFRC is chaired by a member of the EB.

Financial Risk Committee
The Financial Risk Committee (FRC) discusses, advises and decides upon financial risk policies. The most relevant financial risk policies are approved by the a.s.r. risk committee. The FRC monitors that 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 NFR takes mitigating actions. The FRC reports to the a.s.r. risk committee. 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 Committee
The model committee (MC) 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 MC receives all required information for the validation of models (e.g. model documentation and validation reports) prepared by Model Validation (MV) that assures the quality of the validation process. The chairman of the MC is the Director of Finance, Risk and Performance Management (FRPM).

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 EB. 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 for our clients. 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 PARP as a result of product reviews. The PARP Board is chaired by the managing Director of the business line Health.

B.3.1.3 **Systems and data**
GRC tooling is implemented to support the RM 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

Adherence to this policy is ensured by the three lines of defence risk governance model. With a new Central Data Office and a Data Quality Improvement Programme, additional measures are taken to increase maturity in data management practices.

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 market standards, like ISO 2700x, COBIT 2019, NIST Cybersecurity framework, SOC2 principles, PCI DSS, COSO, BS 25999, ISO 31000, ITIL. These standards describes best practices for the implementation of information security.

There are technical solutions for accomplishing this, by enforcing a layered approach (defence-in-depth) of technical measures to avoid unauthorised persons to compromise a.s.r. 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. On top of technical measures a.s.r. implemented physical measures and measures that help create the desired level of awareness of personnel as part of the information security environment. The resilience of these measures is actively tested.

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 information 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 RM.

B.3.1.4 **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 GRM 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. a.s.r. has drawn up an integrated policy calendar which includes all risk related documents. This guarantees that policies are drawn up and reassessed in a timely manner and that tasks and responsibilities are clear.

B.3.1.5 **Risk culture**

Risk awareness is a vital component of building a sound risk culture within a.s.r. that emphasises the human aspect in the management of risks. In addition to gaining sufficient knowledge, skills, capabilities and experience in RM, it is essential that an organisation enables objective and transparent risk reporting in order to manage them more effectively.

The EB clearly recognises the importance of RM 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 solemn affirmation 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) and Compliance are positioned as such, that they can communicate and report on risks independently and transparently, which also contributes to creating a proper risk culture.

B.3.1.6 **Risk management process**

The RM 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, tactical and operational 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

1 Based on COSO ERM en ISO 31000.

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)
- Portfolio analysis

Managing
Typically, there are four 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.

RM 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 RM 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 RM strategies. On the other hand, the RM framework (including the risk management processes) is evaluated by the RM function, in order to continuously improve the effectiveness of the RM framework as a whole.

B.3.2 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. In addition, a.s.r. recognises sustainability risks arising from environmental, social or governance (ESG) events or conditions. These risks can be financial and non-financial and can be both strategic and operational. This means that all six main risk categories that a.s.r. recognises can be affected by sustainability risks. In chapter 4.9.2 Climate change a.s.r. briefly describes how a.s.r. identifies, measures and manages climate risks and opportunities for its business.

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 risks:
- 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:
- Sustainability
- 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:
- Macro-economic
- Climate change and energy transition
- Cyber security
- Pandemics
- Regulation
- Biodiversity
- Social tensions
- Geopolitical instability

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.

B.3.3 Climate change
In addition to the six main categories, a.s.r. recognises sustainability risks arising from environmental, social or governance (ESG) events or conditions. These risks can be financial and non-financial and can be both strategic and operational. This means that all six main risk categories that a.s.r. recognises can be affected by sustainability risks.

Climate-related risks are divided into physical, transition and reputational risks. Physical risks arise from more frequent and severe climate events. Physical risks can be acute, such as extreme weather events, or chronic when they arise from gradual changes such as water shortages or rising temperatures. Transitions risks result from the process of adjustment towards a climate-neutral society. The failure to appropriately address these adjustments can result in reputational risk.

Physical risks are mainly associated with the Non-life portfolio. With life and health insurance, the impact is mainly in the longer term and not quantified in the ORSA horizon of 5 years. Transition risks apply in particular to investments and financing. The ORSA assesses the overall solvency needs of a.s.r. in the context of the strategic plans making allowance for the current and expected solvency positions, the risk appetite and solvency targets. The scenario analysis for transition risks is performed by considering the proposal from the SAA 2021 also under the three climate scenarios. The dynamically managed market risk budgets are resilient to the climate impact with regard to the development of the SII ratio over the coming 20 years. Physical risks (a major storm and major flood) are assessed in the ORSA combined business scenario's for the Non-life portfolio.

Overall, climate risks as a result of climate change and the energy transition are incorporated into a.s.r.'s risk appetite and part of the regular risk management processes such as the annual group-wide SRA process. Material climate risks identified in the SRA process, including storms and floods, are incorporated into the scenario analysis of the Own Risk and Solvency Assessment (ORSA) and quantified by the business actuary teams.

Technical provisions
The net impact of climate change on the current Solvency II Technical Provisions or SCR estimation is considered to be limited. A qualitative assessment has been performed in 2022 by the Actuarial Function and discussed with the product lines. For the Life and Pension business the impact of climate change on life expectancy is considered to be limited. Increased inflation caused by social or geopolitical factors is adequately valued in the liabilities. The Non-life business is characterised by a short contract boundary, most premiums can therefore yearly be adjusted to the gradually impact of climate change.

The Group Business Actuary performed a portfolio assessment of the impact of sustainability factors (ESG). Bases on the portfolio characteristics and product features the potential adverse effect on the value of liabilities has been assessed.

Based on both the assessments a.s.r. does not consider ESG to have impact on the method or results of current Solvency II Technical Provisions or SCR estimation. The ESG risks are expected to be within the limits of the Solvency II Capital Requirement. In addition an assessment of the impact of sustainability factors to the prudential risks has been started in 2022. This will be finalised in 2023 and embedded in the regular risk management cycle. So far this analysis confirms the limited net impact.

Reference is made to chapter 4.9.2 Climate change of the Annual report of a.s.r. for more information how a.s.r. identifies, measures and manages climate risks and opportunities for its business.

B.4 **Internal control system**

Within a.s.r., internal control is defined as the processes, affected by the board of directors, senior management, and other personnel within the organisation, implemented to obtain a reasonable level of certainty with regard to achieving the following objectives:

- High-level goals, aligned with and supporting the organisation's mission
- Effective and efficient use of resources
- Reliability of operational and financial reporting
- Compliance with applicable laws regulations and ethical standards
- Safeguarding of company assets

B.4.1 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.

B.4.1.1 **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 process of strategic risk analysis (SRA) is designed to identify, measure, manage, monitor, report and evaluate those risks that are of strategic importance to a.s.r.:

Identifying

Through the SRA 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 priorities' and 'emerging risks', in which the most significant risks for a.s.r. are represented.

Measuring

Through the SRA 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 is used to gain additional insights into the likelihood and impact. One single risk priority can take multiple risks into account. In this manner, the risk priorities 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 SRA 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 in the a.s.r. risk committee and the Audit & Risk Committee. At the level of the product lines, risks are discussed in the BRC's.

Evaluating

Insights regarding likelihood and impact are evaluated against solvency targets in the SRA process. Based on this evaluation, conclusions are formulated regarding the adequacy of solvency objectives at group and individual legal entity level.

Climate change

One of the areas within Strategic Risk Management concerns climate change. For a.s.r., climate change is a direct and indirect risk, both to its assets and liabilities. In chapter 4.7.3 Identified risks of the Annual report of a.s.r. and 4.9.2 Climate change of the Annual report of a.s.r., the relevant climate related risks for a.s.r. are discussed including how these risks are managed. Climate change related risks have had no direct impact on the valuation in the current accounting and disclosures of a.s.r.'s assets and liabilities.

B.4.1.2 **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, prioritization 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, outsourcing, project, reporting 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 IT systems, Information Security Analyses (DIVA – Dienstverlening en 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). A more effective and efficient approach to managing risks is required driven by increased complexity of processes, data processing and the need for a timely and accurate view on the risk profile. a.s.r. is therefore in the process of shifting towards a more automated approach to manage risks, for example automated controls and data analysis.

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 auditing 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 a.s.r. risk committee.

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 confidentiality, integrity and availability of ICT, including End User Computations. The logical access control for key systems used in the financial reporting process remains a high priority in order to enhance the integrity of applications and data. The logical access control procedures also prevents fraud by improving segregation of duties and by offsetting current and desired access levels within the systems and applications. Proper understanding of information, security and cyber risks is essential and the reason for which continuous actions are carried out to create awareness among employees. All of a.s.r.'s security measures are tested periodically. To increase cyberresilience, a.s.r. is participating in de DNB Threat Intel Based Ethical Red Teaming exercise.

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 resume its daily business with limited interruptions 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. The factors that can threaten the availability of those tools necessary for the critical processes are identified in the Threat Analysis.

a.s.r. defines a crisis as: one or more business lines are (in danger of being) disrupted in their operations, due to a calamity, or when there is a reputational threat. In order to manage the crisis, and to be able to react timely, efficiently and effectively, a.s.r. has set up a crisis organisation.

There is a central crisis team led by a member of the board. Each business line has their own crisis team led by the director of the business line. The continuity of activities and the systems supporting critical activities are regularly tested and crisis teams are trained annually. The objective of the training is to give the teams insights in how they function during emergencies and to help them perform their duties more effectively during such situations. Some important training scenarios used are scenarios that include cyber threats.

Preparatory Crisis Plan
On 1 January 2019 Dutch 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. In 2021 a.s.r. established its Preparatory Crisis Plan. a.s.r.'s Preparatory Crisis Plan helps to be prepared and supports the organisation in various scenarios of extreme financial stress. The Preparatory Crisis Plan describes and quantifies the measures that can be applied to handle a crisis situation and to resume business. 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 clients and operational effects are also assessed. The main purpose of the Preparatory Crisis Plan is to increase the chances of early intervention in the event of a financial crisis situation and to further guarantee that the interest of clients 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. Two times a year a model inventory is performed by the productlines to determine if and when a model (re)validation is required. Triggers for model (re)validation are diverse, e.g. regulation, conversions, analysis of change. 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). The model inventories are discussed in the Model Committee.

In the pursuit of reasonable assurance, model risk is mitigated and unacceptable deviations are avoided, against acceptable costs.

B.4.2 Compliance function

The Compliance department (Compliance) is a centralised function within a.s.r., headed by the compliance manager for both a.s.r. and the supervised entities. Being part of the second line of defence, Compliance is considered a key function in line with the Solvency II regulation. The CEO bears ultimate responsibility and the compliance manager has a direct reporting line and access to the CEO.

To enhance and ensure a sound and controlled business operation, Compliance is responsible for:

- Encouraging compliance with relevant legislation and regulations, self-regulation, ethical standards and the internal standards derived from them (the rules), by providing advice and stipulating policies;
- Monitoring compliance with the rules;
- Monitoring management of compliance risks by further developing adequate compliance risk management, including, where necessary, advising on business measures and actions;
- Creating awareness of the need to comply with the rules and desired ethical behaviour;
- Coordinating interaction with regulators in order to maintain effective and transparent relationships.

The compliance manager also has an escalation line to the chair of the A&RC and/or the chair of the SB in order to safeguard the independent position of the compliance function and to allow it to operate autonomously.

The compliance manager issues quarterly reports on compliance matters and on the progress made regarding advised business measures and actions at the Group level, supervised entity (OTSO) level and business line level. The quarterly report at the divisional level is discussed with the management responsible and with the relevant Business Risk committees. The quarterly report at the Group and OTSO levels is presented to and discussed with the individual members of the EB, with the Non-Financial Risk Commitee, with the Risk Committee and with the A&RC of the SB. The report is shared and discussed with Dutch Central Bank (De Nederlandsche Bank; DNB), the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten; AFM), and the internal and external auditors.

Compliance risks

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

In 2022 a.s.r. paid specific attention to:

- Customer Due Diligence (CDD);
- Privacy laws and regulations, including the GDPR. a.s.r. considers it important that personal data are handled with care. More information on this topic can be found in chapter 4.8.2 of the Annual report of a.s.r.;
- Sustainability regulation, such as the SFDR, the EU Taxonomy Regulation and the CSRD. Increasing attention has been given to sustainability and the implementation of regulations as part of the EU Green Deal. Detailed information can be found in chapter 4.9.1 of the Annual report of a.s.r.

CDD-related risks (including anti-money laundering) are relevant to a.s.r. Commissioned by the Business Executive Committee (BEC), the Central CDD Review project was launched in 2020 with the following objectives:

- Making the review results of all business units transparent through central recording;
- Strengthened continuous demonstrable compliance with the a.s.r. CDD policy;
- Implementing central management of hits on sanction and PEP-lists, monitoring and reporting, and establishing (decentralised) knowledge rules regarding the assessments to be performed;
- Establishing the processes required for this, and for governance and its implementation.

Within the investigation department, a central CDD- Ultimate Beneficial Owner (UBO) desk has been set up for the central handling of business customers (e.g. if the UBO cannot be determined automatically and in the case of hits on Politically Exposed Person (PEP) and/or sanction lists). In 2023, a.s.r. will complete the central process handling to identify UBO's. The centralised review of private relationships is also in progress. This process will be completed in 2023.

In addition, a.s.r. has set up a CDD Center that centrally manages compliance with CDD policy and reports centrally on this. The CDD Center has drawn up an action plan to further shape compliance with the relevant laws and regulations. The CDD Center uses the advice of the central desk consisting of Compliance, Investigations, Legal and representatives of the business segments.

a.s.r. monitors sound and controlled business operations, including reputational risks. The framework for monitoring and reviewing is based on the rules, regulations and standards of a.s.r. itself, including the a.s.r. code of conduct. In 2022, a.s.r. monitored compliance with e.g. the rules, regulations and policies on CDD, privacy, remuneration, the digital agenda, sustainability, the product approval and review process, handling of client requests, intra-group outsourcing, and the registration and reporting of data breaches, and the quality of information provided to customers.

In addition, a.s.r. focused in 2022 on further improving ongoing monitoring activities by reviewing the compliance risk and monitoring framework and its translation into the business units' Risk Control Matrix (RCM). Also in 2022, Compliance launched a behaviour and culture pilot on the subject of professional competence. It is the ambition of a.s.r. to increasingly integrate behaviour and culture into its monitoring surveys. Good insight into behaviour and culture, together with the analysis of process design and monitoring, provides an integral picture of the control environment. In addition, behaviour and culture influence the ethical and controlled business operations and are a deciding factor in decision-making. Thus, they become an important part of the compliance monitoring activities. Behaviour and culture studies will be part of the compliance monitoring activities and the monitoring cycle in 2023.

B.5 **Internal audit function**

The Audit Department evaluates the effectiveness of governance, risk management and internal control processes, and gives practical advice on process optimisation. This statement of duties has been set down in the Audit Charter for a.s.r. and its subsidiaries. The Audit Department reports its findings to the EB of a.s.r., to the managing boards of the legal entities and, by means of the quarterly audit management report, to the a.s.r. Risk Committee and to the Audit and Risk Committee. For Brand New Day Premiepensioeninstelling N.V., a separate Audit Charter is applicable.

The Audit Department has an independent position within a.s.r., as set down in the Audit Charter. The SB of a.s.r. guarantees Audit and its employees an independent, impartial and autonomous position in order to execute the mission of Audit. The head of the Audit Department reports to the chairman of the EB of a.s.r. and has a reporting line to the chairman of the SB of a.s.r. health basic and to the chairman of the a.s.r. Audit and Risk Committee. The Chief Audit Executive is appointed by the SB of a.s.r. In order to maintain the independence and impartiality of the internal audit function, the audit function is not influenced by the EB of a.s.r. and the managing board of a.s.r. health basic in the execution of an audit and the evaluation of and reporting on audit outcomes. The audit function is not subjected to any inappropriate influence from any other function, including the key functions.

The persons carrying out the internal audit function do not assume any responsibility for any other (key) function. The Audit Department has periodic consultations with the supervisors (DNB and AFM) to discuss the risk assessment, findings and audit plan. The Audit Department's risk assessment is performed in close consultation with the independent external auditor. The department also takes the initiative to organise a 'tripartite consultation' with DNB and the independent external auditor at least once a year. In 2022, one tripartite consultation was held.

The Audit Department sets up a multi-year audit plan based upon an extensive risk assessment. The Audit Department's risk assessment is performed in consultation with the independent external auditor. The audit plan is approved by the a.s.r. Audit and Risk Committee. At least once a year, the audit plan is evaluated and any changes to the plan must be approved by the a.s.r. Audit and Risk Committee.

All Audit officers took the oath for the financial sector and are subject to disciplinary proceedings. All Audit officers have committed themselves to the applicable code of conduct of a.s.r., follow the Code of Ethics of the Institute of Internal Auditors (IIA) and comply with the specific professional rules of the Netherlands Institute of Chartered Accountants (NBA) and the professional association for IT-auditors in the Netherlands (NOREA).

Audit applies the standards of the IIA, NBA and NOREA for the profession of internal auditing. Each year, Audit performs a self-assessment and an internal quality review and reports the results to the chairman of the board and to the members of the Audit and Risk Committee. In accordance with the standards of the IIA, an external quality review is performed every five years. During the last review in 2022, Audit was approved by the IIA and received the Institute's quality certificate.

B.6 **Actuarial function**

The Actuarial Function (AF) is one of four key functions in a.s.r.'s system of governance.

The main tasks and responsibilities of the AF are to:
- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies, underlying models and the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the risk management system.

The AF is part of the second line of defense and operates independently of both the first line (responsible for determining the technical provisions, reinsurance and underwriting), as well as the other three key functions (internal audit, risk management and compliance).

The AF for both a.s.r. and the insurance legal entities is operationally part of a.s.r. GRM. The AF is performed by persons who have profound knowledge of actuarial and financial mathematics, proportionate to the nature, scale and complexity of the risks present in a.s.r.'s businesses.

There are two function holders. One is responsible for the legal entities in the Life segment (Individual Life & Pensions and Funeral business lines) as well as for the overall Life segment of a.s.r. The other for the entities in the Non-life segment (Property & Casualty, Disability and Health business lines) as well as for the overall Non-life segment of a.s.r.

The AF function is represented in several risk committees. At least annually the AF drafts a formal report, which is discussed with the a.s.r. Risk Committee (or EB) and the a.s.r. Audit & Risk Committee.

Independence of the AF is secured through several measures:
- The AF holders are appointed and dismissed by the Board. Both the appointment and the dismissal of the holders is, together with an advice from the Audit and Risk Committee, submitted to the SB for approval;
- The AF holders have unrestricted access to all relevant information necessary for the exercise of their function;
- The AF holders have a direct reporting line to the a.s.r. Risk Committee or EB and the Audit and Risk Committee of a.s.r. The AF is free to report to one of the management or risk committees when considered necessary;
- The AF is free to report all relevant issues;
- In case of a conflict of interest with the CRO, the function holders may escalate directly to the CEO and to the Chairperson of the Audit & Risk Committee of a.s.r.;
- If the AF is asked to perform tasks that are outside the formal scope described in a charter, the function holder(s) assess if there is a conflict of interest. If so, the AF will not execute the task unless there are sufficient additional measures to mitigate conflicts of interest;
- The Internal Audit Department evaluates periodically the governance of a.s.r. including the (independent) operation of the AF;
- Target setting and assessment of the function holders is done by the CEO taking into account the opinion of the Audit & Risk Committee.

B.7 **Outsourcing**

a.s.r. has outsourced some of its (operational) activities and/or processes to external service providers, including certain critical and/or important activities that are part of material (operational) processes. Part of the outsourced activities is related to front-, mid- or back office activities of supervised entities within the group. In addition, the management and service of some supporting systems is outsourced.

When activities are outsourced, a.s.r. remains fully accountable for these activities and the processed data and a.s.r. retains full control ('volledige zeggenschap' in Dutch) over the outsourced activities. To manage the risks related to outsourcing, a.s.r. has implemented an outsourcing policy to safeguard controlled and sound business operations which ensures compliance with laws and regulatory requirements. Solid risk management, governance, monitoring and a complete overview of outsourced activities are essential to manage those risks. The outsourcing policy outlines the relevant procedures and is applicable to a.s.r. and its supervised entities. The policy is also applicable to intragroup outsourcing.

To define the respective rights and obligations, a.s.r. drafts and agrees a written outsourcing contract with the service provider. The contract includes amongst others the obligations for all parties involved, commitment to comply with applicable laws and regulatory requirements, right to audit and information security requirements.

Confidentiality, quality of service, and continuity are key for a.s.r. in carrying out its activities. To safeguard the quality of outsourced activities, service providers are carefully examined prior to selection and during the period of service provision. a.s.r. monitors compliancy with the terms of the contract and performance of the outsourced activities. The findings of the monitoring activities serve as input for the regular consultation on operational, tactical and strategic level with the service provider and in case of non-compliance immediate action is taken.

B.8 **Any other information**

Other material information about the system of governance does not apply.

C Risk profile

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 and ensuring that business targets are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met. a.s.r.'s approach to manage risks is described below.

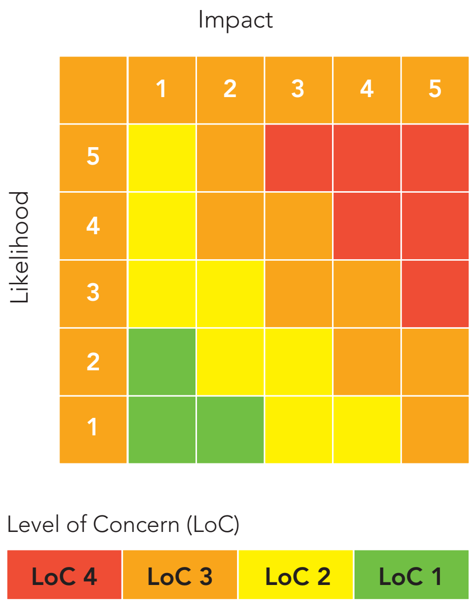
Risk governance

The risks identified are clustered into:
- Strategic risks (including emerging risks);
- Financial risks;
- Non-financial risks.

Management of strategic risks

a.s.r.'s risk priorities and emerging risks are defined annually by the Executive Board (EB), based on strategic risk analyses. a.s.r.'s risk priorities and emerging risks are defined as the main strategic risks which could materially affect its strategic, financial and non-financial targets. To gauge the degree of risk, a.s.r. uses a risk scale (see image) based on likelihood and impact (Level of Concern). For each risk priority, the degree of risk is determined for the gross and net risks. Gross risk is the degree of risk when no (control) measures are in place. Net risk is the degree of risk with mitigating (control) measures in place. Each of a.s.r.'s risk priorities has a gross and net risk Level of Concern 3 or 4, outside risk appetite boundaries. a.s.r.'s risk priorities and emerging risks are described in Strategic risks and in Emerging risks.

Risk scale



Management of financial risks

Financial risk appetite statements (RAS) are in place to manage a.s.r.'s financial risk profile within the limits; see chapter B.3.1.1. a.s.r. aims for an optimum trade-off between risk, return and capital. Steering on risk, return and capital is done by decision-making throughout the entire product cycle from the Product Approval & Review Process (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 RAS and are monitored by the Financial Risk Committee (FRC). The FRC evaluates financial risk (FR) positions against the RAS on a monthly basis. Where appropriate, a.s.r. applies additional mitigating measures. In 2022, 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, contributing to the Risk Management Framework and supporting the Risk Management Function (RMF). The AF report on these topics was discussed by the EB, FRC and A&RC.

Management of non-financial risks

Non-financial risk appetite statements (RAS) are in place to manage a.s.r.'s non financial risk profile within the limits. See chapter B.3.1.1. The non financial risk profile and internal control performance of each business line is discussed with senior management in the business risk committees each quarter. The Non-Financial Risk Committee (NFRC) monitors and discusses on a quarterly basis whether non-financial risks (NFR) are adequately managed. Should the risk profile exceed the risk appetite, the NFRC will decide on the steps to be taken. a.s.r. employees gain risk management knowledge and skills through the implementation of risk management policies, procedures and practices and the execution and testing of controls within business processes for sound and controlled business operations. Training courses that cover the main risk-related topics, presentations, workshops, gamification and the use of governance, risk & compliance tooling also contribute to this. Courses include, for example sustainability risk and more specifically Environmental, Social, and Governance (ESG) factors to better understand and identify material risks. In addition, risk management employees keep their knowledge and skills up to date through training courses - including in the context of permanent education - that cover specific risk-related topics.

Risk appetite

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

According to the annual risk management cycle in 2022, to ensure alignment with a.s.r.'s (risk) strategy, the RAS and RAS limits were evaluated and updated by the EB and approved by the SB. The RAS of a.s.r. can be found in chapter B.3.1.1.

Identified risks

The risks identified are clustered into:
- Strategic risks (including emerging risks);
- Financial risks;
- Non-financial risks.

Strategic risks

In 2022, a.s.r.'s risk priorities were:

- Interest rates and inflation;
- Climate change and energy transition;
- Cyber- and information security;
- COVID-19/ pandemics;
- Impact of supervision, legislation and regulations and juridification of society.

Interest rate and high inflation

The past decade was characterised by many years of stable inflation and low interest rates, well below long-term equilibrium levels. Following very high inflation, we saw a significant rise in interest rates in 2022. Looking ahead, the current situation may continue (stagflation). However, the possibility of the economy going into recession and interest rates falling cannot be ruled out.

According to economic theory, high inflation is linked to high interest rates - at least in the medium term. Depending on the positioning of the interest rate hedge and inflation hedge, the adverse effect of high inflation (higher indexation of benefits and increase in wage costs) is offset by higher interest rates (lower Ultimate Forward Rate (UFR) drag). A rise in interest rates also leads to increasing liquidity needs for collateral of the interest rate derivatives. If the interest rate development lags behind expected inflation, this may have a negative effect on balance. A fall in interest rates can also be detrimental to the solvency.

a.s.r. monitors and assesses relevant developments for possible risks, and implements appropriate control measures.

In the annual SAA study, a.s.r. examines several possible economic scenarios, including stagflation. In the interim, follow-up analyses can be carried out. If necessary, this results in adjustments in the investment policy, in order to reduce solvency risks.

Depending on economic developments, interest rate and inflation hedges will be adjusted, taking into account the indirect effects from other asset classes.

Depending on the level and duration of inflation - and thus the impact on a.s.r. due to, amongother things, higher claims costs - possible premium increases will be implemented to offset inflation.

Climate change and energy transition

Climate change and energy transition affect insurable risks and investments. a.s.r. wants to minimise its negative impact on the climate and, where possible, make a positive contribution to climate mitigation and adaptation through its investments, products and services.

Climate-related risks are divided into physical, transition and reputational risks. Physical risks can be acute, such as extreme weather events, or chronic when they arise from gradual changes such as water shortages, rising temperatures or rising sea levels. Chronic climate change could lead to biodiversity loss. The Netherlands is also experiencing greater variations in weather patterns and climatic changes. The transition to a climate-neutral society involves changes in legislation and regulations, adapted supervision, technological developments, market changes and changes in consumer preferences/needs.

a.s.r. monitors and assesses relevant developments for possible risks, and implements appropriate control measures.

Developments from climate change are taken into account in the products and services that a.s.r. develops and offers. Examples include offering flood cover, the sustainability mortgage and offering sustainable damage repair. To mitigate transition risks, a.s.r. cooperates with several research institutes, reinsurers and other insurers and knowledge holders to gain as much knowledge as possible about the new technologies. These cooperations enable a.s.r. to determine the right price and conditions to insure these risks in a responsible manner.

a.s.r. expresses a clear ambition in the field of sustainability, partly to comply with the Paris Agreement (to which a.s.r. committed in 2015). a.s.r. also supports the energy transition through impact investments in, for example, wind and solar farms and a strict Socially Responsible Investment (SRI) policy to reduce CO2-eq emissions in the investment portfolio. In addition, a.s.r. has joined the Net Zero Insurance Alliance (NZIA), committing to a climate-neutral insurance portfolio by 2050. In 2023, a.s.r. will develop shorter-term targets (2030) in this context. In terms of investments, a.s.r. has also committed to net-zero by 2050.

Finally, a.s.r. also encourages its (potential) customers to take preventive measures to avoid climate damage and/or save energy. Business customers can obtain advice through a risk inspection. For individuals, a.s.r. has the digital Sustainable Living platform. For this a.s.r. works with PorteRenee.nl to get (potential) customers to make their homes more sustainable and save energy.

To adequately address mitigation and adaptation of climate risks, a.s.r. will continuously strengthen its policies and measures.

Cyber and information security

Technological development results inopportunities and threats through ongoing digitisation and automation at both a.s.r., its IT suppliers, and its customers. IT risks related to cyber, information security, IT outsourcing and data are persistently high, due to a constant threat from cyber criminals and the visible growth of ransomware attacks. In addition, the use of IT outsourcing (including the use of cloud services), the growing volume of (sensitive) data, the increased use of new applications for digitisation (including the use of data) and automation, increases the importance of IT risk management. Geopolitical tensions are not yet leading to visibly increased criminal activity but are a reason to remain highly vigilant. systems and/or unwanted human actions. Cyber risks increase when IT systems are not secured adequately or unwanted because of the human factor.

a.s.r. monitors and assesses relevant developments of these risks and implements appropriate control measures both internally and at its suppliers.

a.s.r. has implemented a system of measures based on international standards. a.s.r. actively monitors the threat landscape and invests in prevention, detection and response skills and technology to strengthen its cyber resilience so that customers can continue to rely on a.s.r.'s secure digital services. If a.s.r. is hit by a serious comprehensive ransomware attack, only an 'offline backup' can restore business continuity. Due to the time required to investigate the cause of the cyber attack and the time required, the impact is still very high. a.s.r. is taking several other measures, including an information security awareness programme, to improve employee awareness and behaviour towards information security. Specific tooling is used to increase the necessary mindset and skillset, such as Gamification and phishing campaigns.

a.s.r. is actively involved in partnerships with financial institutions and public governing bodies, such as the National Cyber Security Centre, Digital Trust Center, Insurance-ISAC, Insurance-CERT, and the DNB Threat Intel Based Ethical Red-team programme (TIBER-NL). The aim is to share information to improve the financial sector's resilience to cyber risks. Being cyber resilient is important for a.s.r. as it contributes to its customer-oriented strategy. Customer trust is a great asset in this regard, and cyber resilience contributes to this.

a.s.r. informs those affected in case of high risks and/or possible consequences and when those affected are required to take measures to mitigate risks.

COVID-19/repeated pandemics

The impact of the corona pandemic on a.s.r.'s strategic objectives, operational processes and financial performance has proved to be limited. The course of a pandemic and the (long-term) consequences on society, the economy and a.s.r. are inherently uncertain and potentially large.

There is a risk that society will face new impactful global infectious diseases in the future. Possible causes include population growth, changes in food systems, environmental degradation and increasingly frequent contact between humans and disease-carrying animals. Illness and government measures can affect a.s.r.'s strategic objectives and operational processes. The potential impact on financial markets could affect a.s.r.'s financial performance.

a.s.r. monitors and assesses relevant developments for possible risks, and implements appropriate control measures.

Key control measures in place at a.s.r. to mitigate risks are:

- a.s.r. has developed policies, provisions, measures and steering information to manage the impact of the corona crisis and is closely monitoring the development of the current pandemic. These resources and the lessons learned from the corona crisis at a.s.r. provide input for managing the impact of any new pandemic. A crisis organisation has been set up within a.s.r. which will be activated when necessary.
- a.s.r. contributes to the government's approach by following basic measures to prevent any crisis spreading. In a broader sense, strategic developments such as continuously strengthening the physical and mental fitness of employees and encouraging exercise and a healthy lifestyle among customers/ employees (a.s.r. Vitality) contribute to increasing the resilience of a.s.r. and its environment.

Impact of supervision, legislation and regulations, and juridification of society
Legislation and regulations, including Solvency II, IFRS, sustainability (ESG), GDPRCustomer Due Diligence (CDD), General Data Protection Regulation (GDPR), and sanctions legislation and regulations, are increasing, as well as their complexity and amendments to them. A large amount of new regulations, as announced under the EU Sustainable Financial Regulations (SFR), need to be interpreted and implemented within a short period of time. The field of cyber/information security has seen an increase in legislation and regulations, such as the European AI Regulation, the Digital Markets Act and the Data Act, Cyber Resilience Act and requirements from the new Corporate Governance Code regarding the role of directors in cybersecurity measures. At the same time, not all regulations are final at this point. Related developments, such as the Solvency II review and the UFR, affect a.s.r.'s capital requirement and solvency. The implementation and continuous tightening of (additional) control measures to comply with legislation and regulations leads to an increase in required capital.

Another dimension is the impact of possible political choices such as government intervention in the social insurance and pension system. This may have an impact on a.s.r.'s strategic direction and products as an insurer. Among other things, these developments lead to more personal responsibility and choices for citizens. This places heavier demands on providers to support and guide their customers in this respect (digitally).

There is also an ongoing focus by regulators, government and society on privacy, the use of data and the gate keeper function of the financial sector in the battle against money laundering, terrorist financing and tax evasion, among others. This is characterised by more data-driven and rule-based supervision and stricter requirements for demonstrable (non-)financial risk management. Another aspect of this risk is the juridification of society. One example is the introduction of legislation in the field of settlement of large-scale losses in class actions and uncertainty about the outcome of legal disputes at a.s.r. and other market participants.

a.s.r. monitors and assesses relevant developments for possible risks, and implements appropriate control measures.

On key themes, programmes and/or projects are set up to ensure sound implementation, such as the implementation of sustainability (ESG) legislation and regulations. Depending on the consequences of legislation and regulations, supervisory climate and juridification of society - and thus the impact on a.s.r. through, among other things, higher internal costs - possible premium increases will be implemented to offset these consequences.

CDD
CDD risk (including anti-money laundering) remains relevant for a.s.r. in order to guarantee sound and controlled business operations. To mitigate the risks of non-compliance relating to CDD, a.s.r. centralised a major part of its CDD screening and tooling. a.s.r. has set up a CDD Center that centrally manages compliance with CDD policy and reports centrally on this. The CDD Center has drawn up an action plan to further shape compliance with the relevant laws and regulations. The CDD Center uses the advice of the central CDD desk consisting of Compliance, Investigations, Legal and representatives of the business segments.

In response to Russia's invasion of Ukraine, a large number of natural persons, legal entities and institutions have been placed on EU sanctions lists since 23 February 2022 through various sanctions packages. The business units are immediately notified of new additions to the sanctions lists, which require immediate additional screening. In addition to continuous screening, all business units have been asked to carry out additional checks on client portfolios, including those that are clients of a.s.r. through intermediaries or agents. Agents have been reminded to be extra vigilant.

As a result, Compliance notified supervisory authorities of 10 business relations (companies) in which (sometimes several) UBOs produced a hit on the sanctions lists (total of 26). In all cases it concerns hits on regulations dating after 23 February 2022. Immediately after the discovery of a (possible) hit, the business relations were frozen. In the case of several 'hits', it was decided to part company relations (implementation of exit policy). In some cases, in collaboration with a legal advisor, it was assessed whether sufficient guarantees could be received from the business relations in question that the relationship could be continued. The aim is to establish that no funds flow from a.s.r.'s business client to a sanctioned UBO(s) and that adequate organisational measures are in place to prevent the sanctioned UBO(s) from having or exercising control.

IFRS 17/9
In June 2020, the International Accounting Standards Board (IASB) published the revised International Financial Reporting Standard 17 (IFRS 17) which was endorsed by the EU and will be effective from 1 January 2023. 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 will have a major impact on accounting

for 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 in 2023. Since 2017, a.s.r. has had an internal programme in place to prepare for the implementation of IFRS 17 and IFRS 9 throughout the Group. In 2022, the programme IFRS 17 and IFRS 9 entered its final implementation phase. Systems were brought into production or are being further improved. The opening balance sheet and comparative figures 2022 have been prepared and analysed and included in the audit process. a.s.r. expects all systems, processes and the control environment to be implemented before the end of 2023. The presented condensed opening balance sheet and related disclosures in these consolidated financial statements 2022 are provisional. Since implementation has not been finalised some uncertainties have been identified. IIFRS 17 and IFRS 9 had a major impact on the Group's primary financial processing and reporting and had significant effect on financial statements and related KPIs. Finance, Risk, Audit and the business segments have all been given due attention in the programmes due to the need to develop an integrated vision. For more information, see chapter 6.3.3 of the Annual report of a.s.r.

Solvency II

The Solvency II Directive came into force on 1 January 2016 and provided for two review clauses in its texts, a review in 2018 and a review in 2020. As part of the 2020 review, the European Commission (EC), the European Council and the European Parliament all published draft amendments to the Directive. Changes to the Solvency II Delegated Regulations are also in scope. The proposed amendments consist of various changes to the Solvency II framework, affecting most notably the liability discount curve, the risk margin and the volatility adjustment (VA). The trialogue negotiations (EC, Council and Parliament) will start in 2023. The implementation date is not yet known, but will probably not be before 1 January 2025. Some measures could include a phase-in period.

Sustainability Regulation

The Group has become subject to increasing sustainability regulations, such as SFDR, and to the EU Taxonomy Regulation, which is intended to facilitate sustainable investment. The EU Taxonomy Regulation will enter into force in stages and will be further developed over time. These regulations require the Group to report certain, additional information at the entity and product level. The sustainability regulations also include the amendment of existing directives and regulations such as Solvency II, IDD, and the Markets in Financial Instruments Directive (MiFID II), Alternative Investment Fund Managers Directive (AIFMD), and Benchmarks Regulation (BMR). These amendments have an impact on product development and advice, CDD, risk management, solvency requirements and the disclosure of financial products. Other European sustainability legislation has been developed as well, such as the Corporate Sustainability Reporting Directive (CSRD) and draft Corporate Sustainability Due Diligence Directive (CSDDD). The CSRD will require the Group to disclose information on how it operates and manages social and environmental challenges. The main elements of the CSDDD are identifying, bringing to an end, preventing, mitigating and accounting for negative human rights and environmental impacts in the company's own operations, their subsidiaries and their value chains. The developments in sustainability regulations and the impact of these developments on a.s.r. are continuously monitored.

See chapter 4.9 of the Annual report of a.s.r. for more detailed information on climate-related risks and opportunities, and Emerging risks.

Unit linked insurance

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 varied. Since 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 judgement, 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 instituted against a.s.r. could be substantial for a.s.r.'s life insurance business and have a potential materially adverse effect on a.s.r.'s financial position, business, reputation, revenues, operating results, solvency, financial condition and/or prospects.

Regarding the investment insurance dossier, we can report that in an ongoing class action between a claims organisation and another Dutch insurer, questions for a preliminary ruling were referred tothe Supreme Court by the Court of Appeal of The Hague in Q1 2021. In its ruling of 1 February 2022, the Supreme Court answered these questions. The preliminary conclusion is that this ruling does not significantly advance the investment insurance dossier or parties involved for the time being.

Emerging risks

Emerging risks are defined by a.s.r. as new or existing risks with a potentially major impact, in which the level of risk is hard to define. In 2022, a.s.r.'s emerging risks were:

- Biodiversity loss and damage to natural ecosystems;
- Changes in society;
- Geopolitical instability.

Biodiversity loss and damage to natural ecosystems

Biodiversity comprises the variety of natural ecosystems that, among other things, help regulate the climate and protect against (the effects of) climate change. As a result of environmental degradation such as air, water and soil pollution and deforestation caused mainly by human action, the quality of ecosystems is deteriorating with irreparable consequences for nature, society and the economy. The effects can be divided into acute and chronic. Estimating the chronic effects and subsequent possible systemic risks is particularly challenging. Missing information on the chronic effects of disturbance in ecosystems plays a role in this context. But these effects are almost certainly negative. Examples include lower food productivity, less healthy crops (nutrient loss) or water shortages.

Biodiversity legislation is under development as a result of the agreements made at the COP15 in Montreal (December 2022). In addition, the topic of biodiversity will be increasingly prominent in questions from stakeholders, benchmarks and ratings. Within a.s.r., this mostly applies to the rural property portfolio. Steps are already being taken to encourage leaseholders to produce in more nature-friendly ways.

a.s.r. monitors and assesses relevant developments for possible risks, and implements appropriate control measures.

Developments from biodiversity loss and ecosystem damage are taken into account in the products and services that a.s.r. develops and offers. The actual impact on a.s.r.'s investments, products and services will be mapped by 2024 through application of the Taskforce on Nature-related Financial Disclosures (TNFD) framework. To identify key developments and anticipate them in a timely manner, business units of a.s.r. have formulated responsibilities in governance and participate in various collaborations with third parties.

a.s.r. is committed to making its own investment portfolio more sustainable by increasing its exposure toimpact investments. This includes investments in green and sustainable projects and businesses, including investments that have a positive impact on biodiversity. In 2020, a.s.r. signed the Finance for Biodiversity Pledge. By doing so, a.s.r. committed itself to measuring, monitoring and improving its investment impact on biodiversity in a targeted way, for example by setting targets for the end of 2024. Due in part to the limited availability of data, the further development of consistent and widely applied standards for measuring and reporting biodiversity risks is important. a.s.r. Asset Management partners with other financial institutions and shares knowledge on assessment methodologies, biodiversity-related KPIs, targets and funding approaches for creating positive impact. In addition, a.s.r. conducted several pilots with data providers to understand the impact of the investment portfolio on biodiversity. Cooperation is also being sought with research institutes to improve mapping of the impact. The investment portfolio is already being adjusted to reduce investments in polluting and vulnerable companies and increase impact investments, biodiversity being one of the focus themes in this context.

a.s.r. real estate (Real estate) focuses on making the agricultural sector more sustainable with its 'climate smart farming' strategy - which is aimed at creating a climate-robust landscape with enhanced biodiversity. One of the recent measures taken is to reward farmers who commit to sustainable farming, if they meet certain conditions. The sustainability requirements are divided into three themes: soil, biodiversity and business. Real estate is a co-initiator of the development of the Open Soil Index (openbodemindex.nl), which measures soil health and expects farmers to apply sustainable soil management. This improves soil health in and on the ground.

Together with ASN bank, Non-life (P&C) participates in Naturalis' research programme Knowledge Naturally! which focuses on increasing knowledge relating to bio-based building, housing and living to gain more knowledge on new technological developments in nature-inclusive building, housing and living. Also, Non-life, in cooperation with a.s.r. Mortgages, provides customers with advice on home biodiversity, through the Sustainable Living platform.

To continue to adequately address the mitigation and adaptation of environmental risks, a.s.r. will continuously tighten its policies and measures.

Changes in society

Society in the Netherlands has become more fragmented, polarised and individualised. Social dynamics of the changing welfare state (social system) also play a role. These circumstances divide society in people who can adapt to these changes and those who can't adapt. Causes include:

- Demographic developments including urbanisation, ageing, more singles and single-parent families and an increase in immigration. Moreover, inequality can be triggered by government intervention;
- Financial developments including increasing disparities between rich and poor resulting in greater political uncertainty, i.e. populism;
- Social developments including increasing differences between the theoretically educated and the more practically educated and changes in livelihood security through contract forms and jobs. In addition, conspiracy thinking and anti-government thinking are on the rise;
- Technological developments including automation, digitisation, big data (including artificial intelligence and machine learning), Internet of Things (IoT), new forms of mobility such as (shared) electric cars and 'pay for use' propositions.

The role insurers have in society is changing as these new developments impact the way an insurer invests, markets its products, and delivers its services. Supporting processes and technology also need adaptation to align with new demands, as well as implementing data-driven requirements needed by customers-/ and regulators in light of this changing society.

a.s.r. monitors and assesses relevant developments for possible risks and implements appropriate control measures. In doing so, a.s.r. periodically monitors the progress of claims and determines what impact a.s.r. has on the changing society through its investments, products and services. To identify key developments and anticipate them in a timely manner, business units of a.s.r. have formulated responsibilities in governance and participate in various (Alliance) collaborations.

Measures taken by a.s.r. are the continuous improvement of processes, systems, products services - including insurability and insurance rate - and data quality for data-driven applications as well as implementing technological developments including learning to use algorithms and understanding their capabilities and potential risks.

Geopolitical instability
Geopolitical tensions have risen sharply in recent years. There is a decreasing interdependence and integration in the world (deglobalisation). There are conflicts between countries which range from sanctions and protectionist measures to wars and terrorist attacks. These include, for instance, the sharply deteriorating relationship between the West and Russia and trade relations with China. These conflicts could impact, for example, energy prices, inflation and interest rates. Central bank policies and the (in)direct impact of other strategic risks, including the impact of (new) pandemics, can also bring economic uncertainty.

a.s.r. monitors and assesses relevant developments for possible risks, and implements appropriate control measures.

Financial risks
Currently, financial risks arise in particular from the war in Ukraine (see also the description under emerging risk 'Geopolitical instability'). There is high inflation that may persist for longer than initially expected. Central banks are raising interest rates to limit inflation. Lower consumer and investor confidence could hurt the real economy. Fears of a global stagflation scenario have increased.

Non-financial risks
In addition to strategic and financial risks, a.s.r. has recognised several non-financial risks. In 2022, the most relevant of these were:

- Outsourcing risk;
- Data quality;
- Agile methodologies.

Outsourcing risk
Outsourcing risk continues to be relevant for a.s.r., especially in view of cyber resilience and growing dependence on suppliers. The risks related to outsourcing are managed and reported as part of the overall operational risk profile. An outsourcing framework is in place to define responsibilities, processes, risk assessments and mandatory controls. In 2022, a.s.r. started the implementation of a database which will increase the oversight of key suppliers. In 2023, a.s.r. aims to expand the available information from this database, as well as the number of connected suppliers. The insight obtained from this database supports the implementation of regulatory developments on suppliers such as CSRD and DORA. Furthermore a.s.r. has drawn up a code of conduct to provide clarity about key principles in the field of sustainable procurement. The code of conduct will be part of contractual agreements from 2023. a.s.r. invites suppliers to work together on solutions that support sustainable business.

Data quality
Sound data quality is important for a.s.r. in relation to financial (including regulatory) reporting (SII, IFRS) and the digital transformation and ambitions it pursues. In this regard, insufficient data quality could pose a threat to the degree to which:

- Processes can be digitised;
- Operations can be made efficient;
- The front-end of business can be transformed;
- Customer and advisory relationships/connections can be enhanced.

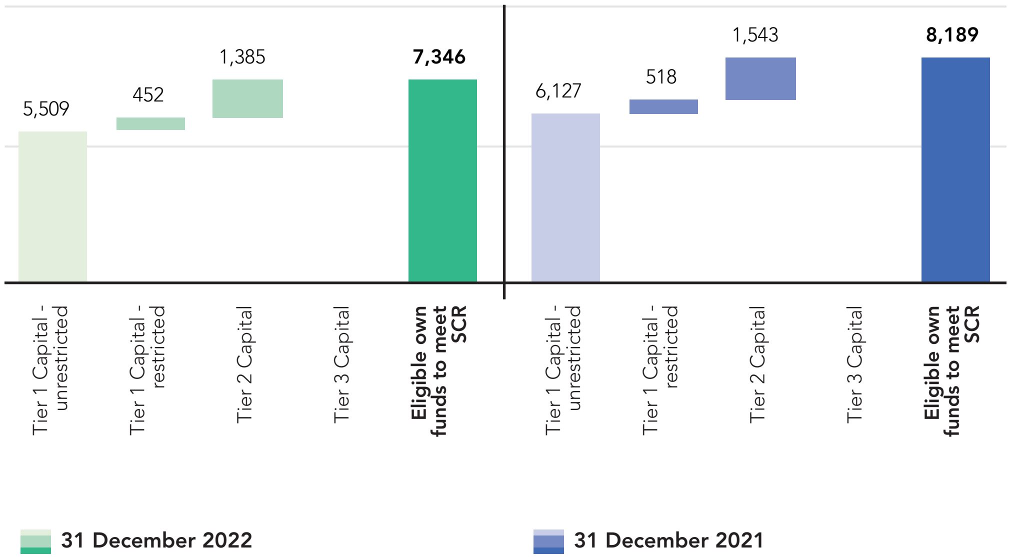
As such, a.s.r. recognises the importance of sound data quality (both financial and non-financial). To uphold the reliability and confidentiality of its data, a.s.r. has an explicit data quality policy in place defining the data quality (including control) framework and data governance. Adherence to this policy is ensured by the three lines of the defence risk governance model. With a dedicated Central Data Office and a Data Quality Improvement Programme, additional measures are taken to increase maturity in data management practices

Agile methodologies
As mentioned earlier, digitisation is an important objective for a.s.r. Agility and risk management both drive the rate of change as they coincide in digitising the customer experience. Agility breaks down complexity and delivers focus while risk reduces uncertainty and insures value. a.s.r. shifts from traditional to digital communication channels which changes risk exposure and this leads to policy realignment. On an operational level, digitisation is an enabler to reduce effort in monitoring business processes and to automate risk management controls. At a strategic level, digitisation enables data-driven insight by combining process and customer experience data. The continuous change that digitalisation brings about requires development risks to be integrated in automated pipelines in order to optimise risks without hindering the continuous delivery of business value.

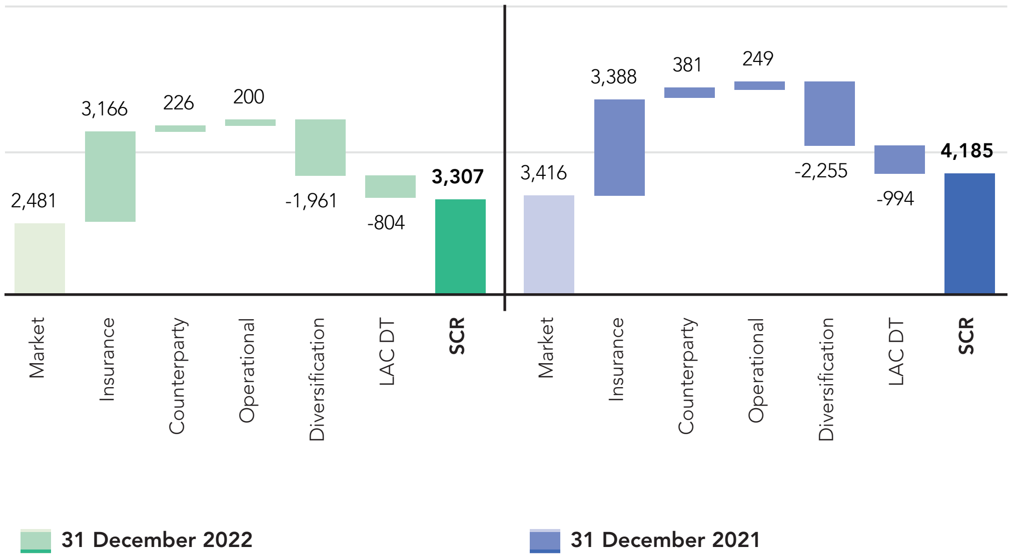
Quantitative description of a.s.r.'s risk priorities

Solvency II ratio in 2022
In 2022, the solvency ratio increased from 196% (31 December 2021) to 222% excluding financial institutions (after deduction of the proposed dividend and the proceeds of the € 0.6 billion share issue) at year end. This can be explained by the changes shown in the graph below. The Solvency II ratios presented are not final until filed with the regulators.

Eligible own funds



SCR



The eligible own funds decreased to € 7,346 million (31 December 2021: € 8,189 million). The interest and spread developments and decreasing stock markets were partially offset by organic capital creation and an increasing VA.

The required capital stood at € 3,307 million at 31 December 2022 (31 December 2021: € 4,185 million), mainly driven by the development of market risks (interest, equity and spread).

Solvency II sensitivities

The sensitivities of the solvency ratio as at 31 December 2022, 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. The sensitivities are based on the situation per 31 December 2022.

Solvency II sensitivities - market risks

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
UFR 3.2%	-4	-8	-	-1	-4	-9
Interest rate +1% (2022 incl. UFR 3.45% / 2021 incl. UFR 3.6%)	-5	-7	-3	+18	-8	+10
Interest rate -1% (2022 incl. UFR 3.45% / 2021 incl. UFR 3.6%)	+1	+7	-15	-13	-13	-7
Interest steepening +10 bps	-1	-3	-	-	-1	-3
Volatility Adjustment -10bp	-7	-9	-3	-2	-11	-10
Government spread + 50 bps / VA +10 bps (2021: VA: +11 bps)	-3	-2	-	-	-3	-2
Mortgage spread +50 bps	-8	-7	-	+1	-8	-7
Equity prices -20%	-11	-11	+15	+18	+3	+6
Property values -10%	-10	-9	+4	+4	-6	-6
Spread +75bps/ VA +18bps (2021: VA +19bps)	+10	+15	+1	+5	+11	+20
Inflation +30 bps	-2	-2	-	-1	-2	-2

Solvency II sensitivities - explanation

Risk	Scenario
Interest rate risk - UFR 3.2%	Measured as the impact of a lower UFR. For the valuation of liabilities, the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged. The impact on available capital, required capital and ratio relates to a comparison with a solvency ratio measured at a UFR of 3.45% for 2022 (3.6% for 2021).
Interest rate risk (incl. UFR 3.45%/3.6%)	Measured as the impact of a parallel 1% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR (3.45% for 2022 and 3.6% for 2021) after the last liquid point of 20 years remained unchanged.
Interest steepening	Measured as the impact of a linear steepening of the interest rate curve between 20Y and 30Y of 1 bps to 10 bps.
Volatility Adjustment	Measured as the impact of a 10 bps decrease in the Volatility Adjustment.
Government spread	Measured as the impact of an increase of spread on Government bonds of 50 bps. At the same it is assumed that the Volatility Adjustment will increase by 10 bps (2021: +11 bps).
Mortgage spread	Measured as the impact of a 50 bps increase of spreads on mortgages.
Equity risk	Measured as the impact of a 20% downward movement in equity prices.
Property risk	Measured as the impact of a 10% downward movement in the market value of real estate.
Spread risk (including impact of spread movement on VA)	Measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. At the same time, it is assumed that the Volatility Adjustment will increase by 18 bps (2021: +19bps) based on reference portfolio.
Inflation risk	Measured as the impact of a 30 bps parallel increase of the inflation rates (EUSWI-curve). The extrapolation of the UFI remains unchanged.

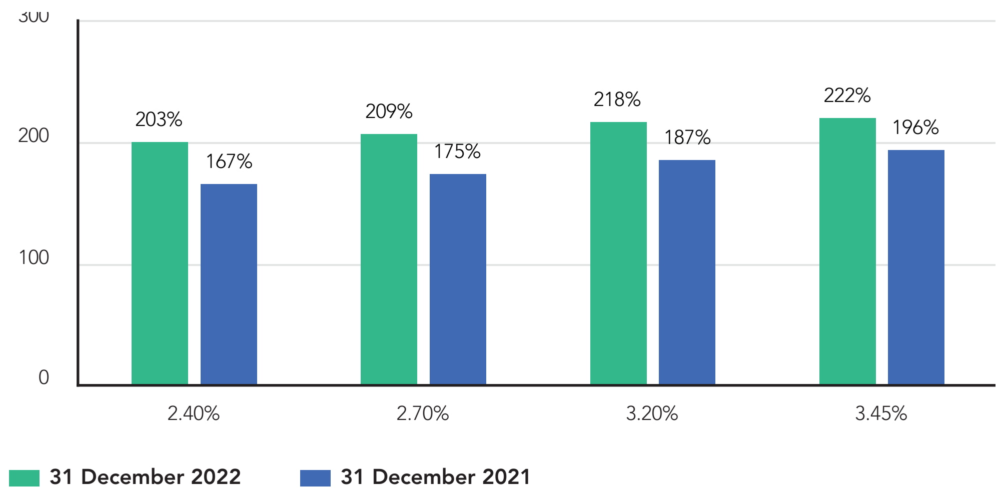
Expected development Ultimate Forward Rate

European Insurance and Occupational Pensions Authority (EIOPA) will reduce the ultimate forward rate used to extrapolate insurers' discount curves to better reflect expected inflation and real interest rates. There are various scenarios regarding lowering the Ultimate Forward Rate (UFR).

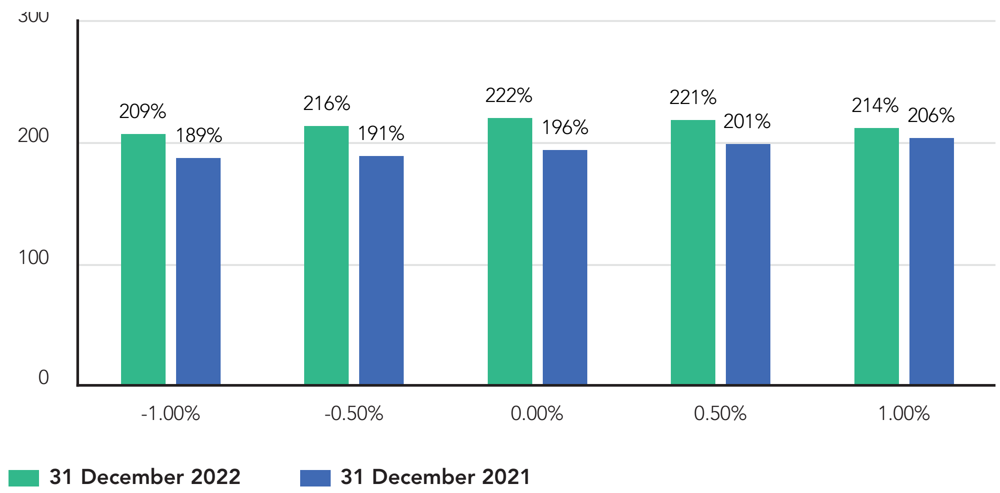
The UFR will decrease by 15 basis points per year. In 2022 the UFR was 3.45% (2021: 3.6%). After the decline of the UFR by 15 basis points the solvency ratio is still above internal solvency objectives.

Changes in the UFR have an almost linear effect on the solvency ratio. The impact on the solvency ratio of various UFR levels is stated below.

Sensitivities Solvency II ratio to UFR



Sensitivities Solvency II ratio to interest rate



Interest rate sensitivity of Solvency II ratio

The impact of the interest rate on the Solvency II ratio, including the UFR effect, is stated below. The UFR methodology has been applied to the shocked interest rate curve. The figure shows the increased impact of the interest rate sensitivity, mainly caused by a change in dominant interest rate scenario.

The impact of the interest rate sensitivity (+1%) changed, because the dominant interest rate scenario in the base scenario has become "up". In addition, the lapse risk in the Life portfolio has increased due to risen interest rates. The impact of the interest rate sensitivity (-1%) increased, because the dominant interest rate scenario changes from "up" to "down" when the interest rates fall 1%.

Equity risk

In 2022 the equity risk increased, mainly due to lower share prices which leads to a lower SCR equity risk, both driven by an decreased exposure to equities and a lower risk charge as a result of the symmetric adjustment.

Spread risk

The spread sensitivity of the solvency ratio decreased from +20% at 31 December 202 to +11% at 31 December 2022. The corporate spread widening sensitivity decreased due to higher credit spread levels.

This sensitivity is based on a scenario in which the average spread rises by 75 bps and the Volatility Adjustment (VA) rises by 18bps (19 bps at 31 December 2021). As the VA is used in the calculation of the best estimate liabilities and spread movement only has an impact on the credit portfolio and IAS19, the impact of the VA increase is bigger than the impact of the spread increase. Therefore, the solvency ratio rises in the event of an increase in the average spread.

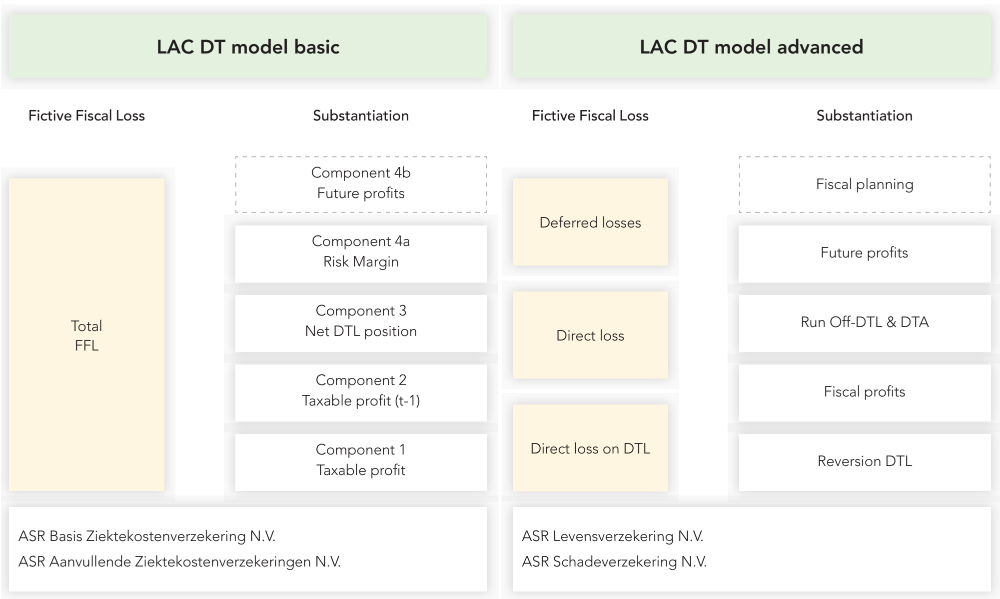
Loss Absorbing Capacity of Deferred Tax

a.s.r. uses the following methodology for the calculation of the Loss Absorbing Capacity Deferred Tax (LAC DT) benefit in euros of a.s.r. group and its separate entities.

For each separate entity an unrounded LAC DT factor is calculated. The LAC DT factor that results is the maximum factor to be used per entity. a.s.r. life and a.s.r. non-life use an advanced model, taking future fiscal profits into account. For the health entities a basic model is used. Both types of models are reviewed and properly documented. Hence usage of the models is agreed upon with DNB.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&As and IAS12) are taken into account in the development of the LAC DT methodology.

Below, an overview of the specifications of the models for all entities is presented:



In summary, the outcome of both models is an unrounded LAC DT factor for all 4 entities.

1. For the basic model of the entities a.s.r. health basic and a.s.r. health supplementary the unrounded LAC DT factor is determined based on component 1 – 3 only. Future profits and risk margin are not taken into account. For the advanced model, a.s.r. also takes into account future profits, run off of the DTL/DTA positions, and the risk margin. Fiscal planning is currently not used.
2. Moreover, an outlook is made of the underpinning of the LAC DT factor in the upcoming quarters, divided over the separate components. This outlook will take into account potential risks not yet included in the model, also called a code of conduct. This code of conduct ensures financial stability in the LAC DT benefit for a.s.r. group and its entities in euros, resulting in financial stability of the solvency position of the group and its entities.
3. The LAC DT factors and outlook are reviewed by Financial Risk Management.
4. A proposal with the advised LAC DT factors will be presented to the Financial Risk Committee (FRC). The LAC DT factors agreed with the FRC are to be applied.
5. In case all stakeholders agree on the LAC DT factors of the separate entities, the LAC DT benefit of the group in euros can be determined according to the by EIOPA prescribed formula.

To ensure a stable LAC DT factor, a code of conduct is taken into account. An increase is only possible in case it is sustainable and significant.

Loss Absorbing Capacity of Technical Provisions
Loss Absorbing Capacity of Technical Provisions (LAC TP) is the part of the technical provisions that can be used to absorb some of the SCR shock losses, as the expected future profit sharing to policyholders will be reduced if actual losses would arise. LAC TP is applicable to insurance policies with discretionary profit sharing.

C.1 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 pensions 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.

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 2022	31 December 2021
Life insurance risk	1,313	1,584
Health insurance risk	1,243	1,213
Non-life insurance risk	609	591
Total excluding diversification between insurance risks	**3,166**	**3,388**

The Life insurance risk decreased as a result of the increase of the interest rates and the development of the insured population. The Health and Non life insurance risk increased as a result of update of the non economic assumptions, acquisition of the VVT contract and the growth of the insured population.

Solvency II sensitivities

a.s.r. has assessed the impact of various sensitivities on the solvency ratio. The sensitivities as at 31 December 2022 and 2021, 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 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Expenses +10%	-6	-5	-2	-1	-8	-7
Mortality rates, all products -5%	-3	-4	-1	-	-4	-5
Lapse rates -10%	-	-	-1	-	-	-

Solvency II sensitivities - explanation

Risk	Scenario
Expense risk	Measured as the impact of a 10% increase in expense levels.
Mortality risk	Measured as the impact of a 5% decrease in all mortality rates.
Lapse risk	Measured as the risk of a 10% decrease in lapse rates.

The table above shows that the SCR sensitivities in 2022 are (almost) similar to the sensitivities of 2021. The impact on the ratio is the opposite if a reversed scenario is taken into account.

In accordance with a.s.r.'s accounting policy, the LAT is performed at the Segment Life level (for the consolidated financial statements of a.s.r.) and at that level the shadow accounting adjustments related to instruments with a revaluation reserve amount below cost that are made to the level that the LAT will not get triggered (i.e. shows a positive margin). Further details are disclosed in paragraph 6.5.15 of the Annual report.

C.1.1 Life Insurance risk

The Life portfolio can be divided into Funeral, Individual life and Pensions. 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 and used as a subset of a homogeneous risk group. The model points are sufficiently homogeneous and therefore netting between positive and negative risks 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 decrease in mortality rates is applied to (re)insurance obligations where payments are contingent on longevity risk.

The required capital is calculated as the change in own funds of a permanent decrease of mortality rates by 20%.

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. Solvency II prescribes a 35% increase in disability rates for the first year, 25% for subsequent years, combined with a decrease in recovery rates of 20%. However for the Life portfolio, disability and recovery rates are not modelled because of the limited impact and risk. Instead an experience percentage substitutes the role of these rates in the model. The disability-morbidity risk is calculated on policy level by increasing the experience percentage with 25%.

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.

Expense risk

A calculation is made of the effect on own funds of a permanent increase in costs used for determining the best estimate. For investment costs only an increase of 10% applies, since there is no inflation component in the method used to project investment costs in the best estimate liability. Both the internally and externally managed investment costs are involved in this scenario.

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

Until 31 December 2020, a.s.r. offered its employees post-employment defined benefit (DB) plans. As of 1 January 2021 a.s.r. offers its employees a defined contribution (DC) plan. This DC plan has been agreed for the period 1 January 2021 until 31 December 2025. The existing DB plan has ended and will not be renewed. The accrued pensions (until 1 January 2021) will remain guaranteed at a.s.r. life and are not transferred to the DC plan. The plan amendments are recognised directly through profit of loss.

The accrued benefits under the DB plans are insured with a.s.r. life, an insurance company within the group. Though the liability of the DB plans 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 OTSOs. No correction is made for the elimination of post-employment benefit plans for a.s.r.'s employees with a.s.r. life.

Accrued employee pensions from the old pension scheme can be indexed for the longer term. For this purpose, a.s.r. established, in agreement with the trade unions, a long-term indexation fund of € 240 million. Both the return and the investment risk is entirely for the employees. This agreement concerns old accrued pension rights and is therefore only relevant for employees who joined before 1 January 2021. Also part of the agreement is the termination of the profit-sharing scheme at the end of 2022.

The DC plan is classified as a DC plan according to IAS19 and is not accommodated in a separate entity. a.s.r. bears risks associated with death and disability and concerning the option the employees have of purchasing a guaranteed entitlement directly out of the DC. These risks are limited and will be accounted for according to IAS19.

Other information

Within a.s.r. life the longevity risk is dominant and arises from group pension business and individual annuities. The longevity risk is partly offset by mortality risk that arises from the funeral portfolio and individual policies with mortality. The other main risks a.s.r. life 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 after application of Loss Absorbing Capacity of Technical Provisions (LAC TP). The impact of LAC TP decreased in 2022 to € 49 million (2021: € 99 million).

Life insurance risk - required capital

	31 December 2022	31 December 2021
Mortality risk	216	238
Longevity risk	784	1,166
Disability-morbidity risk	18	3
Lapse risk	406	260
Expense risk	506	612
Revision risk	-	-
Catastrophe risk (subtotal)	139	76
Diversification (negative)	-756	-770
Life insurance risk	**1,313**	**1,584**

The decrease of the required capital in 2022 was mainly the result of the increase of the interest rates.

For the Life portfolio, the provision at year-end (provided figures are without reductions resulting from reinsurance contracts) can be broken down as follows under Solvency II:

Life portfolio - technical provisions per segment

	31 December 2022	31 December 2021
Insurance with profit participation		
Best estimate	10,573	15,216
Risk margin	589	880
Technical provision	**11,162**	**16,096**
Other life insurance		
Best estimate	12,859	17,300
Risk margin	580	916
Technical provision	**13,439**	**18,217**
Index-linked and unit-linked insurance		
Best estimate	10,173	11,846
Risk margin	62	89
Technical provision	**10,235**	**11,935**
Total		
Best estimate	33,604	44,362
Risk margin	1,231	1,886
Technical provision	**34,836**	**46,247**

In 2022 the technical provisions decreased with € 11,411 million, this was mainly caused by increased interest rates, run-off of the portfolio and the decrease of the unit linked value.

C.1.1.1 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 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 both Individual life and Funeral 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. The total share of the reinsurances for a.s.r. amounts to € 125 million per 31 December 2022.

C.1.2 Health insurance risk and Non-life insurance risk

C.1.2.1 **Health insurance risk**
The Health insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types:
- SLT Health portfolio (Similar to Life Techniques) Income Protection, which can be divided into:
  - Individual Disability (Zelfstandigen)
  - Group Disability (WIA)
- NSLT Health portfolio (Not Similar to Life Techniques), which can be divided into:
  - Income Protection (Sickness, and Individual and Group Accident)
  - Medical Expenses (Basic and Supplementary)

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:
- SLT Health risk
  - This risk is applicable to the SLT Health portfolio. The calculation is scenario-based. The scenarios are similar to the scenarios that are used to calculate the Life insurance risk.
- NSLT Health risk
  - This risk is applicable to the NSLT Health portfolio. The calculation is factor-based. The risk is calculated similarly to the Non-life insurance risk.
- Health Catastrophe risk
  - This risk is applicable to the entire Health portfolio. The calculation is scenario-based.

SLT Health Risk
Mortality risk
Mortality risk is associated with (re)insurance obligations where payments are made upon the death of the policyholder and where an increase in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent 15% increase in mortality rates. The increase in mortality rates is applied to portfolios where payments are contingent on mortality risk. The increase in mortality rates leads to an increase of the own funds. Therefore the mortality risk is zero for the Health portfolio.

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.

Revision risk
The revision risk is the risk that a higher benefit is caused by either inflation or a revision of the disability percentage. Benefits that are sensitive to inflation and / or an increase in the disability percentage will be increased by 4%.

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. non-life has the ability to adjust the premiums and insurance conditions group wise in the future for the disability portfolio. Therefore, the contract boundary of the disability contracts without an individual risk assessment at acceptance is equal to the contract term. For contracts with an individual risk assessment at acceptance, the contract boundary is equal to the end age, because the contracts will be tacitly renewed until the end age is reached, without repeating the risk assessment. These contracts with an individual risk assessment involve the Individual Self-employed and the Individual Employees portfolio’s. For these portfolio’s, a.s.r. non-life applies a future management

action (FMA), as noted in article 23 of the Delegated Acts. The trigger, as defined in the FMA, is hit in the Income Protection Disability-Morbidity Risk (article 156 DA) scenario.

For a number of Loyalis products within the group disability portfolio, it is determined annually whether the insured amounts are indexed. For the majority of the portfolio, there is a conditional indexation based on a (discretionary) management decision, based among other things on interest result. In a financially unfavourable year, there is the possibility of not paying out indexation, which is a FMA as noted in article 23 of the Delegated Acts.

NSLT Health Risk

NSLT 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.

The NSLT Premium and reserve risk can be split into the following insurance risks:

- Medical Expense
  - A health catastrophe for the 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 a.s.r. health supplementary 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 NSLT Health and portfolios.

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

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, 3.5% are permanently disabled, 16.5% 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. In 2020 and 2021, due to COVID-19 most employees of a.s.r. worked at home, therefore the input of this scenario changed. In 2022 due to hybrid working this was roughly comparable.

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. This is the scenario related to the standard model, in which the COVID-19 impact is not reflected.

Health insurance risk - required capital

	31 December 2022	31 December 2021
Health SLT	964	977
Health Non-SLT	404	347
Catastrophe Risk (subtotal)	83	78
Diversification (negative)	-208	-189
Health (Total)	**1,243**	**1,213**
Mortality risk	-	-
Longevity risk	52	50
Disability-morbidity risk	779	781
Expense risk	135	157
Revision risk	205	233
Lapse risk	270	228
Diversification (negative)	-478	-472
Health SLT (subtotal)	**964**	**977**
Medical expenses insurance and proportional reinsurance	155	129
Income protection insurance and proportional reinsurance	303	264
Diversification (negative)	-55	-46
Health Non-SLT (subtotal)	**404**	**347**
Mass accident risk	28	28
Accident concentration risk	66	62
Pandemic risk	41	39
Diversification (negative)	-53	-50
Catastrophe risk (subtotal)	**83**	**78**

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 2022	31 December 2021
Best estimate	3,389	4,152
Risk margin	371	481
Technical provision	**3,760**	**4,633**

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 2022	31 December 2021
Best estimate	526	564
Risk margin	54	47
Technical provision	**579**	**611**

C.1.2.2 **Non-life insurance risk**

Non-life Insurance risk can be broken down into:
- Premium and reserve risk
- Non-life catastrophe risk
- Lapse risk

Premium- and reserve risk

The premium- and reserve risk is derived at the level of a legal entity based on the standard model. The premium- and reserve risk is the risk that the premium respectively the reserve is not adequate for the underwritten risk. The reserve risk is associated with historical years, and the premium risk is associated with the future year(s). The premium risk is calculated over the maximum of the expected earned premium for the next year and the earned premium for the current year. 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. non-life 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.

The reinsurance program of 2023 has changed due to a hardened reinsurance market, which has the most impact on natural catastrophe risk.

Lapse risk

The lapse risk is the loss in basic own funds caused by the discontinuance of 40% of the policies for which discontinuation would result in an increase of technical provisions (without the risk margin). The calculation is based on the type of discontinuance which most negatively affects the basic own funds, which is for Non-life immediately termination of the policy.

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 2022	31 December 2021
Premium and reserve risk	548	552
Lapse risk	52	52
Catastrophe risk	159	107
Diversification (negative)	-149	-121
Non-life insurance risk	**609**	**591**
Natural catastrophe risk	132	74
Man-made catastrophe risk	86	75
Other non-life catastrophe risk	20	20
Diversification (negative)	-79	-62
Catastrophe risk (subtotal)	**159**	**107**

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

	31 December 2022	31 December 2021
Best estimate	1,479	1,538
Risk margin	88	97
Technical provision	**1,567**	**1,634**

C.1.2.3 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.

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 and flood risk forming the most important factor). Storm and flood 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.

C.2 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 2022	31 December 2021
Interest rate	155	550
Equity	821	1,194
Property	1,068	1,125
Currency	135	120
Spread	876	1,118
Concentration	-	-
Diversification (negative)	-575	-692
Total	**2,481**	**3,416**

The main market risks of a.s.r. are equity, property and spread risk. The market risks are within the bandwidth of the risk budgets, which are based on the strategic asset allocation study. Market risk decreased mainly driven by higher interest rates, decreasing equity and spread risk.

The value of investment funds at year-end 2022 was € 6,823 million (2021: € 5,307 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. Per 2022 the upward shock is dominant, whereas per 2021 the downward shock was dominant.

The diversification effect shows the effect of having a well-diversified investment portfolio.

C.2.1 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, volatility adjustment) 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.

Interest rate risk - required capital

	31 December 2022	31 December 2021
SCR interest rate risk up	-155	-239
SCR interest rate risk down	-46	-550
SCR interest rate risk	**155**	**550**

In 2022 the interest rate risk decreased due to the increase in interest rates.

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 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
UFR 3.2%	-4	-8	-	-1	-4	-9
Interest rate +1% (2022 incl. UFR 3.45% / 2021 incl. UFR 3.6%)	-5	-7	-3	+18	-8	+10
Interest rate -1% (2022 incl. UFR 3.45% / 2021 incl. UFR 3.6%)	+1	+7	-15	-13	-13	-7
Interest steepening +10 bps	-1	-3	-	-	-1	-3
Volatility Adjustment -10bp	-7	-9	-3	-2	-11	-10

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 profitsharing features in life insurance products.

An interest rate risk policy is in place for a.s.r. 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. The interest rate sensitivity of solvency ratio should not exceed the pre-defined limit. In addition, the exposure to interest rate risk or various term buckets is subject to maximum amounts.

C.2.2 Equity risk

The equity risk depends on the total exposure to equities. Both assets and liabilities are taken into account, as well as the put options on 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). Investments of a strategic nature are shocked by 22%. The equity capital of the renewable investments qualifying as an infrastructure investment (e.g. wind farm Wieringermeer) is shocked by the 30% infrastructure equity charge.

a.s.r. applied the transitional measure for equity risk for shares, which came to an end at 31 December 2022.

Equity risk - required capital

	31 December 2022	31 December 2021
SCR equity risk - required capital	821	1,194

In 2022 the equity risk decreased with € 373 million, mainly due to lower share prices which leads to a lower SCR equity risk, both driven by a decreased exposure to equities and a lower risk charge as a result of the symmetric adjustment. Furthermore, the SCR equity risk slightly increased due to the run-off of the transitional measure of equity risk.

Solvency II sensitivities - equity prices

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Equity prices -20%	-11	-11	+15	+18	+3	+6

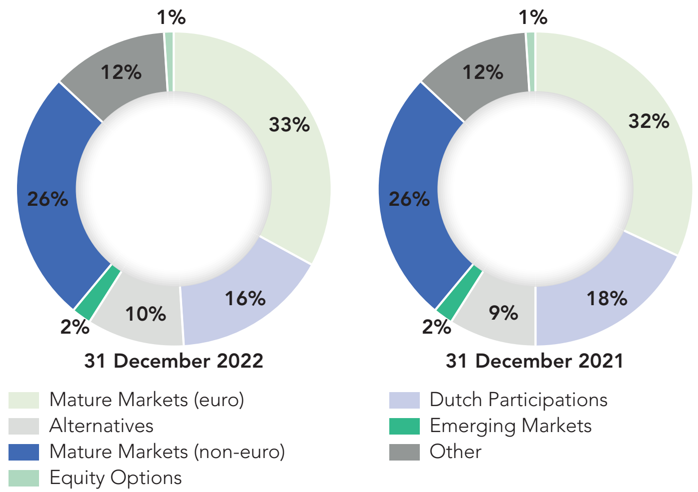
Composition of equity portfolio

The fair value of equities and similar investments at year-end 2022 was € 2,604 million (2021: € 3,259 million). The decrease in 2022 was mainly due to the negative 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 € 31 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. The category Other contains the investments of ASR infrastructure Renewables (AIR) in windmill - and solarparks which are in scope of 'Qualifying infrastructure equities other than corporate' (€ 251 million). In 2022 the investments in renewables increased, however the exposure in 'Qualifying infrastructures equities other than corporate' decreased due to methodology change. In 2022 the net asset value of AIR is in scope of SCR equity risk instead of the underlying investments.

Composition equity portfolio



C.2.3 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. The product Agrarische Impact Erfpacht (AIE) has effectively a lower charge (average of 6.5%) due to the underlying risk mitigating characteristics of this product.

Property risk - required capital

	31 December 2022	31 December 2021
SCR property risk - required capital	1,068	1,125

a.s.r. applies look through approach for participations which activities are primarily real estate investments.

The SCR real estate risk decreased with € 57 million in 2022. The real estate exposure decreased due to (i) transactions and improved look through data of property funds and (ii) higher property prices. Futhermore, the average SCR charge of AIE decreased from 10.8% to 6.5%. As a result of these effects, the required capital for property risk decreased with € 35 million. The increased impact of LAC TP caused a decrease of € 22 million.

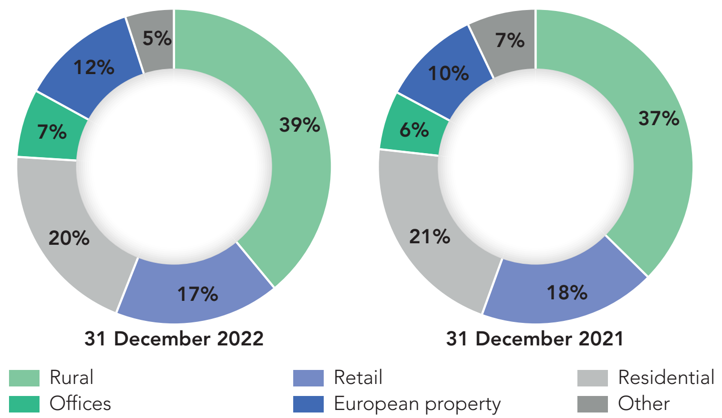
The sensitivity of the solvency ratio to changes in property value is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency II) to changes in property prices is shown in the following table.

Solvency II sensitivities - property values

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property values -10%	-10	-9	+4	+4	-6	-6

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 € 5,001 million at year-end 2022 (2021: € 5,031 million). The decrease in 2022 (approximately € 30 million) was a result of both transactions (approximately € -50 million) improved look through data of property funds (approximately € -115 million) and increases in property prices (approximately € 135 million).

Composition property portfolio



C.2.4 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 exposure on liabilities and the currencies with the largest exposures. a.s.r. has currency risk to insurance products in American dollars (USD), Australian dollars (AUD) and Great British Pound (GBP).

In 2021 a.s.r. implemented a new hedge policy for currency risk. For different investment categories a.s.r. has defined a target hedge ratio. 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 (a.o. Danish crown).

Currency risk - required capital

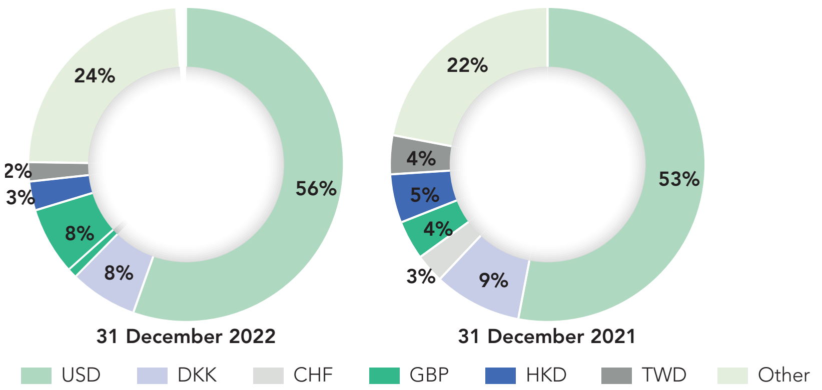
	31 December 2022	31 December 2021
SCR currency risk - required capital	135	120

In 2022 the SCR currency risk has increased with € 15 million. The main reason for this increase is the reduction of the target hedge ratio for USD credits and Emerging Market Debt.

Specification currencies with largest exposure

The exposure to USD has increased due to the reduction of the target hedge ratio for USD credits and Emerging Market Debt.

Composition currency portfolio



The total foreign exchange exposure at year-end 2022 was € 573 million (2021: € 506 million).

C.2.5 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 2022	31 December 2021
SCR spread risk - required capital	876	1,118

The SCR spread risk decreased in 2022 due to (i) the increased interest rates, which results in lower bond values and (ii) the run off of the bond portfolio, which resulted in lower durations and therefore lower spread risk.

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 2022 (2021: 19 bps). The credit spread sensitivity decreased from +20 to +11.

Solvency II sensitivities - spread risk

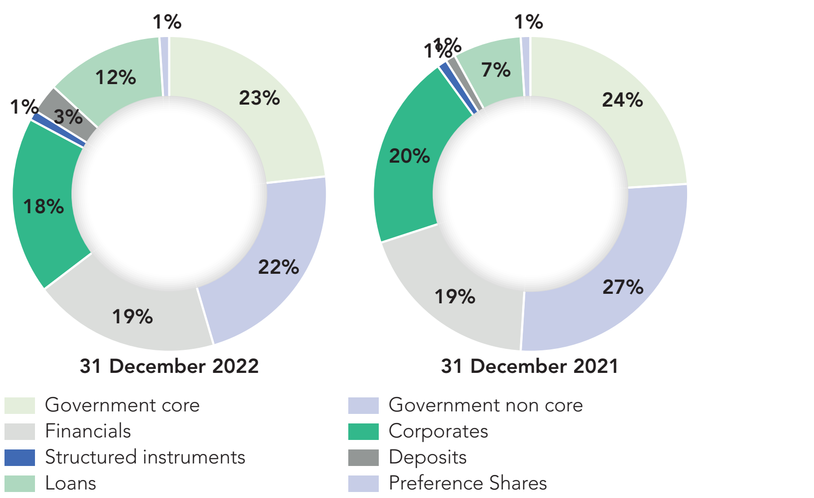
Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Spread +75bps/(2022: VA +18bps/2021: VA +19bps)	+10	+15	+1	+5	+11	+20

Composition of fixed income portfolio

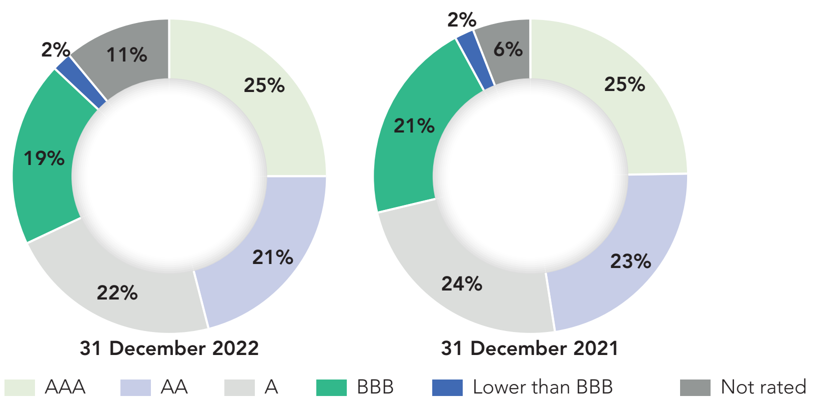
Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have 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 € 20,653 million (2021: € 28,562 million). The portfolio composition is similar to 2021.

Composition fixed income portfolio by sector



Composition fixed income portfolio by rating



C.2.6 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 to 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.

a.s.r. continuously monitors exposures in order to avoid concentrations in a single obligor outside of the risk appetite and has an overall limit on the total level of the required capital for market risk concentrations. The calculation of the market risk concentrations applies to the total investment portfolio, where, in line with Solvency II, government bonds are not included.

The required capital for market risk concentrations is nil as per year-end 2022 (2021: nil).

C.3 **Counterparty default risk**

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:

- mortgages
- savings-linked mortgage loans
- derivatives
- reinsurance
- receivables
- cash and deposits

Assets that are in scope of spread risk are, by definition, not in scope of counterparty default risk and vice versa. The Solvency II regime makes a distinction between two types of exposures:

- Type 1: These counterparties generally have a rating (reinsurance, derivatives, current account balances, deposits with ceding companies and issued guarantee (letter of credit). The exposures are not diversified.
- Type 2: These counterparties are normally unrated (receivables from intermediaries and policyholders, mortgages with private individuals or SMEs). The exposures are generally diversified.

The total capital requirement for counterparty risk is an aggregation of the capital requirement for type 1 exposure and the capital requirement for type 2 exposure by taking 75% correlation.

Counterparty default risk - required capital

	31 December 2022	31 December 2021
Type 1	103	113
Type 2	138	289
Diversification (negative)	-15	-21
Total	**226**	**381**

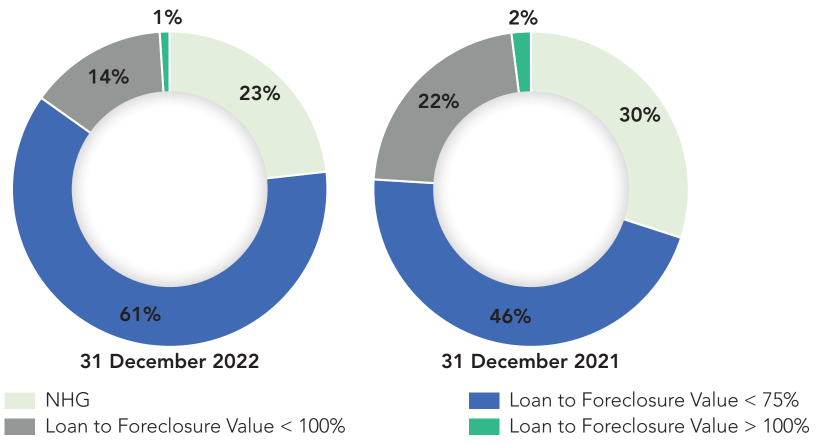
The Counterparty default risk type 1 has decreased due to the decrease in derivatives exposure, which is the results of the change in SCR interest rate risk. The SCR interest rate shock scenario Up is dominant per year-end 2022, while end of 2021 the opposite applied. If an IRS disappears because of a default, this results in a reduction of SCR interest Up. In 2021 the opposite was true, SCR interest Down increased.

The Counterparty default risk type 2 has decreased due to the decreased exposure of the mortgage portfolio. This is driven by the quarterly revaluation of the underlying property and the increase of interest rates. The total counterparty risk has decreased by € 155 million.

C.3.1 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 € 9,534 million at year-end 2022 (2021: € 11,181 million). The decrease in value is driven by a lower market value of the mortgages (due to the increase of interest rates) and positive revaluations of the underlying property.

Composition mortgage portfolio



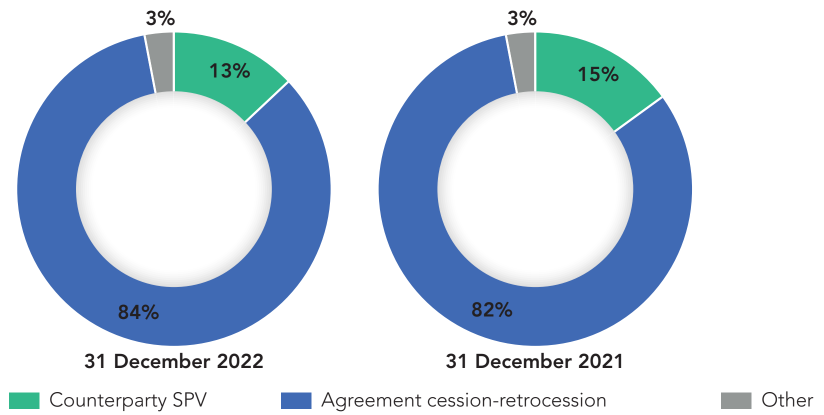
The Loan-to-Value ratio is based on the value of the mortgage according to Solvency II principals with respect to the a.s.r. calculated collateral. The percentage of mortgages which are in arrears for over three months has increased from 0.02% in December 2021 to 0.03% in December 2022.

C.3.2 Savings-linked mortgage loans

The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') depends on the counterparty. For 13% 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 84% of the portfolio, for which the risk is limited. Effectively, a.s.r. recognises the underlying receivable from the counterparty (or in the case of insolvency of the counterparty the mortgage loans transfers as collateral), mitigating the counterparty default risk of the savings-linked mortgage loans.

On September 1, 2021 DNB issued the Q&A and Good Practices document on the treatment of saving mortgages and in December, the Dutch Association of Insurers shared its additional guidance on this subject. These documents provide further requirements and guidelines on the valuation, risk calculations and balance sheet classification. Saving deposits without collateral agreement are considered in the SCR Spread Risk Module. The saving deposits with collateral are treated in the Counterparty Risk Module. Furthermore the collaterised deposits are split in two: a) the outstanding part and corresponding interest are considered in the SCR Counterparty risk type 2 (zero risk); b) the future premiums and corresponding interest are treated as the uncollaterised derivative contract of SCR Counterparty Risk Type 1.

Composition savings-linked mortgage loans portfolio



Please note that due to a methodology change, the composition of the savings-linked mortgage loans portfolio for 2021 has been adjusted.

C.3.3 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.

C.3.4 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 above shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2022 was € 309 million (2021: € 419 million).

Composition reinsurance counterparties by rating

	31 December 2022	31 December 2021
AAA	0%	0%
AA	86%	93%
A	14%	6%
NR	0%	1%
Total	**100%**	**100%**

C.3.5 Receivables

The receivables decreased to € 632 million in 2022 (2021: € 853 million), mainly driven by lower other receivables and lower receivables from Health insurance fund. The receivables of Policyholders increased due to the new VVT-contract. The composition of the receivables is presented in the table below.

Composition receivables

	31 December 2022	31 December 2021
Policyholders	133	75
Intermediaries	65	89
Reinsurance receivables	63	83
Health insurance fund	70	148
Other	301	459
Total	**632**	**853**

C.3.6 Cash and cash equivalents

The current accounts on the balance sheet amounted € 1,756 million in 2022 (2021: € 1,517 million).

Composition cash accounts by rating

	31 December 2022	31 December 2021
AAA	0	0
AA	0	0
A	1,744	1,489
Lower than A	11	28
Total	**1,756**	**1,517**

a.s.r. has no deposits in scope of counterparty default risk.

C.4 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 SCR of a.s.r. and is therefore separately discussed.

a.s.r. recognises different levels of liquidity management. First, short-term liquidity management which covers the day-to-day cash requirements and aims to meet short term liquidity risk targets. Second level covers the long-term liquidity management. This, among others, considers the strategic matching of liquidity & funding needs in different business conditions in which market liquidity risk could materialise. Finally stress liquidity management refers to the ability to respond to a potential crisis situation as a result of a market event and/or an a.s.r.-specific event.

Due to rising interest rates in 2022, a.s.r. experienced liquidity outflow as a result of cash variation margin outflow related to the ISDA/CSA- and Clearing agreements of derivatives. The cash outflow was financed by returning earlier received cash collateral to counterparties. As at 31 December 2022 a.s.r. remained a net receiver of cash collateral. Other sources of liquidity risk are (unexpected) lapses in the insurance portfolios and catastrophe risk. a.s.r. monitors its liquidity risk via different risk reporting and monitoring processes including cash management reports, cash flow forecasts and liquidity dashboards in which liquidity outflows are calculated for different stress scenarios. For long-term liquidity management purposes, liquidity is also taken into account in the asset allocation process.

a.s.r.'s liquidity management principle consists of three components. First, a well-diversified funding base in order to provide liquidity for cash management purposes. A portion of assets must be held in cash and invested in unencumbered marketable securities so it can be used for collateralised borrowing or asset sales. In order to cover liquidity needs in stress events a.s.r. has committed repo-facilities in place to ensure liquidity under all market circumstances. 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 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. relies on holding 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 or lend to meet liquidity requirements. As at 31 December 2022, a.s.r. had cash (€ 1,546 million), short-term secured deposits (€ 700 million) and liquid government bonds (€ 9,309 million).

The following table shows the contractual undiscounted cash flows of the insurance liabilities based on Solvency II. All other line items as well as the total carrying value are based on IFRS principles.

The insurance liabilities include the impact of expected lapses and mortality as well as non profit sharing cash flows. Profit sharing cash flows of insurance liabilities are not taken into account, nor are equities, property and swaptions. Since the portfolio of a.s.r. PPI is fully consolidated, an extra line-item relating to liabilities arising from investment contracts, is included. Furthermore, cash flows of the pension benefit obligations are taken into account.

Contractual cash flows

	Payable on demand	< 1 years	1-5 years	5-10 years	> 10 years	Carrying value
31 December 2022						
Insurance liabilities	-	5,234	10,236	9,845	34,294	42,639
Liabilities arising from investment contracts	-	11	95	225	1,669	2,000
Pension Benefit Obligation	-	64	540	725	3,594	2,722
Derivatives liabilities	-	360	2,608	2,006	1,310	5,523
Financial liabilities	2,219	1,064	215	74	2,088	5,639
Future interest payments	-	90	450	563	1,390	-
Total	**2,219**	**6,822**	**14,144**	**13,438**	**44,345**	**58,523**

	Payable on demand	< 1 years	1-5 years	5-10 years	> 10 years	Carrying value
31 December 2021						
Insurance liabilities	-	5,240	10,134	9,722	33,335	52,404
Liabilities arising from investment contracts	-	12	89	227	1,624	1,952
Pension Benefit Obligation	-	54	468	638	3,288	3,990
Derivatives liabilities	-	230	183	185	293	759
Financial liabilities	6,155	597	250	67	1,060	8,117
Future interest payments	-	27	177	218	664	-
Total	**6,155**	**6,159**	**11,301**	**11,056**	**40,264**	**67,223**

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.

Expected profit included in future premiums

The expected profit included in future premiums (EPIFP) means the expected present value of future cash flows which result from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

EPIFP

	31 December 2022	31 December 2021
EPIFP	1,422	908

The EPIFP increased in 2022 due to the increase in interest rates.

C.5 Operational risk

Operational risk concerns the risk of direct and / or indirect losses which can occur within a.s.r. as a result of inadequate or failing (changing) internal processes, people, systems and/or as a result of external events. Operational risks occurred are most times being caused by the failure of processes, people, systems, external events or a combination of these factors.

Operational risk - required capital

	31 December 2022	31 December 2021
SCR operational risk - required capital	200	249

The SCR for operational risk amounts to € 200 million at the end of 2022 (2021: € 249 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 slightly lower mainly as a result of driven by lower best estimate liabilities due to the increased interest rates in 2022.

C.6 **Other material risks**

As part of the regular ORSA process, the overall risk profile and associated solvency capital needs are assessed against a.s.r.'s actual solvency capital position. The most important risks to which a.s.r. is exposed, including risks that are not incorporated into the standard formula, are identified through a combined top-down (strategic risk assessment) and bottom-up (control risk self-assessments) approach. After assessment of the effectiveness of the mitigating measures, the risks with the highest 'Level of Concern' (LoC) are translated to the a.s.r. risk priorities and relevant risk scenarios for the ORSA. The following risks, outside the scope of the standard formula, are recognised by a.s.r. as being potentially material:
- Inflation risk;
- Reputation risk;
- Liquidity risk;
- Contagion risk;
- Legal environment risk;
- Model risk;
- Risks arising from non-insurance activities (non-OTSOs);
- Strategic risk;
- Climate risk and sustainability risk;
- Emerging risk;
- Environmental, Social & Governance (ESG) risk.

As part of the appropriateness assessment of the standard formula mitigating measures regarding these risks are identified and evaluated.

C.7 **Any other information**

C.7.1 Description of off-balance sheet positions
Off balance sheet positions different from the financial statements do not exist.

C.7.2 Reinsurance policy and risk budgeting

C.7.2.1 **Reinsurance policy**
When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements to mitigate Non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand, and of the risk that is retained on the other. By determining the retention, the impact on the statement of financial position is taken into account as well.

To limit risk concentration, reinsurance contracts are placed with various reinsurance companies. a.s.r. requires the counterparties to be rated at least single A-. The reinsurance programme has remained largely the same as in previous years in terms of cover and limits. In 2021 a.s.r. purchased excess of loss reinsurance for accident year 2022 for Windstorm in excess of € 35 million with a limit of € 555 million.

C.7.2.2 **Risk budgeting**
The FRC assesses the solvency position and the financial risk profile on a monthly basis. Action is taken where appropriate to ensure the predefined levels in the risk appetite statement will not be violated.

C.7.3 Monitoring of new and existing products
Group Risk Management, Compliance, and Legal Affairs participate in the Product Approval and Review Process Board. All these departments evaluate whether risks in newly developed products are sufficiently addressed. New products need to be developed in a way that they are cost efficient, reliable, useful and secure for the client. New products must also be strategically aligned with a.s.r.'s mission to be a solid and trustworthy insurer. In addition, the risks of existing or modified products are evaluated, as requested by the PARP, as a result of product reviews.

C.7.4 Prudent Person Principle
a.s.r. complies with the prudent person principles as set out in Directive 2009/138/EC/article 132: Prudent person principle. The prudent person principle ensures that assets are managed on behalf of its subsidiaries, policyholders or other stakeholders in a prudent manner, and covers aspects that relate to market, credit, liquidity and operational risk. a.s.r. has mandated ASR Vermogensbeheer N.V. as their asset manager.

a.s.r. ensures that assets of policyholders or other stakeholders are managed in a prudent manner. a.s.r. complies with the Prudent Person Principle by investing only in assets and instruments which a.s.r. can adequately assess, measure, monitor, control, maintain and report the risks. All assets will be assessed against solvency criteria according to article 45 (1a).

Derivatives are only used when these contribute to a lower risk or when it can be used to manage/hedge the portfolio more efficient. Mortgages, real estate and illiquid assets, which are not traded on regulated financial markets, are limited to a prudent level.

Governance of Investments
Within the Three Lines-of-Defence model, investments are managed in the first line by ASR Vermogensbeheer NV, reporting to the CFO of a.s.r.

ASR Vermogensbeheer NV manages its investments within the boundaries of a.s.r.'s Risk Appetite Framework, Strategic Asset Allocation and its Market-Risk Budget. The Market-Risk Budget is calculated on a monthly basis by Group Balance Sheet Management (GBSM), taking into account the Risk Appetite Framework. GRM, acting as the second line of defence, is responsible for the review. Internal Audit acts as the third-line of defence.

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.

All investment related activities are performed according to mandates as set by a.s.r., clients or policyholders. Mandates for investments for own account, clients and for account of policyholders are set out in internal guidelines, in order to ensure that prudent person principles are satisfied. This should always be in line with internal policies and internal constraints (such as a.s.r.'s ESG policy) and external constraints (such as regulatory limits).

D Valuation for Solvency Purposes

This chapter contains information regarding the valuation of the balance sheet items. For each material asset class, the bases, methods, and main assumptions used for valuation for Solvency II purposes are described. Separately for each material class of assets a quantitative and qualitative explanation of any material difference between the valuation for Solvency II purposes and valuation in the financial statements. When accounting principles are equal or when line items are not material, line items are clustered together.

Valuation of assets is based on fair value measurement as described below. Each material asset class is described in paragraph D.1. Valuation of technical provisions is calculated as the sum of the best estimate and the risk margin.This is described in paragraph D.2. Other liabilities are described in paragraph D.3. Information for each material line item is based on the balance sheet below. For each line item is described:

- Methods and assumptions for valuation;
- Difference between Solvency II valuation and valuation in the financial statements.

The numbering of the line items refers to the comments below.
Based on the differences in this template a reconciliation is made between IFRS equity and Solvency II equity.

Reconciliation IFRS balance sheet and Solvency II balance sheet

Balance sheet	31 December 2022 IFRS	Revaluation	Deconsolidation Financial Institutions	31 December 2022 Solvency II
1. Deferred acquisition costs	-	-	-	-
2. Intangible assets	418	-418	-	-
3. Deferred tax assets	119	-119	-1	-
4. Property, plant, and equipment held for own use	153	-0	-0	153
5. Investments - Property (other than for own use)	1,220	-	-	1,220
6. Investments - Equity	8,897	21	96	9,013
7. Investments - Bonds	17,035	64	-	17,099
8. Investments - Derivatives	5,473	6	-	5,479
9. Unit-linked investments	11,905	-0	-2,000	9,905
10. Loans and mortgages	14,912	-1,352	-	13,560
11. Reinsurance recoverables	420	-25	-	395
12. Cash and cash equivalents	2,245	-0	-98	2,147
13. Any other assets, not elsewhere shown	2,530	-55	-12	2,463
Total assets	**65,327**	**-1,879**	**-2,015**	**61,434**
14. Technical provisions (best estimates)	29,633	-808	-	28,825
15. Technical provisions (risk margin)	-	1,682	-	1,682
16. Unit-linked best estimate	13,007	-2,833	-	10,173
17. Unit-linked risk margin	-	62	-	62
18. Pension benefit obligations	2,722	-	-	2,722
19. Deferred tax liabilities	-	10	0	10
20. Subordinated liabilities	2,984	-149	-	2,835
21. Other liabilities	11,154	20	-2,016	9,158
Total liabilities	**59,500**	**-2,016**	**-2,016**	**55,468**
Excess of assets over liabilities	**5,828**	**137**	**1**	**5,966**

The Unit Linked investments and the other liabilities in the deconsolidation collumn consist mainly of the a.s.r. PPI.

This chapter contains also the reconciliation between the excess of assets over liabilities to eligible own funds.

Reconciliation excess of assets over liabilities to Eligible Own Funds

	Gross of tax	31 December 2022
IFRS equity		6,753
i. Hybrid loans		-1,004
ii. Own shares		79
IFRS equity adjusted		**5,828**
Revaluation assets		
i. Intangible assets	-184	
ii. Loans and mortgages	-1,262	
iii. Reinsurance	-25	
iv. Cash and cash equivalents	-	
v. Any other assets, not elsewhere shown	-56	
Subtotal		**-1,527**
Revaluation liabilities		
i. Technical provisions (best estimates)	808	
ii. Technical provisions (risk margin)	-1,682	
iii. Unit-linked best estimate	2,833	
iv. Unit-linked risk margin	-62	
v. Subordinated liabilities	149	
vi. Other liabilities	-0	
Subtotal		**2,046**
Total gross revaluations		518
Tax percentage		25.8%
Total net revaluations		**384**

	Gross of tax	31 December 2022
Other Revaluations		
i. Goodwill	-234	
ii. Participations	-	
iii. Valuation difference Financial Institutions	1	
iv. Valuation difference Own shares	1	
Subtotal		**-231**
Solvency II equity		**5,966**
Own fund items		
i. Subordinated liabilities		1,837
ii. Deduction Participations Financial Institutions		-96
iii. Foreseeable dividend		-254
iv. Own shares		-80
v. Non-available minority interests		-27
Eligible Own Funds Solvency II excl Financial Institutions		**7,346**

D.1 **Assets**

Valuation of most financial assets is based on fair value. In the paragraph below, this valuation methodology is described. For different line items will be referred to this method. In this paragraph line items 1 – 13 from the simplified balance sheet above are described.

D.1.1 Fair value measurement

In accordance with the Delegated Regulation, Solvency II figures are based on fair value. In line with the valuation methodology described in article 75 and further of the Delegated Regulation and articles 9 and 10, 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: 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.

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.

1 Not measured at fair value on the balance sheet and for which the fair value is disclosed.

D.1.2 Assets per asset category

The balance sheet reports specify different asset categories. In this section, we describe the valuation of each material asset category. The figures correspond to the extended balance sheet which has been reported as QRT S.02.01.

1. Deferred acquisition costs

a.s.r.'s accounting policy is that all costs incurred to acquire insurance contracts (acquisition costs) are charged directly to the income statement, generally within one year.

2. Intangible assets

The intangible assets related to goodwill and other intangible assets are not recognised in the Solvency II framework and are set to nil.

3. Deferred tax assets

The basis for the deferred tax assets (DTA)/deferred tax liabilities (DTL) position in the IFRS balance sheet is temporary differences between fiscal and commercial valuation. This DTA / DTL position is the base for this line item on the Solvency II balance sheet, adjusted for Solvency II revaluations. The largest DTL mutation is mainly caused by the higher (valuation) mortgages and change of savings linked mortgages. The deferred tax effects involve a correction related to the fact that (most of) the revaluations as described in this chapter are gross of tax. The tax effect is calculated at 25.8%.
In accordance with the Delegated Regulation and the recommendations of DNB, netting is only allowed with same tax authority and with same timing. Based on this netting principles, a.s.r. contains a DTL per year-end 2022.

4. Property plant, and equipment held for own use

a.s.r. recognises property at market value, equal to Solvency II measurement.

5. Investments - Property (other than for own use)

a.s.r. recognises the following categories of investment property; the method for calculating their fair value has been added:

- Residential –based on reference transaction and discounted cash flow method (DCF method);
- Retail – based on reference transaction and income capitalisation method;
- Rural – based on reference transaction and DCF method;
- Offices – based on reference transaction and DCF method;
- Other – based on reference transaction and DCF method;
- Under construction - based on both DCF and income capitalisation method.

On 23 December 2021 a.s.r. completed the acquisition of part of the Princess Ariane Wind farm by acquiring the assets and liabilities of Vattenfall Windpark Wieringermeer Ext B.V. (Windpark

Wieringermeer). The value of the acquired assets is under IFRS classied as property, plant & equipment, under Solvency II as Property other than for own use.

6. Investments – Equity
Valuation of listed equities is based on the level 1 method of the fair value hierarchy. Unlisted fixed-interest preference shares are valued based on the level 2 method of the fair value hierarchy. The valuation techniques for financial instruments start from present value calculations; derivatives are valued based on forward-pricing and swap models. The observable market data contains yield curves based on company ratings and characteristics of unlisted fixed-interest preference shares. The main non-observable market input for private equity investments is the net asset value of the investment as published by the private equity company (or partner).

Valuation of private equity investments is based on the level 3 method of the fair value hierarchy. The main non- observable market input for private equity investments is the net asset value of the investment as published by the private equity company (or partner).

The revaluation from IFRS to Solvency II can be explained mainly by the deconsolidation of financial institutions. The deconsolidation amounted to € 96 million.

7. Investments – Bonds
The valuation of these assets is consistent with the IFRS fair value hierarchy as described in paragraph D.1.1.

8. Investments – Derivatives
The valuation of these assets is consistent with the fair value hierarchy as described in paragraph D.1.1. The valuation of listed derivatives is based on the level 1 method of the fair value hierarchy. The valuation of unlisted interest rate contracts is based on the level 2 method of the fair value hierarchy. The valuation techniques for financial instruments start from present value calculations; derivatives are valued based on forward-pricing and swap models. The observable market data contains yield curves based on company ratings and characteristics of unlisted fixed-interest preference shares.

9. Unit-Linked investments
The valuation of these assets is consistent with the IFRS fair value hierarchy described in paragraph D.1.1.

10. Loans and mortgages
The valuation of loans is based on the level 2 and level 3 (mortgages) method of the fair value hierarchy. The fair value of the loans 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. This asset category includes savings linked mortgages.

Many of the savings-linked mortgages that a.s.r. has sold in the past were combined with a mortgage loan from an external bank. This bank has undertaken to pay mortgage interest on the savings accrued in the insurance policy. To this end, the insurer transfers the premiums to a special deposit account with the bank. According to IFRS, both the insurance policy and the loan are measured at amortised cost. For the purpose of Solvency II, they are both measured at fair value, allowing for any securities the insurer receives on the funds deposited with the bank. Future payments from saving-linked mortgages has to be reported as a derivative contract in accordance with the Delegated Regulation and the guidance provided by DNB.

The valuation method used to determine the fair value of a.s.r.’s mortgage portfolio bases the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates. The valuation according to IFRS is based on amortised cost.

11. Reinsurance recoverables
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 fair-value method for determining liabilities arising from reinsurance contracts described in Section D.2.

Assets arising from reinsurance contracts are recognised under reinsurance contracts, including receivables from reinsurers. 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. Therefore, current receivables from reinsurers are valued comparable with IFRS.

12. Cash and cash equivalents
The valuation of cash and cash equivalents is based on the level 1 method of the fair value hierarchy. 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.

13. Any other assets, not elsewhere shown
The valuation of these assets is based on the Solvency II valuation method.
Other assets include different investments and interest income, property developments, tax assets and accrued assets.

D.2 **Technical provisions**

D.2.1 Introduction

In this section, the policies regarding methodology and assumptions for the technical provisions are described. These liabilities arise from insurance contracts issued by a.s.r. that transfer significant insurance risks from the policyholder to a.s.r. The following lines of business are distinguished:

- Life insurance
- Health insurance
- Non-life insurance In this paragraph line items 14 – 17 from the simplified balance-sheet above (from paragraph D) are described.

The table below provides an overview of the legal entities within a.s.r. and the lines of business involved.

Legal entities within a.s.r. and the lines of business involved

Legal entity	Life insurance		Non-life	Health		
	Traditional Life	Unit-linked and Index-linked	Property and Casualty	Health SLT Income Protection	Health NSLT Income Protection	Health NSLT Medical Expenses
ASR Levensverzekering N.V.	✔	✔				
ASR Schadeverzekering N.V.			✔	✔	✔	
ASR Basis Ziektekostenverzekeringen N.V.						✔
ASR Aanvullende Ziektekostenverzekeringen N.V.						✔

D.2.2 Technical provisions methods

This section describes the general methodology for calculating the technical provisions.

The technical provision is the sum of the best estimate and the risk margin. The best estimate includes the intrinsic value and the time value of options and guarantees (TVOG).

14 and 16. Technical Provisions and Unit – linked (best estimates)

The intrinsic value is the net present value of projected cash flows from insurance contracts, i.e. benefits and claims, profit-sharing liabilities and costs less premiums. These cash flows are estimated using best estimate assumptions with respect to mortality, morbidity, disability, recovery, claims experience, lapse, expense and inflation. 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 term structure of risk-free interest rates (including volatility adjustment) as prescribed under Solvency II for the valuation of underwriting liabilities. The TVOG is calculated using stochastic techniques with respect to interest scenarios.

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. For unit-linked contracts with a guaranteed minimum benefit on maturity the best estimate is increased with the loss on maturity date because of this guarantee if a loss occurs in the best estimate scenario.

15 and 17. Technical Provisions and Unit – linked (risk margin)

The risk margin is determined using the Cost of Capital (CoC) method, using a Cost-of-Capital rate of 6%, in line with the Delegated Regulation. The risk margin is based on the SCR of all insurance risks, operational risk, unavoidable market risk (excluding interest rate risk) and counterparty default risk for reinsurance arrangements, SPVs and other material exposures which are closely related to insurance liabilities.

The SCRs involved are determined at the valuation date under the assumption that no VA is applicable. They are projected separately into the future using suitable risk drivers per risk group. These SCRs are aggregated in each future year, making allowance for the correlations between risks using correlation factors as define in the standard model.

In determining the risk margin, allowance is also made for diversification benefits between risk groups within a legal entity.

The risks that are factored into the risk margin are mortality risk, longevity risk, disability-morbidity risk, lapse risk, catastrophe risk, expense risk and operational risk.

Risk-free yield curve

The basis for the reference rate of the best estimate is the swap rate at the date of valuation (31 December 2021). The following adjustments have been made to the swap curve:

- Reduction by 10 basis points to account for counterparty default risk (31 December 2021: 10 bps);
- Extrapolation from year 20 to the ultimate forward rate of 3.45% in year 60 using the Smith-Wilson extrapolation method.

Inclusion of a volatility adjustment of 19 basis points, as provided by EIOPA, to the zero rates for the first 20 years (31 December 2021: volatility adjustment 3 bps).

Impact volatility adjustment

a.s.r. applies the volatility adjustment for discounting cash flows to determine the best estimate and in determining the capital requirement under the SCR. The following table shows the impact of this volatility adjustment on the financial position and own funds of a.s.r. including other financial institutions ASR Vermogensbeheer, ASR Vastgoed Vermogensbeheer, ASR Vooruit and a.s.r. PPI).

Impact of applying VA = 0 bps

	VA = 19 bps	VA = 3 bps	VA = 0 bps		Impact	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
TP	40,742	53,126	41,366	53,272	624	146
SCR	3,360	4,233	3,443	4,242	83	10
MCR	1,519	1,878	1,535	1,883	16	5
Basic own funds (total)	7,346	8,189	6,883	8,080	-463	-108
Eligible own funds	7,441	8,270	6,978	8,162	-463	-108

Basic own funds (total) is presented excluding financial institutions.

The EOF and the SCR of a.s.r. excluding other financial institutions is equal to € 7,346 million and € 3,307 million respectively.

D.2.3 Level of uncertainty

a.s.r. distinguishes between two sources of uncertainty with regard to the level of the technical provisions. These sources are model risk and process risk. The uncertainty associated with these risks has been mitigated as described below.

Process risk

The process risk is mitigated using the Risk Control Matrix (RCM), which creates a reasonable degree of assurance as to the reliability of financial reports. Key controls have been identified and to a larger extend implemented for the calculation process. In addition, the effectiveness of the RCM framework is verified by an independent party and supplementary checks are performed where needed. As part of RCM or the additional checks, the four-eye principle has demonstrably been applied to the calculation of the technical provision.

Model risk

The second risk that a.s.r. has identified in relation to the technical provisions is model risk. Regular procedures have provided adequate certainty with regard to this risk. To illustrate, the reporting manager in charge signs off documents to demonstrate that the reported figures do not contain any material mistakes or that no key facts have been omitted. In addition, FRM, in its role as the second line of defence, performs an independent internal review of the technical provisions as described in the previous phase.

D.2.4 Reinsurance and special purpose vehicles

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.

Assets arising from reinsurance contracts are recognised under reinsurance contracts, except for current receivables from reinsurers, which are included under reinsurance 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.

Therefore, current receivables from reinsurers are valued comparable with IFRS.

a.s.r. life has reinsured a substantial part of all underwriting risk of a certain group pension contract on a proportional basis.

a.s.r. non-life can be split in:

P&C

For reinsurance contracts the premiums and claims are administered. When applicable, reinstatement premiums are taken into account. For a first (early) estimation of the (gross) impact of (new) catastrophes also external models (for example from brokers and/or Verbond voor Verzekeraars) are used . The reinsurance part can be derived from this estimation. The actuarial department estimates the ultimate claims. If applicable, in this calculation the reinsurance limit is also taken into account.

For the Best Estimate claim provision the ratio of the total net and gross provision is used and is projected on the total gross Best Estimate claim provision to derive the net Best Estimate claim provision. For the reinsurance part of the Best Estimate premium provision the outgoing (premium) cash flow and expected incoming (claim payments) cash flow is taken into account.

Health

The Individual Health SLT portfolio and a small part of the Group Health SLT portfolio is reinsured by a proportion reinsurance contract. This reinsurance contract is not active since 1 January 2017. The reinsuring cash flows concern existing claims and are calculated separately in the cash flows models. The reinsured best estimate is € 132 million.

The Health NSLT portfolio is not reinsured.

Special purpose vehicles

a.s.r. does not make use of special purpose vehicles (SPVs).

D.2.5 Technical provisions

In this table a reconciliation is made between the Solvency II and the IFRS valuation of provisions. Solvency figures are part of the balance sheet S.02.01. The table below describes a brief explanation of these differences.

Technical provisions: IFRS versus Solvency II

31 December 2022	IFRS	Revaluation	Solvency II
Non-life			
Best estimate	-		1,479
Risk margin	-		88
Technical provision	**1,871**	**-304**	**1,567**
Similar to non-life			
Best estimate	-		526
Risk margin	-		54
Technical provision	**695**	**-116**	**579**
Similar to life			
Best estimate	-		3,389
Risk margin	-		371
Technical provision	**4,461**	**-701**	**3,760**
Life			
Best estimate	-		23,431
Risk margin	-		1,169
Technical provision	**22,606**	**1,994**	**24,600**
Index-linked and unit-linked			
Best estimate	-		10,173
Risk margin	-		62
Technical provision	**13,007**	**-2,771**	**10,235**
a.s.r. total			
Best estimate	**-**		**38,998**
Risk margin	**-**		**1,744**
Technical provision	**42,639**	**-1,897**	**40,742**

D.2.6 Reconciliation between IFRS and Solvency II

Under Solvency II, the technical provisions are calculated using a different method compared to IFRS. In this section the reconciliation between IFRS and Solvency II is described per business line. More details can be found in the SFCR of the underlying entity.

Non-life

The revaluation for non-life is mainly caused by:
- The applied yield curve for the Best Estimate;
- Different methods for the Risk Margin;
- In IFRS is no expected profit taken into account;
- Different methods for determine Best Estimate premium liabilities;
- Investment costs are taken into account under Solvency II.

Similar to Non-life

The revaluation for similar to Non-life (medical expense) is caused by:
- Ex post
- The IFRS LAT margin

The revaluation for Similar to Non-life (income protection) is caused by:
- The main difference between IFRS and Solvency II best estimate and risk margin is different assumptions with respect to disability and recovery.

Similar to Life

For Similar to Life the main difference between the IFRS technical provisions and Best estimate and risk margin (Solvency II) is different assumptions with respect to disability and recovery.

Life

The IFRS technical provisions are determined with assumptions that are equal to the assumptions underlying the premium. For longevity risk additional provisions are set up. Also under IFRS provisions are set up for realised capital gains, interest rate swaptions and shadow accounting (unrealised gains on bonds). In case that the policy-duration exceeds the length of the premium-paying period, a provision for administrative expenses is set up for the period where no premiums are due.
The Solvency II provision consists of a best estimate and a risk margin. The best estimate includes a time value of option and guarantees with respect to profit sharing. The best estimate is determined on best estimate assumptions and covers future benefits and future expenses to the extent that they are not covered by future premiums.

Index-linked and unit-linked

The technical provision for unit-linked policies under IFRS equals the fund value of the underlying assets of the units. Extra provisions are set up in case of minimum guarantees on the maturity-value provided by a.s.r. life and for the transparency issue.

The Solvency II technical provision consist of the fund value less the net present value of the best estimate value of the future profits. For policies where a guarantee with respect to the maturity-value is given, the value of the guarantee is determined on a market consistent basis. Also for the transparency issue a provision is set up.

Technical provisions Pension scheme a.s.r.-employees

As of 1 January 2021 a DC pension scheme is in place. The existing defined benefit plan has ended and will not be renewed. The accrued pensions (until 1 January 2021) will remain guaranteed at a.s.r. life and are not transferred to the defined contribution plan.

For a.s.r. life the old DB-pension scheme of a.s.r.-employees is involved on the balance sheet under technical provision life. On a.s.r. group level this old DB-scheme is eliminated from the figures and is presented as an employee benefit obligation based on IAS19 valuation.

D.3 **Other liabilities**

D.3.1 Valuation of other liabilities

In line with the valuation of assets, the accounting principles for other liabilities used in the Pillar III reports are generally also based on the IFRS as adopted by the EU. Any differences between the methods for IFRS and Solvency II purposes are addressed in detail per liability category. In this paragraph line items 18-21 from the simplified balance sheet above are described.

18. Pension benefit obligations

a.s.r. has a number of defined benefit plans for own staff in place. 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 salary. The defined benefit obligation is calculated by independent actuaries at each reporting date.

Pension obligations are calculated using the projected unit credit method. Inherent to this method is the application of actuarial assumptions to discount rates, mortality rates and consumer price indices.
The assumptions are reviewed and updated at each reporting date based on available (market) data.

As of 1 January 2021 a defined contribution plan is in place. The existing defined benefit plan has ended and will not be renewed. The accrued pensions (until 1 January 2021) will remain guaranteed at a.s.r. life and are not transferred to the defined contribution plan. The plan amendment is recognised directly through profit of loss.

The financing cost related to employee benefits are included in interest expense. Current service costs are included in operating expenses.

The discount rate (31 December 2022: 3.67%) is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the cash flow pattern of the pension obligation. All other methods used for determining the post-employment benefit defined obligation and assumptions are consistent with those applied in 2021. For SCR purposes, the IFRS value of the own pension contract is based on the IAS19 valuation methodology. The explanatory guidelines explain that the IAS19 valuation is consistent with Solvency II.

A risk margin with respect to the employee benefits is recognised based on the risk margin of the internal insurance contract.

19. Deferred tax liabilities
See 3. Deferred tax assets.

20. Subordinated liabilities
In IFRS the perpetual hybrid loans 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.

According to IFRS, the perpetual hybrid loans are measured at amortised cost. For the purpose of Solvency II, they are both measured at fair value. Directed by the regulator, in Solvency II reporting the perpetual hybrid loans are classified as subordinated liabilities.

21. Other liabilities
Other liabilities contains different line items:

Other long-term employee benefits
Plans that offer benefits for long-service leave but do not qualify as post-employment benefit plans, such as jubilee benefits, are measured at present value using the projected unit credit method and changes are recognised directly through profit or loss.

Other post-retirement obligations
Plans that offer post-retirement benefits, such an arrangement for mortgage loans at favourable interest rates. The entitlement to these benefits is usually conditional on the employee remaining in service up to their retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology that is similar to that for defined benefit plans.

Vacation entitlements
A liability is formed for leave days not taken at year-end.

The regulatory curve is used to determine the discount rate under Pillar 3. For IFRS purposes, the discount rate is determined based on the return (zero coupon rate) on high-quality corporate bonds (AA rating). All assumptions and the projected unit credit calculation method are consistent with those applied in the accounting policies used in the IFRS financial statements.

Debts owed to credit institutions
The valuation of these liabilities follows the Solvency II fair value hierarchy as described in paragraph D.1.1.

Financial liabilities other than debts owed to credit institutions
The valuation of these liabilities follows the IFRS fair value hierarchy as described in paragraph D.1.1.

The valuation has to be consistent with the requirements of Article 75 of the Solvency II directive. Therefore, no adjustments to take account of the change in own credit standing shall take place. However, adjustments for changes in the risk-free rate must be accounted for. This means that the subordinated loans are discounted using the risk-free rate plus a credit spread at inception of the liability.

Insurance and Intermediaries payables
The valuation of these liabilities follows the Solvency II fair value hierarchy as described in paragraph D.1.1 This category is subject to the same valuation as the asset category Cash and Cash equivalents.

Trade payables (non-insurance)
The valuation of these liabilities follows the Solvency II fair value hierarchy as described in paragraph D.1.1 This category is subject to the same valuation as the asset category receivables.

Any other liabilities not disclosed elsewhere
The valuation of these liabilities follows the Solvency II fair value hierarchy as described in paragraph D.1.1. This item consists primarily of tax payables.

Contingent liabilities
Contingent liabilities are defined as:
- a possible obligation depending on whether some uncertain future event occurs, or
- a present obligation but payment is not probable or the amount cannot be measured reliably.

Contingent liabilities are recognised on the IFRS balance sheet if there is a probability of >50% that the contingent liability leads to an 'outflow of resources'. These liabilities are also recognised on the Solvency II balance sheet.

Solvency II prescribes that all contingent liabilities be recognised on the Solvency II balance sheet. This covers cases where the amount cannot be measured reliably or when the probability is <50%. For these cases, a regular process is in place to determine whether contingent liabilities should be recognised on the Solvency II balance sheet.

Using a calculation based on 'opportunity' and 'impact', an amount contingent liabilities is determined. This amount has no material impact on SII balance sheet. As a result the a.s.r. Solvency II capital ratio does not include contingent liabilities.

Actuarial assumptions may differ considerably from actual results due to changes in market conditions, economic developments, mortality trends and other assumptions. Any change in these assumptions can have a significant impact on the defined benefit obligation and future pension costs. Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognised in actuarial gains and losses included in other comprehensive income (component of total equity).

D.3.2 Reconciliation from Solvency II equity to EOF

The differences described in the sections above are the basis for the reconciliation of IFRS equity to Solvency II equity. To reconcile from Solvency II equity to EOF, the following adjustments are taken into consideration:

Subordinated liabilities
In accordance with the Delegated Regulation, the subordinated liabilities are part of the EOF. Further information of this liabilities is described in section E.1.4.

Foreseeable dividends and distributions
Dividends for 2022 that are approved after the reporting date are deducted from the available capital position as foreseeable dividends and distributions.

Deductions for participations in financial and credit institutions
Participations in financial and credit institutions are not supervised by the Solvency II framework and are therefore excluded from the eligible own fund items in this overview.

Own shares
In accordance with the Delegated Regulation, the amount of own shares held by the insurance and reinsurance undertaking should be eliminated.

Tier 3 limitations
In accordance with the Delegated Regulation, the EOF is divided in tiering components. However, these components have to meet boundary conditions and an exceedance of these limits results in a capping of the EOF. For a.s.r., capping does not apply per year-end 2022.

D.4 Alternative methods for valuation

a.s.r. does not apply alternative methods for valuation.

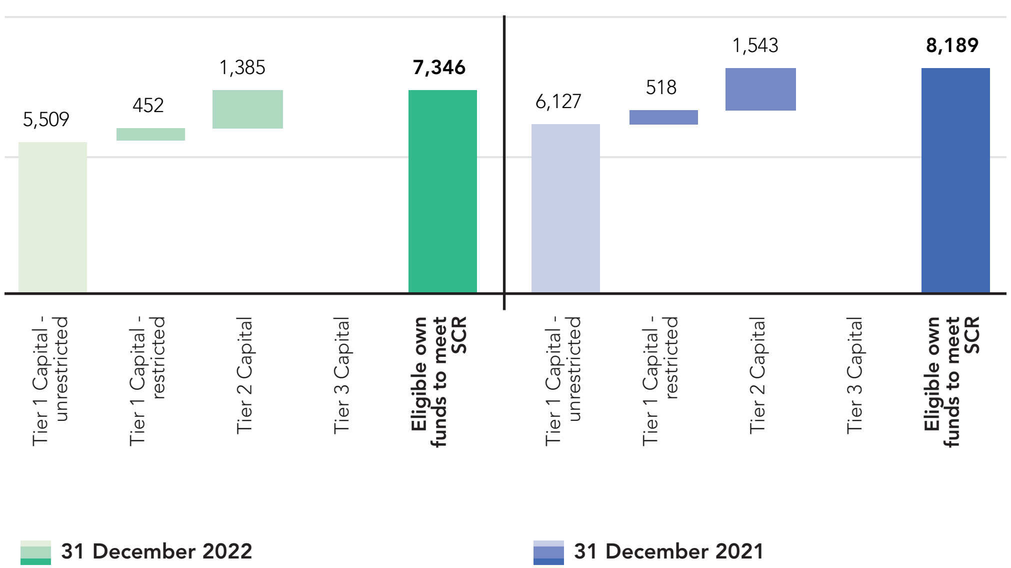
D.5 Any other information

Other material information about valuation does not apply.

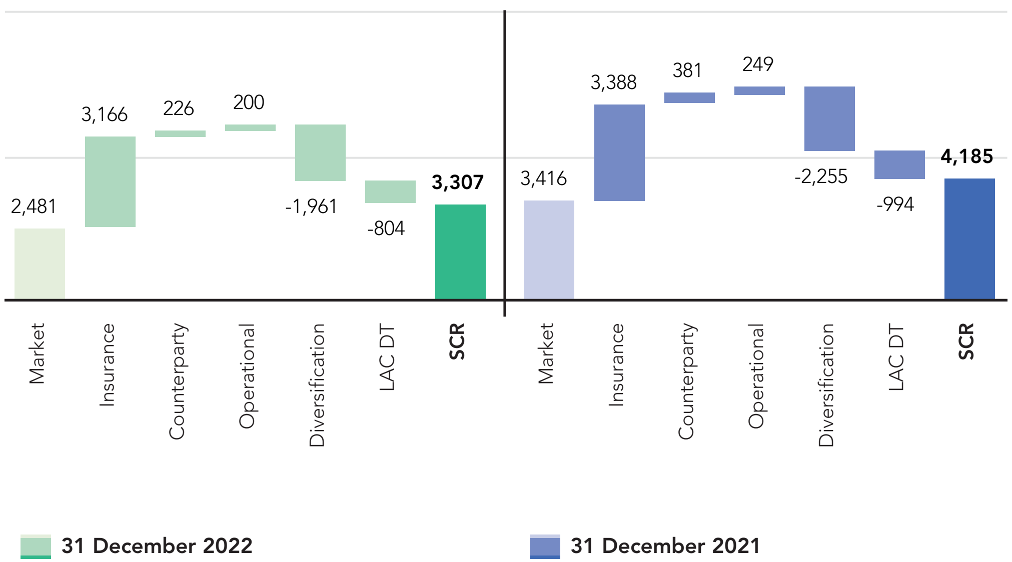
E Capital management

Key figures

Eligible own funds



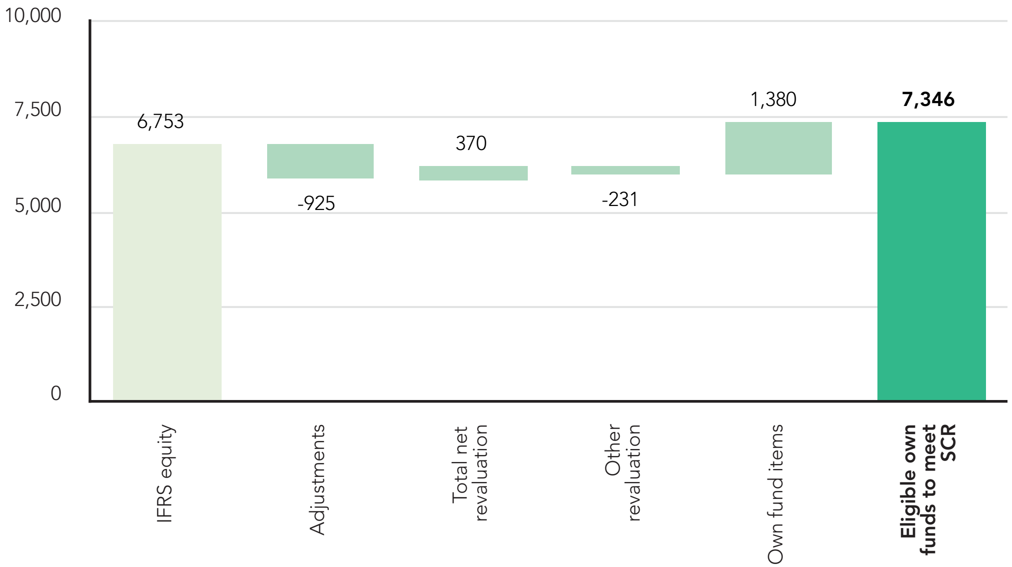
SCR



The solvency ratio stood at 222% as at 31 December 2022 after distribution of the proposed dividend and the proceeds of the € 0.6 billion share issue and is based on the standard formula as a result of € 7,346 million EOF and € 3,307 million SCR.

The decrease of EOF was mainly driven by interest and spread developments and decreasing stock markets partially offset by organic capital creation and an increasing VA. The decrease of required capital was mainly the result of the development of market risks (interest, equity and spread).

Reconciliation total equity IFRS vs EOF Solvency II



The table above presents the reconciliation of IFRS equity to the solvency II as per 31 December 2022. The main differences between the IFRS equity and EOF Solvency II are:
- Adjustment of other equity instruments (the other equity instruments excludes any discretionary interest);
- Total net revaluation of assets, such as loans and mortgages, and revaluation of the technical provisions;
- Other revaluations mainly elimination of goodwill;
- Own fund items, for example addition of subordinated liabilities, other equity instruments (excluding any discretionary interest), foreseeable dividend and valuation difference of financial institutions.

E.1 **Own funds**

E.1.1 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 upstreamed to the holding company as far as is needed for amongst others covering external dividend, coupon payments on hybrids / senior financing instruments and holding costs and in so far the local regulations and the internal risk appetite statement allow. Excess capital that is upstreamed to the holding company is added to and managed in the holding cash buffer until it is further distributed and used to cover dividends, coupons and other holding expenses. The capital and cash attribution to the holding is closely monitored and managed on a continuous basis.

Objectives

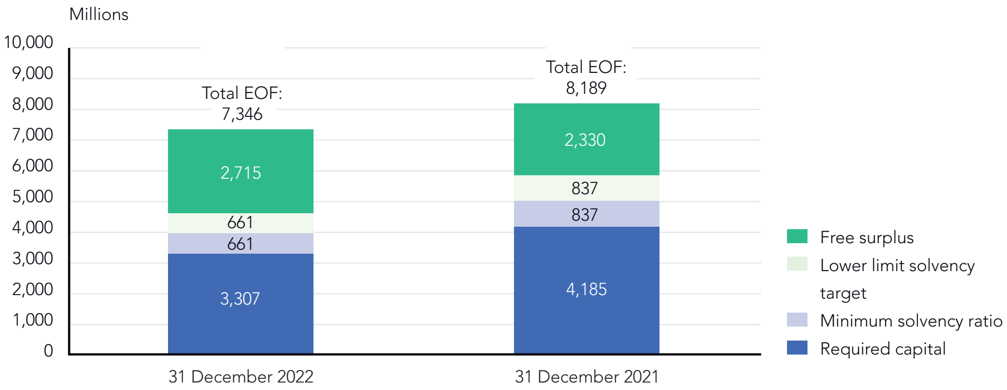
The group is committed to maintain a strong capital position in order to be a robust and sustainable insurer for its policyholders and other stakeholders. The objective is to maintain a solvency ratio well above the minimum levels as defined in the risk appetite statements and above the relevant management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

The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 222% at 31 December 2022 after final dividend and proceeds of the share issue, 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 a.s.r. health basic in 2022, 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



E.1.2 Tiering own funds

The table below details the capital position of a.s.r. as at the dates indicated. With respect to the capital position, Solvency II requires the insurers to categorise own funds into the following three tiers with differing qualifications as eligible available regulatory capital:

- Tier 1 capital consists of Ordinary Share Capital, Reconciliation reserve and restricted capital as described below;
- Tier 2 capital consists of ancillary own funds and basic Tier 2. Ancillary own funds consist of items other than basic own funds which can be called up to absorb losses. Ancillary own fund items require the prior approval of the supervisory authority. a.s.r. has no ancillary own fund items;
- Tier 3 of a.s.r. capital consists of Deferred tax assets.

The rules impose limits on the amount of each tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that might arise.

Eligible Own Funds to meet the SCR

	31 December 2022	31 December 2021
Tier 1 capital - unrestricted	5,509	6,127
Tier 1 capital - restricted	452	518
Tier 2 capital	1,385	1,543
Tier 3 capital	-	-
Eligible own funds to meet SCR	**7,346**	**8,189**

The perpetual hybrid loans 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. To be sure that the perpetual hybrids may be classified under Own Funds, terms and notes are proposed with DNB.

Together with the consultation regarding the perpetual hybrids, also the tiering is part of this consultation.

E.1.3 Own funds versus MCR

The minimum capital requirement (MCR) calculation is based on the standard formula.

Eligible Own Funds to meet the MCR

	31 December 2022	31 December 2021
Tier 1 capital - unrestricted	5,509	6,127
Tier 1 capital - restricted	452	518
Tier 2 capital	304	376
Tier 3 capital	-	-
Eligible own funds to meet MCR	**6,264**	**7,021**

According to (Directive 2009/138 EU article 230 Sub 2a) the consolidated group SCR shall have as a minimum the sum of the following:

a. the MCR as referred to in Article 129 of the participating insurance or reinsurance undertaking;
b. the proportional share of the MCR of the related insurance and reinsurance undertakings. According to Delegated Regulation article 248 to 251 the MCR of the related insurance and reinsurance undertakings is calculated as a linear function of premiums, technical provisions and capital at risk. The MCR (€ 1,519 million) of a.s.r. equals the sum of the MCR of the related insurance undertakings.

E.1.4 List of hybrid loans

a.s.r. has issued hybrid loans. The details of these loans are shown in the following table:

Hybrid loans

Nr	Description	Nominal amount	Issue date	Tiering
1	ASR NEDERLAND_4.625%_19/04/2199	500,000,000	19-07-2017	1
2	ASR NEDERLAND_5%_30/09/2099	500,000,000	30-09-2014	2
3	ASR NEDERLAND_5.125%_29/09/2045	500,000,000	29-09-2015	2
4	ASR_30NC10_3.375%_02/05/2049	500,000,000	02-05-2019	2
5	ASR Nederland_7%_07/12/2043	1,000,000,000	22-11-2022	2

Tiering of the loans is based on self-assessments. These self-assessments have been reviewed by DNB.

End of 2022 a.s.r. issued a new Tier 2 loan of € 1,000 million for the acquisition of Aegon Nederland. As the closing of the acquisition is expected at 1 July 2023, this Tier 2 loan cannot be qualified as EOF.

E.1.5 Additional information

1. Mergers and Acquisitions

On 31 March 2022, a.s.r. announced the acquisition of Sweco Capital Consultants, to be effective from 1 May 2022. With the acquisition, a.s.r.'s Real Estate Investment Manager strengthens is position in real estate and infrastructure investments. The acquisition will add to a.s.r.'s ambition to develop into a full-service real estate investment manager.

2. Capital Market transactions

As part of the funding for the Aegon transaction, on 22 November 2022 a.s.r. issued a € 1 billion subordinated Tier 2 capital instrument ("Tier 2 Notes"). The Tier 2 Notes are priced at 430 basis points over the 11 year EUR mid-swap rate, with a fixed rate coupon of 7%. The Tier 2 Notes have a scheduled maturity date in 2043 and are first callable at a.s.r.'s discretion in 2033. As the issue is specifically earmarked to fund the Aegon transaction, the Tier 2 Notes are not included in the Solvency position.

On 27 October 2022, the date of the announcement of the Aegon transaction, a.s.r. issued € 593.6 million capital by way of an accelerated bookbuild offering of 13,805,720 new ordinary shares in the Company with a nominal value of € 0.16 per ordinary share. The new shares have been placed at a price of € 43.00 per new share.

3. Share buyback programme

Following the additional capital distributions of € 75 million per annum in 2020 and 2021, a.s.r. made a further capital distribution of € 75 million in 2022 between 24 February 2022 and 24 May 2022. In total, 1.798.472 ordinary shares a.s.r. were repurchased at an average price of € 41.70 per share.

Upon announcement of the Aegon transaction, a.s.r. announced that the share buy back programme would be halted, in line with policy. a.s.r.'s capital management states that any additional capital distribution shall be considered in the light of opportunities for larger acquisitions and will be conditional upon our Solvency II ratio (based on the standard formula) to remain above 175% (lowered from 180%), as a.s.r. aims to maintain a robust balance sheet. Any additional distribution will be financed from the available OCC, taking into account the regular dividend, room for potential bolt-on acquisitions and re-risking.

4. Dividend

a.s.r. has proposed a total dividend per share of € 2.70 over the full year 2022 (2021: € 2.42 per share). Taking into account the interim dividend of € 0.98 per share, the final dividend amounts to € 1.72 per share. The final dividend amounts to € 254.4 million based on the number of shares per 31 December 2022. Upon announcement of the Aegon transaction, a.s.r. communicated that the progressive dividend policy will be increased to mid to high single digit annual growth until 2025.

5. Deferred tax asset / liabilities

In accordance with the Delegated Regulation and the recommendations of DNB, netting on de balance sheet is only allowed with same tax authority and with same timing. Based on this netting principles, a.s.r. group contains a DTA and a DTL on the balance sheet. For tiering principles the split in DTA and DTL is not applicable.

E.2 Solvency Capital Requirement

E.2.1 Method for determining the group solvency capital

Group supervision

a.s.r. is subject to group supervision in accordance with article 212 of the Solvency II directive.
No entities have been excluded from group supervision in accordance with article 214 of the Solvency II directive.

Group solvency

The Solvency II directive prescribes two methods for the calculation of the group solvency:

- method 1 - Standard method based on consolidation of financial statements (Solvency II Directive - article 230, Delegated Regulation - articles 336-340);
- method 2 - Alternative method based on deduction and aggregation (Solvency II Directive - article 233, Delegated Regulation - article 336-342).

a.s.r. applies method 1 (Solvency II Standard method) for the determination of the group solvency. The basis for this is the consolidation structure used for the IFRS financial statements, with exemption of financial institutions.

The consolidated data are calculated based on the consolidated financial statements, which is valued in accordance with the Solvency II regulations concerning the determination and valuation of the balance sheet, as well as the inclusion and treatment of the associated companies.

The Solvency II ratio excluding and including financial institutions are both presented in the next paragraph. However, in external publications only the Solvency II ratio excluding financial institutions is reported, as the majority of the a.s.r. activitities are insurance related.

Group solvency is calculated as the difference between:
a) the own funds eligible to cover the SCR, calculated based on consolidated data;
b) the SCR at group level calculated based on consolidated data.

The determination of the group Solvency II requirement and EOF is discussed below.

Group capital add-on If the consolidated group SCR does not appropriately reflect the risk profile of the group, a capital add-on to the SCR may be imposed.

The group capital add-on consists of the following components:
- risk profile capital add-on;
- governance capital add-on.

a.s.r. applies no group capital add-on.

Calculation of the group consolidated Solvency Capital Requirement
The starting point in determining the consolidated SCR of the group is the consolidated Solvency II balance sheet as described above. The risk calculations are performed on the following basis:
- market risks are based on the consolidated balance sheet;
- insurance risks are based on the sum of the underlying insurance risks for each insurance undertaking;
- counterparty default risk is based on the consolidated balance sheet;
- operational risk is based on the consolidated balance sheet.

Differences may arise between the results of the risk calculations of the group and the sum of the underlying entities:
- diversification benefits within the market risk as a result of using consolidated data. a.s.r. calculates the market risk for the insurance entities and for the group. At group level all subsidiaries are consolidated, which results in additional market risk (equity risk) for these entities;
- intercompany relationships between entities, and between entities and the holding company are eliminated at group level.

For the calculation of the required capital that should be held for the participations, it is of interest if the look-through approach is applicable or not. The underlying investments should be shocked by the relevant SCR modules (interest rates, real estate, counterparty concentration) if the look through approach is applicable.
a.s.r. applies Method 1 for consolidation; this means that, amongst others, the ancillary service entities are to be consolidated on line-by-line basis. The individual SCRs are calculated on this basis. The look through approach has to be applied.

Finally, at group level the SCR of financial institutions are added. Financial institutions are not consolidated. All other entities within the group are consolidated.

E.2.2 Solvency ratio and a.s.r. ratings

Capital requirement
The required capital stood at € 3,307 million per 31 December 2022 (2021: € 4,185 million). The required capital (before diversification) consists for 2022 € 2,481 million out of market risk and the insurance risk amounted to € 3,166 million.

a.s.r.'s Solvency II ratio, including financial institutions, complied during 2022 with the applicable externally imposed capital requirement. The capital requirements of the financial institutions fall under a different sectoral supervision regime.

The table below presents the solvency ratio at group level as at the date indicated.

Eligible own funds to meet the SCR

	31 December 2022	31 December 2021
Eligible Own Funds Solvency II	7,346	8,189
Required capital	3,307	4,185
Solvency II ratio excluding Financial Institutions	**222%**	**196%**
Eligible Own Funds Solvency II	7,441	8,270
Required capital	3,360	4,233
Solvency II ratio including Financial Institutions	**221%**	**195%**

The Solvency II ratio stood at 222% (excluding financial institutions) as at 31 December 2022 (2021: 196%). The Solvency II ratio including financial institutions stood at 221% as at 31 December 2022 (2021: 195%). The Solvency II ratios presented are not final until filed with the regulators.

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 € 804 million at year-end 2022.

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.

a.s.r. uses an advanced model for the LAC DT of both a.s.r. life and a.s.r. non-life and a 'basic' model for a.s.r. health basic and supplementary. In the advanced model 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.

On 22 September 2021 the European Commission published its proposal for the revision of Solvency II. It consists of various changes to the Solvency II framework, affecting most notably the liability discount curve, the risk margin and the volatility adjustment (VA). In July 2022, the Council reached an agreement on their common position. The Parliament has tabled many amendments and will vote on their final position in early 2023. The next step then is for the European Parliament, the Council to negotiate the final legislative texts of the revision of Solvency II. It is expected that the changes will come into effect in 2025 at the earliest and that some measures will include a phase-in period. Quantitative impact of the EC proposal has been analysed and appears to be more favourable compared to the earlier EIOPA advice, but a conclusion is only possible after specifications have been finalised.

Standard & Poor's confirmed the single A rating of a.s.r., a.s.r. Life and a.s.r. Non-life on 9 September 2022 and on 27 October 2022 for a.s.r. including Aegon Nederland.

Ratings per legal entity

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

CCR: counterparty credit rating
FSR: financial strength rating

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

E.3 Use of standard equity risk sub-module in calculation of Solvency Capital Requirement

The transitional measure for equity risk applies for shares in portfolio at 01-01-2016 and ended per 31 December 2022. The SCR equity shock is 22% at 01-01-2016, and linear increasing to (i) 39% + symmetric adjustment for type I shares and (ii) 49% + symmetric adjustment for type II shares.

E.4 Differences between Standard Formula and internal models

a.s.r. solvency is governed by a standard formula, rather than the self-developed internal model. The EB believes that this should enhance transparency and consistent interpretation.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

As a.s.r. has not faced any form of non-compliance with the MCR or significant non-compliance with the SCR during the reporting period or at the reporting date, no further information is included here.

Contact details

Contact

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

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

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

Corporate Communications
Press officer
+31 (0)6 227 90 974
rosanne.de.boer@asr.nl

Publication

Design & Realisation
TD Cascade bv
Tangelo Software B.V.

Photography
Wilco van Deijen
Raphaël Drent
Kees Hummel
Joni Israeli
Jarno Verhoef
Stock photography

Text
ASR Nederland N.V.

ASR Nederland N.V.

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

www.asrnl.com

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