SFCR ASR Nederland N.V.

2023

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

SFCR ASR Nederland N.V.

2023

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 decreased to 176%[1] (31 December 2022: 221%) and includes a 31%-points decrease due to the acquisition of Aegon Nederland (hereafter: Aegon NL) and a 9%-points deduction for proposed dividend (€ 610 million). The ratio is based on the Partial Internal Model (PIM) as a result of € 11,578 million Eligible Own Funds (EOF) and € 6,581 million Solvency Capital Requirement (SCR).

Organic capital creation (OCC) contributed 14%-points, which was more than offset by a 20%-points negative impact from market and operational developments. Market and operational developments reflect the negative impact from real estate revaluations, mortgage spread widening, provision for the unit-linked insurance file (€ 250 million settlement and € 53 million additional provision), experience variance and model and assumption changes.

OCC increased by € 285 million to € 938 million (2022: € 653 million), primarily driven by the contribution from Aegon Nederland (hereafter: Aegon NL) business for the second half of 2023.

The operating result increased by € 311 million to € 1,117 million (2022: € 805 million), mainly due to the first-time contribution of Aegon NL business as of the second half of 2023. All business segments showed higher operating results, partly offset by higher costs in the segment Holding & Other (including Eliminations).

Operating expenses increased by € 481 million to € 1,183 million primarily reflecting the larger cost base including Aegon NL. Furthermore, personnel related costs increased due to the impact of the Collective Labor Agreement. The internal number of FTE's increased to 7,994 (2022: 4,313), primarily as a result of Aegon Nederland.

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

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

B System of governance

General

ASR Nederland N.V. (hereafter referred to as a.s.r.) is a public limited company which is listed on Euronext Amsterdam and governed by Dutch corporate law. It has a two-tier board governance structure consisting of an Executive Board (EB) and a Supervisory Board (SB). As of the closing of the Aegon transaction on 4 July 2023, a.s.r.'s governance was changed by replacing the Business Executive Committee with the Management Board (MB). The reason for introducing the MB was to ensure effective management of the integration of a.s.r. and Aegon NL, as well as long-term management continuity.

The SB is responsible for advising the EB, supervising its policies and the general state of affairs relating to a.s.r. and its group entities. The EB and the MB share the responsibility for the day-to-day conduct of business at a.s.r. and for its strategy, structure and performance and shares responsibility for the implementation and realisation of the business strategy.

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.

C Risk profile

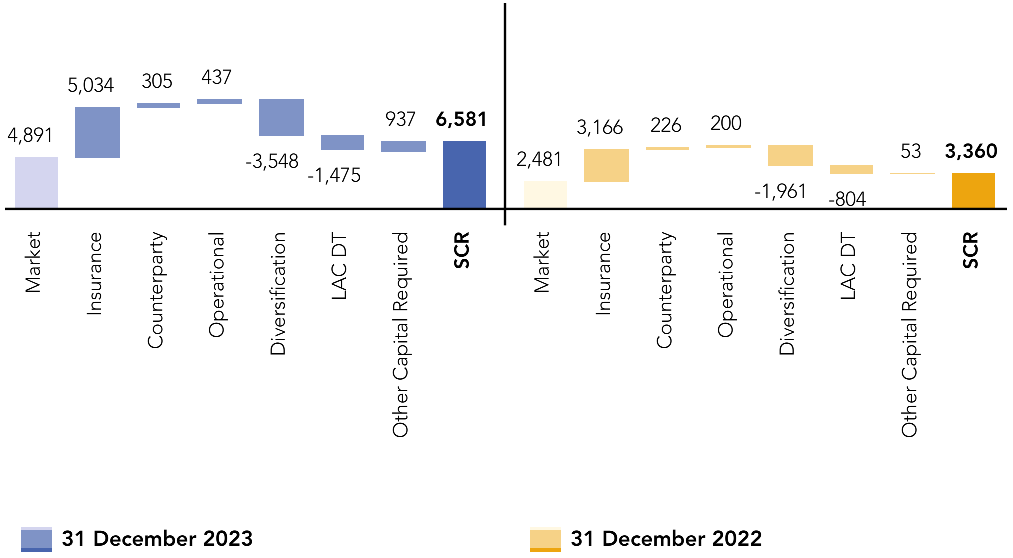
a.s.r. applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring 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.

a.s.r. uses a Solvency II Partial Internal Model (PIM) to calculate the solvency position of the former Aegon entities Aegon life and Aegon spaarkas. Aegon's Internal Model was approved by the College of Supervisors as part of the Internal Model Application Process.

The SCR is build up as follows:

Solvency capital requirement



1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

The required capital stood at € 6,581 million[1] at 31 December 2023 (31 December 2022: € 3,360 million). The increase of required capital was mainly the result of the addition of the Aegon NL business.

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

D Valuation for Solvency purposes

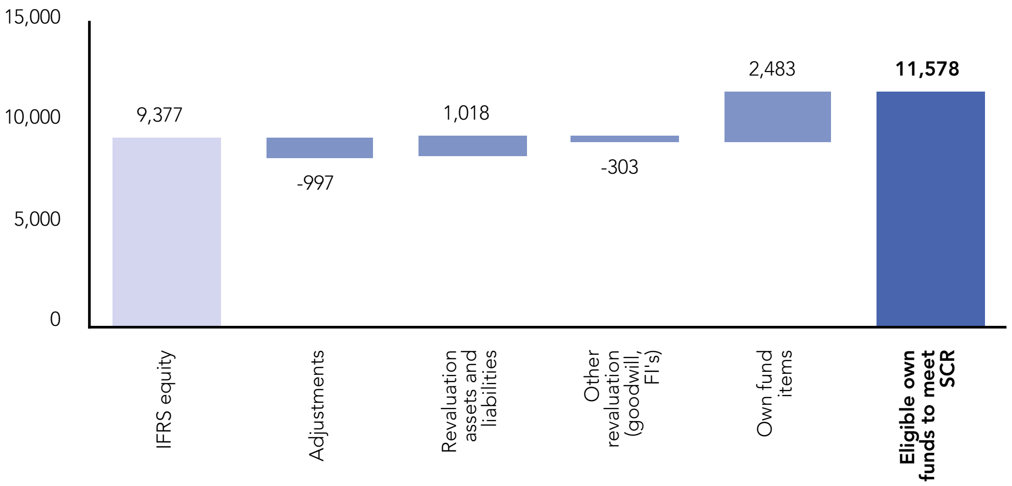
a.s.r. values its Solvency II balance sheet items on a basis that reflects their economic value. Where the IFRS fair value is consistent with Solvency II requirements, a.s.r. follows IFRS for valuing assets and liabilities other than technical provisions.

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.

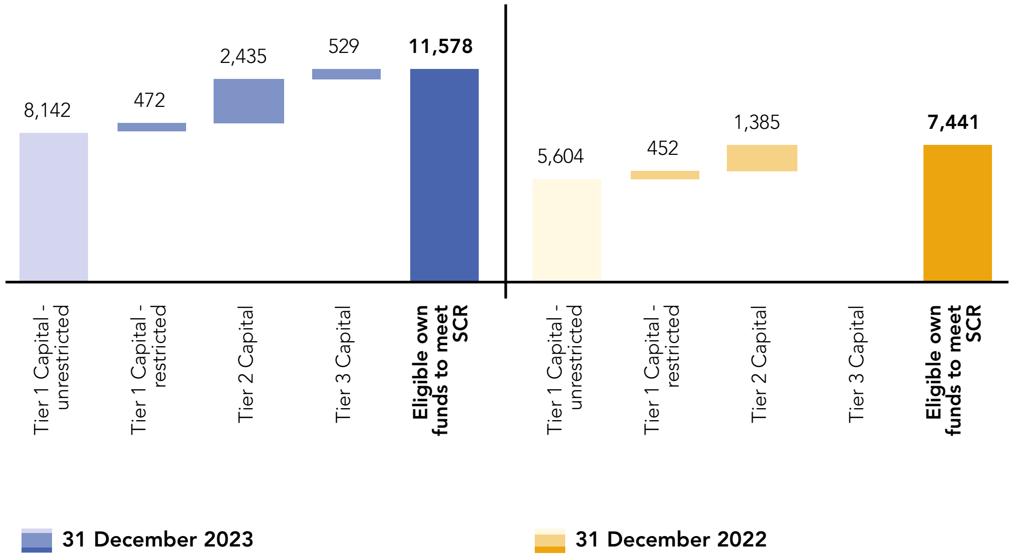
E Capital Management

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 176% at 31 December 2023.

The EOF is build up as follows:

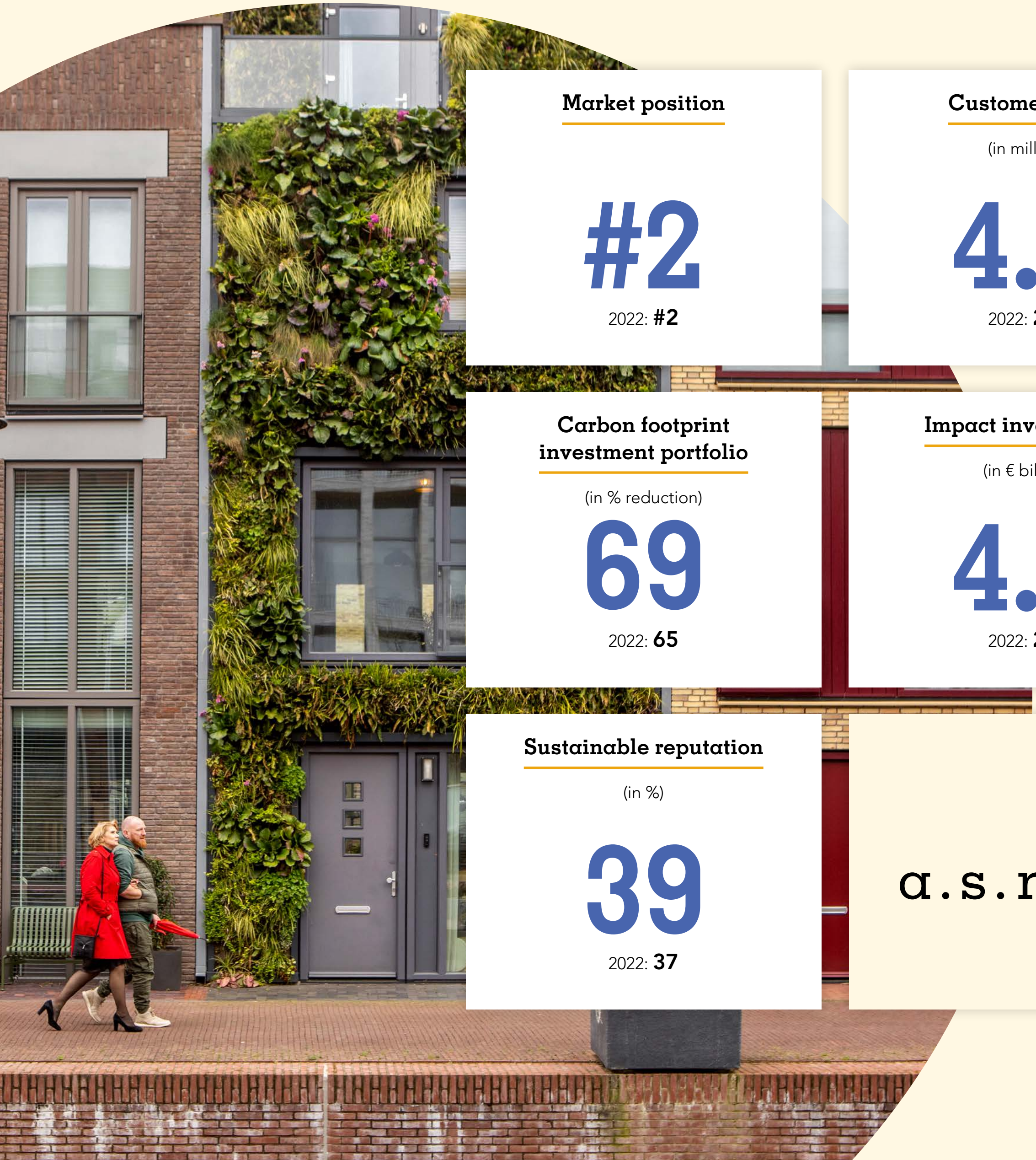
Eligible Own Funds



The EOF increased to € 11,578 million (31 December 2022: € 7,441 million). This increase was mainly driven by the acquisition of Aegon Nederland (Aegon NL) and organic capital creation (OCC), which was partly offset by market and operational developments and by the proposed dividend.

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

A Business and performance



Market position

#2

2022: **#2**

Customer base

(in million)

4.3

2022: **2.8**

Employees

(in FTE)

7,994[1]

2022: **4,313**

Market capitalisation

(in € billion)

9.0

2022: **6.6**

Carbon footprint investment portfolio

(in % reduction)

69

2022: **65**

Impact investments

(in € billion)

4.0

2022: **2.8**

Employee engagement

(in percentile)

89

2022: **88**

Net Promoter Score (NPS-r)

(-100 to 100)

<market average

2022: **<market average**

Sustainable reputation

(in %)

39

2022: **37**

Brands

a.s.r. AEGON Loyalis een merk van a.s.r. knab TKP

1 This figure includes a.s.r. stand-alone colleagues (4,479) and ex-Aegon NL colleagues (3,515). All other non-financial metrics presented in this Annual Report exclude Aegon NL, unless stated otherwise. For more information on the scope of the non-financial metrics, please refer to About this report and the Glossary.

Premiums and DC volume
(in € million)
8,825
2022: 6,510

IFRS net result
(in € million)
1,086
2022: -1,709

Operating result
(in € million)
1,117
2022: 805

Total assets
(in € billion)
115.8
2022: 74.0

Solvency II ratio
(in %)
176
2022: 221

Operating return on equity
(in %)
12.4
2022: 10.6

Organic capital creation
(in € million)
938
2022: 653

Dividend per share
(in €)
2.89
2022: 2.70

Contractual service margin
(in € million)
5,168
2022: 1,829

Credit rating
(S&P)
A
2022: A

Total equity
(in € million)

Combined ratio P&C and Disability
(in %)

A.1.1 General information

ASR Nederland N.V. (a.s.r.) is the second-largest insurer in the Netherlands. a.s.r. helps its customers share risks and build up capital for the future. a.s.r. does this with services and products that are good for today, tomorrow and always, in the fields of insurance, pensions, banking and mortgages for customers, businesses and employers. a.s.r. is also active as an asset manager for third parties.

a.s.r. is listed on Euronext Amsterdam and is included in the AEX index. a.s.r. has a total of 7,994 internal FTE's (2022: 4,313).

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 some 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 this report 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 2023 were authorised for issue by the Executive Board (EB) and approved by the Supervisory Board (SB) on 2 April 2024. The financial statements 2023 will be presented to the Annual General Meeting (AGM) of Shareholders for adoption on 29 May 2024.

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 group comprises a number of operating and holding companies. Except where indicated, a.s.r. is 100% shareholder of these companies.

ASR Nederland N.V.

- **ASR Schadeverzekering N.V.**[1]
- **ASR Levensverzekering N.V.**[2]
  - ASR Infrastructure Renewables B.V.
- **AEGON Levensverzekering N.V.**[2]
- **ASR Ziektekostenverzekeringen N.V.**
  - ASR Basis Ziektekostenverzekeringen N.V.[1]
  - ASR Aanvullende Ziektekostenverzekeringen N.V.[1]
  - ASR Wlz uitvoerder B.V.
- **ASR Deelnemingen N.V.**
  - ASR Real Estate B.V.[3]
  - ASR Premiepensioeninstelling N.V.[3]
  - Corins B.V.[3]
  - ASR Vitaliteit & Preventieve Diensten B.V.
- **Aegon Cappital B.V.**[3]
- **AEGON Spaarkas N.V.**[2]
- **Aegon Bank N.V.**[3]
- **ASR Vermogensbeheer N.V.**[3]
- **AEGON Hypotheken B.V.**[3]
- **D&S Holding B.V.**
  - **Dutch ID B.V.**
    - Felison Assuradeuren B.V.[3]
    - Boval Assurantiën B.V.[3]
  - Supergarant Verzekeringen B.V.[3]
  - ZZP Nederland Verzekeringen B.V.[3]
  - PoliService B.V.[3]
  - dRA Exploitatie B.V.[3]
  - Assurantiekantoor Lodewijk B.V.[3]
  - **Van Kampen Groep Holding B.V.**[3]
    - Anac Backoffice B.V.[3]
    - Van Kampen Geld B.V.[3]
  - **Van Helvoort Assuradeuren B.V**[3]
    - Van Helvoort Registermakelaars in Assurantiën B.V.[3]
- **ASR Vooruit B.V.**[3]
- **Aegon Advies B.V.**[3]
- **AEGON Bemiddeling B.V.**[3]
- **Nedasco B.V.**[3]
  - BSB Assurantiën B.V.[3] (85% participation)
- **Robidus Groep B.V.** (94% participation)
  - Robidus Risk Consulting 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 six (2022: 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 four separate segments being Asset Management, Banking, 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 entities and their subsidiaries. This life insurance entities offer 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. IORP) and Aegon Cappital B.V. (Aegon IORP) which offer 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. See chapter 7.7.8 of the annual report for a list of principal group companies and associates in the relevant segments.

Other activities

The other activities consist of:

- The Asset Management segment involves all activities related to asset management including investment property management. These activities include amongst others ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V., ASR Hypotheken B.V. and AEGON Hypotheken B.V. (Aegon hypotheken);
- The Banking segment consists of the Knab activities (Aegon Bank N.V.);
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (and Van Kampen Geld B.V. and Anac Backoffice B.V.), Dutch ID B.V. (and Felison Assuradeuren B.V. and Boval Assurantiën B.V.), Supergarant Verzekeringen B.V. (and ZZP Nederland Verzekeringen B.V.), Corins B.V., Nedasco B.V., Robidus Groep B.V., TKP Pensioen B.V., Aegon Advies B.V. and AEGON Bemiddeling B.V.;
- 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 Vitaliteit & Preventieve Diensten B.V (Vitality), ASR Vooruit B.V., the investment firm that performs activities related to private investing for customers and the minority participations 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 7.4.2 and 7.4.3 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, costs related to centralised services are allocated to the segments based on the utilisation of these services.

The segments are assessed on their operating result as defined in chapter 7.10 of the annual report of a.s.r.

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 six operating segments. The Non-life and Life segments perform all insurance activities. Asset Management, Distribution, Services, Banking and Holding and Other perform the other activities.

Premiums and DC inflow[1]

Premiums and Defined Contribution (DC) volume for the group increased by 35.6% to € 8,825 million (2022: € 6,510 million).

The premiums invoiced in the Non-life segment increased by 25.7% to € 5,375 million (2022: € 4,276 million). P&C increased 6.7% to € 1,780 million and Disability 7.2% to € 1,593 million. Furthermore, Health increased by 63.7% to € 1,834 million, primarily as a result of an increase of almost 200,000 customers in the policy renewal season in 2022. The contribution of Aegon Nederland is € 167 million consisting of P&C (€ 80 million) and Disability (€ 87 million).

Premiums and DC volume in the Life segment increased 48.2% to € 3,530 million (2022: 2,381), primarily driven by the inclusion of Aegon Nederland (€ 1,165 million). In addition, the increase reflected growth in funeral premiums, driven by indexation of premiums, and growth in the pension DC products, which was partly offset by the decrease in the 'service book' portfolio comprising the existing Pension Defined Benefit (DB) and Individual life portfolio.

Operating expenses

Operating expenses increased by € 481 million to € 1,183 million, primarily reflecting the larger cost base, including Aegon Nederland. Furthermore, personnelrelated costs increased due to the impact of the Collective Labour Agreement. The internal number of FTEs increased to 7,994 (2022: 4,313), primarily as a result of the inclusion of Aegon Nederland.

The cost ratio of P&C and Disability combined increased by 0.5%-points to 8.3%, mainly in relation to the integration of Aegon Nederland, and was partly offset by a continuing focus on organic business growth in combination with cost control.

Expenses for non-ordinary activities, classified as incidental items and, therefore, not included in operating expenses, increased by € 133 million to € 213 million. This increase partly relates to integration expenses for the business combination of a.s.r. and Aegon Nederland, as well as regulatory costs for the implementation of IFRS 17/9.

Operating result

The operating result increased by € 311 million to € 1,117 million (2022: € 805 million), mainly due to the first-time contribution of Aegon Nederland activities from the second half of 2023. All business segments showed higher operating results, partly offset by the Holding & Other segment (including Eliminations).

1 'Premiums and DC volume' is equal to the premiums received plus the customer funds deposited by the insured DC-products and the IORP-products which, by definition, are not premiums

Operating result per segment
The operating result of the Non-life segment increased by € 122 million to € 381 million, mainly due to a higher operating investment and finance result (OIFR) in addition to the contribution of Aegon Nederland and improved underwriting results in Disability and Health. The combined ratio of P&C and Disability combined improved by 0.9%- points to 93.5% (2022: 94.4%), reflecting an increased combined ratio in P&C offset by improvements in Disability.

The Life segment operating result increased by € 98 million to € 688 million, driven by the addition of Aegon Nederland. The operating insurance service result (OISR) benefitted from a higher CSM release, partly offset by a lower risk adjustment (RA) release due to higher interest rates. The OIFR increase was supported by a lower UFR drag (IFRS basis) and a slightly higher investment margin that was partly offset by higher investment expenses.

The operating result of the Asset Management segment increased by € 39 million to € 78 million, primarily driven by the addition of Aegon Nederland activities.

The operating result of the Bank segment (Knab) amounted to € 139 million, reflecting an improved interest margin on saving accounts.

The operating result of the Distribution and Services segment increased by € 5 million to € 30 million driven by the addition of Aegon Nederland entities (Robidus, TKP and Nedasco). The contribution of the other D&S entities remained stable.

The operating result of the Holding & Other segment (including Eliminations) decreased by € 91 million to € -200 million, mainly due to increased interest charges related to the € 1 billion Tier 2 bond issue in November 2022 for the financing of the business combination with Aegon Nederland, as well as for higher operating expenses.

Result before tax
The result before tax increased by € 3,712 million to € 1,389 million (2022: € -2,323 million). As operating result includes normalised investment returns, the revaluation impact of € 579 million (2022: € -2,694 million) is classified as an incidental item related to the investment and finance result. In contrast to 2023, the 2022 IFRS result was negatively affected by the revaluation of the investment portfolio (including derivatives) due to strongly increased interest rates. In addition, there was a less negative impact of other incidental items (€ 128 million) and an increased operating result (€ 311 million).

The IFRS net result attributable to holders of equity instruments amounted to € 1,086 million (2022: € -1,709 million), with an effective tax rate of 21.8% (2022: 26.1%).

Operating return on equity
The operating return on equity increased by 1.8%-points to 12.4% (2022: 10.6%), reflecting stronger growth of the operating result compared to growth in equity, adjusted for unrealised gains and losses.

Solvency II ratio and organic capital creation
The Solvency II ratio decreased to 176% (31 December 2022: 221%) and includes a 31%-points decrease due to the acquisition of Aegon Nederland and a 9%-points deduction for the proposed dividend (€ 610 million). Organic capital creation (OCC) contributed 14%-points, which was more than offset by a 20%-points negative impact from market and operational developments. Market and operational developments primarily reflect the negative impact from real estate revaluations, mortgage spread widening, provision for the unit-linked insurance file (€ 250 million settlement and € 50 million additional provision), experience variance and model and assumption changes.

OCC increased by € 285 million to € 938 million (2022: € 653 million), primarily driven by the contribution from Aegon Nederland activities in the second half of 2023

Dividend and capital distribution
a.s.r. proposes a dividend for 2023 of € 2.89 per share, an increase of 7% compared to the dividend for 2022. Taking into account an interim dividend of € 1.08 per share paid in September 2023, the final dividend amounts to € 1.81 per share. This is in line with the progressive dividend policy and the ambition for mid-to-high single-digit dividend growth per annum until 2025.

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.

Premiums volume

Premiums volume increased by € 1,099 million to € 5,375 million, reflecting strong organic growth in all three product lines and the contribution of Aegon NL of € 167 million. In P&C and Disability, organic growth was driven by increased sales volumes, tariff adjustments and the closing of a new collective disability insurance agreement at the end of 2022. In Health, premiums volume increased by 64% due to an increase of almost 235,000 customers in the policy renewal season. Disciplined pricing has resulted in an outflow of approximately 175,000 customers in 2024, largely offsetting the strong inflow of customers in 2023.

Operating expenses

Operating expenses increased by € 56 million to € 347 million, mainly driven by the addition of the Aegon Nederland activities. In addition, operating expenses increased as a result of organic growth in P&C and Disability. The expense ratio of the segment (excluding Health) increased by 0.5%-points to 8.3% mostly due to the addition of Aegon Nederland. The expense ratio including Health improved by 0.4%-points to 6.1%, mostly due to economies of scale in the Health portfolio.

Operating result

The operating result of the Non-life segment increased by € 122 million to € 381 million, mainly due to a higher operating investment and finance result (OIFR) in addition to the contribution of Aegon Nederland and improved underwriting results in Disability and Health. The OIFR improved mainly due to interest accretion of the balance sheet as a result of higher interest rates, partly offset by lower investment returns. The improvement in Disability mainly related to net positive non-recurring impacts and benefit from pricing improvements, especially in Group Disability in 2022. In P&C, the result decreased slightly, primarily due to the impact of inflation on claims despite a lower level of weather-related calamities. In Health, the operating result increased due to the growth of the business, which resulted in improved cost coverage.

Combined ratio

In P&C, the combined ratio increased to 93.6% (2022: 92.5%), primarily driven by the impact of inflation on claims despite a lower level of weather-related calamities compared with 2022. Premium increases were implemented in the retail portfolio at the end of the second quarter and in the commercial portfolio in the fourth quarter of 2023. These increases take effect from policy anniversary dates throughout the year (especially in the personal lines portfolio), and it therefore takes an entire year to see the full effect on the total portfolio. In addition, the higher average interest rate environment compared to 2022 had a positive impact on the discounting of incurred claims.

In Disability, the combined ratio improved by 3.1%-points to 93.5%, reflecting net positive non-recurring impacts and benefit from pricing improvements, especially in Group Disability. The non-recurring items mainly reflect the positive impact of the alignment of all collective provisioning models, partly offset by strengthening of Sickness Leave provisions due to long-term (psychological) absenteeism.

The combined ratio of Health improved by 2.3%-points to 98.9%, mostly resulting from growth of the business, which led to a lower expense ratio due to economies of scale. Last year, the commissions rate was higher due to acquisition costs made for the inflow of new customers in 2023.

Result before tax

The result before tax increased by € 356 million to € 273 million (2022: € -82 million), mainly due to the negative impact of investment-related incidental items in 2022. The investment-related incidental items amounted to € 29 million in 2023 (2022: € -185 million), helped by more stable interest rate environment compared to 2022. Non-investment- related incidental items amounted to € -136 million, primarily reflecting the non-economic assumption update for inflation in the liability of incurred claims of Disability, project costs for implementation of IFRS17/9 and restructuring provisions.

P&C

a.s.r. offers P&C products for the retail and commercial markets under the brands a.s.r. and "Ik kies zelf van a.s.r.". In 2023 Ditzo and Europeesche Verzekering are relabelled to "Ik kies zelf van a.s.r.". The a.s.r. brand focuses on the retail and commercial markets through advisors and mandated brokers. "Ik kies zelf van a.s.r." offers direct online distribution to individuals and travel and recreational insurance via travel agents. Additionally, the Managing General Agent Corins operates as an independent entity on the Dutch co-insurance market. Corins represents a panel of reputable international (re)insurers, underwriting commercial and industrial risks.

On 1 October the legal integration of Aegon Schadeverzekeringen N.V. with a.s.r. Schadeverzekeringen N.V. took place. a.s.r.'s market position has been significantly strengthened through the business combination with Aegon NL and through strong organic growth in a market characterised by disciplined and economic pricing. In 2023, a.s.r. further invested in more sustainable insurance with two new partnerships. a.s.r. holds a majority interest in Soople and a minority interest in Fixxer.

Soople helps its customers by taking on full day-to-day maintenance of properties, including the initial contact with residents, planning, implementation and invoicing. By becoming co-owner of Soople, a.s.r. can conduct sustainable repairs for customers and ultimately add to this service sustainable maintenance and other sustainable services.

Fixxer is a new company set up in collaboration with Belfius Insurance and focuses on the management and further development of a digital service platform for claims of customers.

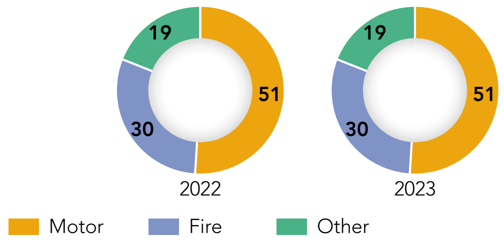
The combined ratio increased to 93.6% (2022: 92.5%), primarily driven by the impact of inflation on claims despite a lower level of weather-related calamities compared with 2022. Premium increases were implemented in the retail portfolio and in the commercial portfolio. In addition, the higher average interest rate environment compared to 2022 had a positive impact on the discounting of incurred claims.

Combined ratio P&C

(in %)

Product share 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](2021: 65.2%), a.s.r. ranks among the top three Property & Casualty (P&C) insurers in the Netherlands, with a market share of 13.8% in 2022 (2021: 14.1%), measured by GWP.

Consolidation has also occurred among the distribution parties and mandated brokers. Inflation had a big impact on the P&C market in 2022 and 2023. The claims ratio and expense ratio increases led to higher premiums.

The government intends to make commissions for retail P&C insurance transparent. Advisors will therefore 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 physical injury as well as coverage against theft, fire and collision damage.
- Fire policies provide cover against various property risks, including fire, flood, storms and burglary. Private cover is provided on both a single-risk and a multi-risk basis, with multi-risk policies providing cover 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, pet insurance and transport insurance.

Strategy and achievements

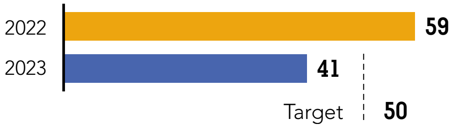
a.s.r. has a strong track record of being profitable, with a good customer satisfaction score. Long-term growth is typically driven by the increase of the gross domestic product. a.s.r. is strongly represented among advisors, mandated brokers and in the co-insurance market, via Corins. In the direct channel, the revenue of a.s.r. ("Ik kies zelf van a.s.r.") is stable and profitable. a.s.r. expanded its traditional product portfolio with two new partnerships (Soople and Fixxer).

Simplifying and modernising the IT landscape is an important part of the strategy. 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.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph. NPS-c decreased compared to 2022. In 2023, the scope for NPS-c was expanded to include "Ik kies zelf van a.s.r.", which led to the sharp decrease.

NPS-c P&C

(score, -100 to 100)



At the end of 2021, a.s.r. joined the Net-Zero Insurance Alliance, an initiative of the United Nations and the international insurance industry. This commits a.s.r. to the target of its insurance portfolio being climate-neutral by 2050, in line with the Paris Agreement. In 2023, P&C has calculated its baseline figures,

1 Source: Market shares DNB 2022. Market shares 2023 are not available yet.

set and published the 2030 ambitions for its commercial lines and personal motor portfolio and started the execution of actions in order to achieve these targets.

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) including its own repairer Soople.

Corporate customers receive sustainability advice after a 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. To encourage corporate customers to improve the sustainability of their companies, a.s.r. has set up a cooperation with Klimaatroute. Klimaatroute provides an energy analysis at a reduced rate for a.s.r.'s SME customers in which the potential savings and sustainability opportunities are mapped out.

Customers and intermediaries may find information for example on how to make an energy transition or how to adapt their property to climate change on a.s.r.'s 'sustainable living' internet platform.

Outlook for 2024

The portfolio of Aegon NL will be integrated with the a.s.r. P&C administration to create a single claims organisation in which customers and intermediaries of Aegon NL will be retained as far as possible.

a.s.r. expects further growth of the P&C portfolio, by 3-5% per annum, with growth opportunities primarily in the commercial market. 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.

The energy transition in the Netherlands is in full swing and sustainable solutions follow each other in rapid succession. a.s.r. has therefore set up the sustainability desk where advisors can take questions on how to insure new sustainable initiatives. Products and services will become more sustainable, partly through initiatives for sustainable and circular repair (repair if possible, replace if necessary whereby the item may be replaced by a refurbished item) and through the expansion of existing products in order to encourage the use of fossil-free alternatives.

Disability

With the business combination with Aegon NL, a.s.r. has strengthened its leading position in the disability insurance market with a focus on organic growth. It has an extensive range of products and services focusing on sustainable employability and on preventing and reducing absenteeism.

The combined ratio improved to 93.5% (2022: 96.7%), reflecting net positive non-recurring impacts and benefit from pricing improvements, especially in Group Disability. The non-recurring items mainly reflect the positive impact of the alignment of all collective provisioning models, partly offset by strengthening of Sickness Leave provisions due to long-term (psychological) absenteeism.

Combined ratio Disability

(in %)

Market

Distribution of disability (income) insurance products takes place 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 39.8% in 2022 (2021: 37.4%) in terms of the gross written premium (GWP). The income insurance market grew slightly in size to € 4.36 billion[1].

Distribution through mandated agents has increased in recent years, reaching € 753 million[2] . In 2022 this is 17.2% (2021: 16.7%) of the total market (GWP) for income protection insurance. In 2023, 25.1 % (2022: 24.4%) of a.s.r.'s Disability GWP was realised through mandated agents.

Products

a.s.r.'s income protection insurance business offers various products divided into the following business 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.
- Sickness leave:
  - Products to protect employers during obligatory continued payment of wages for absent employees 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).

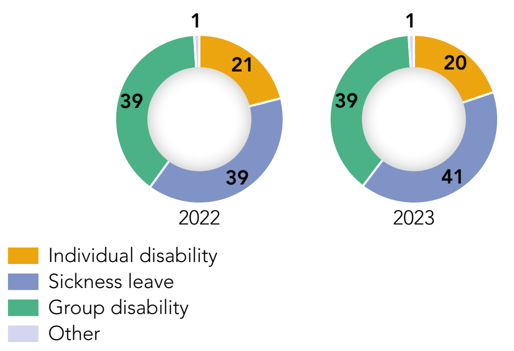
1 Source: Market shares DNB 2022. This does not include foreign providers licensed for the Dutch insurance market. 2023 market shares are not available yet
2 Source: Mandated brokers 2022 market report Dutch Association of Insurers and NVGA, published in March 2023.

a.s.r. provides a wide range of prevention and reintegration services for customers of both a.s.r. 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 to keep 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 keep their employees employable while meeting government requirements.

Product share Disability

(in %)



Strategy and achievements

a.s.r. aims to keep all its customers employable and insured and strives 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 to retain their employees. And if that is not possible for a while, they want to be assured of an income. Through a.s.r.'s prevention and reintegration services, a.s.r. helps its customers to ensure optimal employability for themselves and their employees. This helps reducing absenteeism among customers and to control the cost of claims, keeping risks affordable and insurable.

a.s.r. focuses on further improving its service by digitalising customer processes, reducing paper flows, offering convenience and personalised customer service. Examples include the introduction of the ‘Services Store’ (Dienstenwinkel) and further development of 'Mijn a.s.r.' and the implementation of links with salary systems for uniform and user-friendly participant administration.

At the end of 2023, a.s.r. contracted a group framework agreement with more than 210 employers who fall under the hospital collective labor agreement for supplementary disability insurance top-up insurance for benefits under the Return to Work (Partially or temporarily Disabled Persons Scheme, WGA) for approximately 220,000 employees in this sector. The insurance premiums for this large contract will contribute to the revenue for 2024.

In 2023, the Appsentiemanager was launched. This is a digital tool for SME employers, enabling them to report employee sickness and recovery simply, using a mobile device. This tool also helps employers to take the right steps in the reintegration 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 longterm relationships with its customers and insurance advisors. Customer appreciation is a key performance indicator. This is measured, among other things, through an NPS-c.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Disability

(score, -100 to 100)

Outlook for 2024

Over the recent years political discussions and decisions resulted in significant growth of minimum wages. In January a further increase of 1,2% of the minimum wages was announced to come into place as of July 2024. Also, as a result of negotiations for collective labour agreements, there have been wage indexations in the range of 5-10% in 2023. Although expected at a slower pace and lower level, negotiations for collective labor agreements will be on the calendar in 2024 as well. This has an effect on a.s.r.'s disability portfolio, both on the premiums received side as well as on the cost side. An increasing part of absenteeism due to illness is related to psychological complaints. In 2024 a.s.r. will monitor the further developments.

Furthermore, a.s.r. does not expect any impactful changes in social security that will affect the insurance portfolio in 2024. Uncertain factors are the impact of economic and geopolitical developments on inflation, interest rates, wage development and the economy. 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 advisors/intermediaries and pursuing further chain integration.

For 2024, the integration of the Aegon NL Disability insurance portfolio with a.s.r.'s backoffice is scheduled. In this way, a.s.r. expects to provide former Aegon policyholders with excellent service, in depth knowledge of the market for disability, extensive in-house reintegration experience and high quality digitalised customer processes.

Health

In 2023, a.s.r. was the sixth largest provider of health insurance on the Dutch market, based on the number of customers, with a market share of 4.3% (2022: 3.1%). In 2023, the four largest insurers had a joint market share of 84% (2022: 85.1%). The number of health policyholders increased by 41.4%, partly due to the composition of supplementary packages, including dental care and maternity care. In 2023, a.s.r. offered health insurance under the ‘a.s.r.’ and ‘Ditzo’ brands. On 17 April 2023, Ditzo was rebranded in "Ik kies zelf van a.s.r.".

The combined ratio of Health improved to 98.9% (2022: 101.2%), mostly resulting from growth of the business, which led to a lower expense ratio due to economies of scale. Last year, the commissions rate was higher due to acquisition costs made for the inflow of new customers in 2023.

Combined ratio Health

(in %)

Markets
Two types of products are offered on the Dutch health insurance market: basic cover and supplementary cover. In the highly regulated health care market, all Dutch citizens are obliged to take out basic health insurance based on an annual contract. The contents of this basic cover are set by the government, but health insurers are permitted to add some variation in order to distinguish their products from each other. This mainly involves how claims are processed and the number of medical providers whose treatment is eligible for cover.

Insurers are obliged to accept anyone who is legally required to take out basic health cover as a policyholder. A state-managed risk equalisation system protects an insurer in case its customer base typically shows behaviour that is detrimental for its health situation, leading to higher costs for the insurer. The compensation paid to insurers depends on the anticipated costs, based on the characteristics of their customer base. This risk equalisation system is constantly being adjusted.

The number of policyholders who switch to another health provider at the end of the year remained unchanged at 6-7% for the past nine years. This year, however, the percentage rose to 8.5% (1.5 million policyholders), the highest number of person switching providers since the introduction of the Health Insurance Act in 2006.

Unlike basic health insurance, supplementary health cover is not compulsory. In 2023, 82.5% of policyholders on the Dutch market opted for supplementary health insurance (2022: 83.5%). Following an increase in this percentage in 2021 in response to the Covid-19 pandemic, the declining market trend which set in last year continued. Within a.s.r., the number of policyholders opting for supplementary health cover went up to 96.3 % in 2023 (2022: 95.5%). The number of claims made under this form of cover increased similarly.

Products
The types of health cover offered in 2023 under the a.s.r. and "Ik kies zelf van a.s.r." (previously Ditzo) brands were as follows:

- Basic insurance with a broad coverage of medical costs, as prescribed annually by the government. a.s.r. offers three types of basic health cover:
  - Contracted care policy, in which the insurer remunerates costs directly to contracted care providers;
  - Noncontracted care policy, in which the customer is reimbursed for medical care payments, including for treatment from noncontracted care providers;
  - A combination of the two, applied through a combination of both policies.
- Supplementary health insurance to cover specific risks not included under basic health insurance, such as the costs of dental treatment, physiotherapy, orthodontic treatment and medical support abroad.

The most popular basic health cover on the Dutch market is the contracted care policy[1] . At year-end 2023, 76% of total policyholders had taken out a contracted care policy.

Strategy and achievements
In 2023, the strategy of a.s.r. was further refined in response to developments in the market and society, to provide cover for health care that is future-proof, i.e. cover that is and will remain efficient, affordable and accessible. In the revised strategy, sustainability has acquired an even greater prominence. In terms of sustainability, a.s.r. will continue to accelerate the sustainable transition through cooperation with suppliers, health care providers, customers and other health insurers. Furthermore, with the revised strategy a.s.r. aims to maintain a stable customer base, and to refrain from further growth.

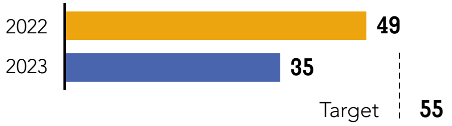
a.s.r. also took further steps towards sustainability in 2023. The addition of the 'find a sustainable care provider' (de groene zorgzoeker) function to a.s.r.'s health care application makes it easier for customers to see which care providers are more sustainable. The search function enables customers to find health care providers in a particular location. Physical medical cards have also been replaced by digital versions, unless customers opted for keeping their physical card.

a.s.r. has developed various initiatives aimed at promoting future-proof health care, partly by encouraging policyholders to maintain a healthy lifestyle. Examples include the 'take care of yourself' (zorg voor jezelf) programme, in which a.s.r. provides free health care programmes which contribute to a healthy lifestyle. Three programmes rolled out in the past year were the 'healthy habits' (gezonde gewoonte) programme, the 'eat more sustainably' (duurzamer eten) programme and the 'I bounce back' (ik veer mee) programme.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Health

(score, -100 to 100)



1 Vektis Zorgthermometer 2023

With an NPS-c of 35 in 2023 (2022: 49), customer satisfaction within Health fell, partly due to an unexpectedly high influx of customers which led to long waiting times, especially at the start of the year.

Customer-driven service remains a key element of the strategy, and is thus constantly being improved. a.s.r. has transformed its customer service in order to serve customers better and faster. The digitalisation strategy, which assists customers towards self-service and removes low impact contact, is also improving the speed and efficiency of customer service. Finally, more attention has been given over the past year to non-Dutch language customers, and a start has been made on improving the availability of information in English.

Outlook for 2024

a.s.r. expects customers to remain price-sensitive in 2024 due to the high level of inflation which persisted throughout 2023. As a result, premiums will again be decisive in the choices made by customers during the premium review season. The outcomes of the transfer season of the health insurance market at the end of 2023 show that a.s.r. faces a significant decrease in the number of insured for 2024. The primary reason for the substantial decrease is most likely the significant price difference compared to the least expensive insurance available in the market.

In 2024, a.s.r. will continue to take steps to keep health care future-proof in the form of continued accessibility, appropriateness and sustainability. In 2024, a.s.r. will further improve accessibility of health care through digital transformation and by continuing to provide the right contract information for both referral organisations and policyholders. a.s.r. will also continue to support the Integrated Health Care Accord (IZA) and contribute to the ongoing improvement of, and compliance with, agreements made in the IZA through the mid-term review. The implementation period for impactful transformations will run until 2027.

The government could potentially have a significant impact on the healthcare system and how the market operates. Accessibility and affordability of healthcare are under pressure, and remain high on the political agenda. Political interventions could potentially heavily impact the existing care system.

A.2.3 Financial Performance Life segment

The Life segment comprises the life insurance entitities ASR Levensverzekering N.V. and Aegon Levensverzekering N.V. and their subsidiaries. The Life segment also includes ASR Premiepensioeninstelling N.V. and Aegon Cappital B.V.

Premiums and DC volume

Premium and DC volume increased by 48.2% to € 3,530 million (2022: € 2,381 million), primarily driven by the inclusion of Aegon NL (€ 1,165 million).

The organic growth of pension DC volume was driven by an increase of recurring premiums for the 'Werknemers Pensioen' (16.6%) and the 'Doenpensioen' (15.5%), as both of these products continued their commercial success. In addition, the DC volume increased through inorganic growth from the addition of Aegon Nederland. The premiums invoiced increased with the contribution of Aegon NL and through growth in Funeral premiums (8.0%), mainly driven by inflation-related indexation. This was partly offset by the decrease in the Pension Defined Benefit (DB) and the Individual life portfolio.

Assets under Management ('AuM') of the DC proposition increased to € 22.6 billion (2022: € 8.03 billion), mainly driven by the addition of Aegon NL DC AuM (€ 12.2 billion), net volume from a.s.r.'s DC products and by positive market revaluations.

Operating expenses

Operating expenses increased by € 184 million to € 401 million (2022: € 217 million). The increase in operating expenses was mainly due to the combination with Aegon Nederland and project expenses related to a new IT landscape in Pensions.

Operating result

The operating result increased by € 98 million to € 688 million (2022: € 590 million), reflecting an increase in the operating insurance service result (OISR) including the 'other' result of € 64 million and the operating investment and finance result (OIFR) of € 34 million.

The OISR including the 'other' result increased by € 64 million to € 279 million, driven by the addition of Aegon NL, and was partly offset by lower experience variance reflecting the fact that actuals are now more closely in line with assumptions. Losses on new business improved driven by increased profitability due to higher interest rates.The OIFR increased by € 34 million to € 409 million driven by the addition of Aegon NL and a positive impact from lower UFR drag (IFRS basis) due to higher interest rates. This increase was partly offset by higher investment expenses, lower asset valuations and a negative impact from accrual of the balance sheet (reflecting higher interest rates and a higher liability illiquidity premium).

Result before tax

The IFRS result before tax increased to € 973 million (2022: € -963 million), mainly due to the negative impact of investment-related incidental items in 2022, reflecting significant negative revaluations driven mainly by strongly risen interest rates in 2022.

Non-investment incidental items amounted to € -228 million (2022: € -110 million), mainly driven by the agreement with claims organisations on the unit-linked life insurance transparency file, which resulted in a provision of in total € 300 million (€ 250 million settlement and an additional provision of € 50 million) in addition to several other items (€ 75 million) comprising an one off benefit related to the settlement of separate accounts in relation to the implementation of IFRS 17 and the own pension schemes of a.s.r. and Aegon NL. The impact of incidental items this year on existing onerous contracts ('change in future services') remained limited, in contrary to 2022, which reflected the impact of exceptionally high inflation.

The remaining part of the increase was due to the improvement in the operating result (€ 98 million).

Pensions

a.s.r. is an important provider of pension products in the Netherlands. The business combination with Aegon NL has led to a substantial increase in the customer base. Approximately 70% of the portfolio consists of Defined Benefit (DB) schemes, but the new business and the majority of the premium income derives from the Defined Contribution (DC) schemes. The total customer base consists of some 63,000 schemes with two million participants.

A large number of customers is served by the two Institutions for Occupational Retirement Provision (IORP): ASR Premiepensioeninstelling N.V. and Aegon Cappital B.V. These two IORPs are separate legal entities and are expected to be integrated in H1 2024.

Market

Following enforcement of the Future Pensions Act (Wet toekomst pensioenen; WTP) on 1 July 2023, the pensions market is in full swing. The purpose of this Act is to enable all pensions to become more personal, with more choices. Communications and advice on customer options form important parts of the WTP.

All existing contracts must be adapted to this act before 1 January 2028. New contracts will be subject to the new rules immediately. This also means that all DB schemes will be converted into DC schemes in the coming years.

In order to prepare for these changes, a.s.r. is developing a new system for all its DC products, with the aim of further digitisation of communications and guidance on choices, while reducing costs. Customers expect to be able to arrange their financial affairs themselves, online, and a.s.r. wishes to facilitate this. The new target landscape went live for new business at the end of 2023. For the administration of DB schemes, a.s.r. will make use of pensions administrator TKP.

Products

a.s.r. offers a full range of pension products. a.s.r. offers employers various DC products and it offers employees a fixed and variable pension product at retirement.

For employers with DB schemes, there is the option of purchasing indexations of these rights. For pension funds that do not wish to transfer their accrued rights to the new system as a result of the WTP, but wish to transfer them to an insurer, a.s.r. offers a pension buy-out product.

Strategy and achievements

a.s.r.'s competitive position has been strengthened by the business combination with Aegon NL, the use of scale benefits and the focus on the digital transformation. a.s.r. is well-positioned and has a wealth of experience with activation and option guidance for participants in order to realise the opportunities that have arisen with the introduction of the WTP, such as pension buy outs.

Distribution of pensions takes place via independent advisors. a.s.r. maintains good relations with the advisory channel and aims to match requirements with its products and services.

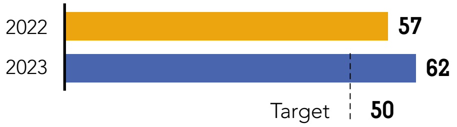
The current pensions strategy consists of five focus points:

- A high level of service with high customer satisfaction and on retaining customers by helping them to make the right financial decisions and through excellent operational performance.
- The realisation of a new IT platform in order to be prepared for the future and to reduce costs.
- Through co-creation, a.s.r. forms partnerships with intermediaries, making the a.s.r. pension product more visible.
- Building the pension business of the future, in which a.s.r. and Aegon NL form a single company that invests in the development and change capacities of its people. The business combination of a.s.r. and Aegon leads to the realisation of scale and efficiency benefits.
- a.s.r. complies with all current legislation and regulations at all times and is in control of all processes.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Pensions

(in score, -100 to 100)



Outlook for 2024

In 2024, a.s.r. will continue to focus on growth in the DC market, the buy-out market and the market for immediate pensions. a.s.r. will continue to work on realising a single pensions business, in which a.s.r. and Aegon NL will be integrated.

The IT landscape will be developed further and the Employees' Pension product will be migrated to the upgraded landscape.

The implementation of the WTP will have an impact and a.s.r. will support its customers with the transition to the new legislation.

Funeral and Individual life

The Funural and Individual life business unit combines the management of the Individual life and Funeral insurance portfolios of a.s.r. and, since 4 July 2023, the Individual Life portfolio of Aegon NL. The aim is to complete the integration of Aegon NL Life within three years. In recent years, a great deal of experience has been gained in setting up efficient operations with a single IT platform. During the process of the integration of the Aegon NL Individual life portfolio, the company will benefit in the coming years from the experience gained with the rationalisation and conversion of life insurance portfolios.

The strategic objectives remain focused on:

- The provision of good customer service, digitally as much as possible;
- The realisation of stable results for these (partially) closed portfolios;
- Smooth integration of Aegon NL business.

Market
The Dutch market for Funeral and Individual life insurance has seen major consolidation in recent years. In GWP terms, a.s.r. holds a top two position with the combined Aegon NL and a.s.r. Individual life insurance portfolio and a top three position for Funeral insurance. a.s.r. held a market share of 16,6% in new production of Funeral insurance, a slight increase in comparison with the preceding year (15,4%). Term life insurance is the only individual life product that a.s.r. actively sells.

Products
In September 2023, a.s.r. replaced the Ardanta label and offers funeral insurance under the a.s.r. brand. The rebranding and a reduction in premiums for funeral insurance from 1 January 2024 (as a result of interest rate developments in 2023) contribute towards the improvement of a.s.r.'s competitive position. In addition, unique selling points, such as the free choice of undertaker and the guaranteed premium for the entire term also add to the products' attractiveness.

Strategy and achievements
The rebranding of Ardanta was an extensive project for Funeral insurance. The first group of customers (more than 1 million insured parties) was informed in October 2023. Further steps were also taken in the long-term digitisation programme.

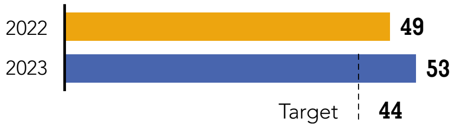
The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph. For Funeral and Individual life, see the graphs below.

NPS-c Funeral

(in score, -100 to 100)

NPS-c Individual life

(in score, -100 to 100)



Outlook for 2024
Together with retaining customer satisfaction, the integration of the organisations and the Individual life portfolios of a.s.r. and Aegon NL is the most important objective for the coming years.

Following an analysis and rationalisation of the Aegon NL portfolio, the conversions to the a.s.r. target platform are planned for 2025. This migration and rationalisation lead to benefits of scale and efficiency improvements. The focus remains on keeping the costs variable and maintaining customer satisfaction during the transition.

In addition, a.s.r. continues to work on further digitisation of customer processes under the motto 'Digital if possible, personal if necessary'. In 2024, a.s.r. will be focusing on the claims process in Funeral insurance, including new portals for the undertakers with which a.s.r. collaborates.

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 2023	31 December 2022
At FVTPL	74,380	39,031
At FVOCI	3,312	2,046
At amortised cost	14,775	-
Total investments	**92,466**	**41,077**

Investments at FVTPL

Investments at FVTPL

	31 December 2023	31 December 2022
Financial investments - transferred under repurchase agreements		
Government bonds	213	437
Financial investments - own risk		
Real estate equity funds	5,380	4,092
Mortgage equity funds	997	1,008
Debt equity funds	772	-
Government bonds	15,854	8,872
Corporate bonds	9,948	7,272
Asset-backed securities	3,013	413
Other investment funds	2,153	1,605
Equities	247	67
Mortgage loans	24,494	9,074
Private loans	11,309	6,191
Total investments at FVTPL	**74,380**	**39,031**

Investments at FVTPL mainly increased due to the assets acquired through the acquisition of Aegon NL (see chapter 7.4.5 of the annual report). Government bonds were sold to finance the acquisition of Aegon NL. Private loans increased mainly due to new reverse repurchase agreements.

Private loans consists for € 2,285 million (2022: € 2,293 million) of savings-linked mortgage loans. The claim related to cash collateral paid on derivative instruments, included in private loans, amounts to € 1,091 million (2022: € 1,633 million).

a.s.r. has bonds amounting to € 3,483 million (2022: € 3,237 million), shares amounting to € 24 million (2022: nil) and cash amounting to € 750 million (2022: € 600 million) (see chapter 7.5.10) that have been transferred, but do not qualify for derecognition. The majority of these investments are part of a securities lending programme whereby the investments are lent in exchange for a fee with collateral obtained as a security. The collateral furnished as security representing a fair value of € 5,067 million (2022: € 4,914 million) consists of mortgage loans and corporate and government bonds.

For the real estate equity funds and mortgage equity funds for which a.s.r. has significant influence the exemption of IAS 28 was used, thereby measuring the investments at FVTPL and presenting them as a separate category within the investments at FVTPL. For a breakdown of the real estate equity funds and mortgage equity fund, see chapter 7.5.4 of the annual report.

At year-end 2023 and 2022, debt instruments at FVTPL consisted entirely of investments mandatorily measured as such.

Based on their contractual maturity, an amount of € 57,936 million (2022: € 26,993 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.

For more detailed information about the fair value valuation of the investments, see chapter 7.7.1 of the annual report.

Investments at FVOCI

Investments at FVOCI

	31 December 2023	31 December 2022
Government bonds	359	-
Corporate bonds	521	-
Equities	2,348	1,743
Preference shares	79	297
Other participating contracts	5	6
Total investments at FVOCI	**3,312**	**2,046**

Investments at FVOCI mainly increased due to the assets acquired through the acquisition of Aegon NL (see chapter 7.4.5 of the annual report).

a.s.r. sold equity instruments held at FVOCI for an amount of € 953 million (2022: € 772 million) in the ordinary course of business. The sales resulted in a gain of € 85 million (2022: gain € 140 million).

Based on their contractual maturity, an amount of € 522 million (2022: nil) of debt instruments is expected to be recovered after more than one year after the balance sheet date. For assets without a contractual Financial statements Notes to the consolidated balance sheet Annual Report 2023 2 maturity date, it is expected that they will be recovered after more than one year after the balance sheet date.

Investments at amortised cost

Investments at amortised cost

	31 December 2023	31 December 2022
Mortgage loans	14,590	-
Private loans	185	-
Total investments at amortised cost	**14,775**	**-**

Investments at amortised costs increased due to the assets acquired through the acquisition of Aegon NL (see chapter 7.4.5 of the annual report).

Certain mortgage loans shown within the category investments at amortised cost are designated in portfolio fair value interest rate hedging relationships, and are fair valued with respect to the hedged interest rate. For 2023, this resulted in a higher carrying value of € 289 million (2022: nil). None of the financial assets has been reclassified during the financial year.

Based on their contractual maturity, an amount of € 13,929 million (2022: nil) of debt instruments 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.

Direct investment income

Direct investment income

	2023	2022
Interest income from investments at FVTPL	1,530	779
Interest income from derivatives	2,318	659
Interest income from investments at FVOCI	18	-
Interest income from debt instruments at amortised cost	340	1
Total interest income	**4,205**	**1,439**
Dividends received	283	187
Investment income related to direct participating insurance contracts	10	10
Rental income from investment property	91	58
Other direct investment income	44	14
Total dividend and other investment income	**428**	**269**
Total direct investment income	**4,633**	**1,708**

Interest income increased mainly due to the assets acquired through the acquisition of Aegon NL. In addition, more interest income from derivatives is recognised compared to last year due to increasing interest rates.

For equity instruments measured at FVOCI, dividends received during the year amount to € 72 million (2022: € 65 million), of which € 19 million (2022: € 8 million) relates to instruments derecognised during the year.

The effective interest method has been applied to an amount of € 357 million (2022: € 1 million) of the interest income from financial instruments not classified at FVTPL. Included within interest income is nil (2022: nil) 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	2023	2022 restated
Net result		**1,086**	**-1,717**
Remeasurements of post-employment benefit obligation		-162	1,195
Unrealised change in value of property for own use and plant		5	13
Equity instruments designated as FVOCI			
- Unrealised change in value of equity instruments designated as FVOCI		126	-543
- Realised gains/(losses) on equity instruments designated as FVOCI		85	140
Income tax on items that will not be reclassified to profit or loss		-9	-244
Total items that will not be reclassified to profit or loss		**45**	**562**
Unrealised change in value of debt instruments at FVOCI		17	-
Income tax on items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		**17**	**-**
Total other comprehensive income, after tax		**61**	**562**
Total comprehensive income		**1,147**	**-1,155**
Attributable to:			
Non-controlling interests		-	-8
- Shareholders of the parent		1,099	-1,195
- Holders of other equity instruments		48	48
Total comprehensive income attributable to holders of equity instruments		**1,147**	**-1,147**

- Shareholders of the parent

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

The comparative figures for 2022 have been restated (see chapter 7.3.1 of the annual report). Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

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;
- The Remuneration Committee;
- The Nomination & ESG Committee.

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 the 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 seven regular meetings and one extra meeting in 2023. In accordance with the Audit & Risk Committee (A&RC) Rules of Procedure, committee meetings are also attended by the CFO, the CRO, the Director of Group Risk Management, the Director of Group Finance & Risk Reporting, the Manager of Compliance, the Director of Audit and the independent external auditor.

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 Audit Function was monitored. The full 2023 reporting year was discussed in the first quarter of 2024, based on the quarterly internal finance report, the press release, the Annual Report, the financial statements, the Board report and the actuarial report.

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 2023. 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 2024 of the Actuarial and Risk Management Function and the Compliance Function. It advised the SB to approve the updated charter and the audit plan 2023 of the internal Audit Function; this advice was followed.

Specific topics discussed in the committee included:

- Preparation and progress on the integration activities as a result of the transaction to combine a.s.r. and Aegon NL, specifically the impact on financial reporting;
- Areas of attention as a result of the initial application of IFRS 17/9;
- Progress on implementing the partial internal model as a result of the Aegon transaction;
- Cyber risks and IT security, and
- Compliancy with rules and regulations.

a.s.r.'s solvency position was reviewed and discussed each quarter. Specific attention was paid to the impact of the Aegon transaction, inflation and interest rates and the development of operating costs. The A&RC discussed the risk scenarios and the outcomes of the Own Risk Self-Assessment (ORSA). 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.

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 2024.

Remuneration Committee

The Remuneration Committee (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 held five regular meetings and four extra meetings in 2023. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed), the CHRO and the company secretary. The committee solicits support and advice from departments, including Group Risk Management, Investor

Relations & Communications, 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.

The 2022 Remuneration Report was submitted to the AGM for an advisory vote; 96.8% of the votes cast were for the report and 3.2% were against. The results demonstrate the shareholders' continued broad support for a.s.r.'s remuneration policy.

In 2023, the RC finalised its comprehensive analysis of the remuneration policy for the EB. Based on the results of this analysis and the advice of the Works Council, the RC proposed a revised remuneration policy to the SB, which was adopted by the 2023 AGM with 99.2% votes in favor. The remuneration for EB and SB members was also evaluated and a proposal in this respect was also adopted by the AGM.

Nomination & ESG Committee

The Nomination & ESG Committee (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 2023. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed), the CHRO and the company secretary.

In 2023, the N&ESGC undertook a selection process of the MB and senior management for the new combination.

The retirement schedule of the SB was also discussed, including the search of an assessor of Herman Hintzen. Bob Elfring is nominated to succeed Herman Hintzen, who will complete his second term by the end of the AGM 2024. Bob Elfring has a broad knowledge of the financial sector and capital markets and is an experienced supervisor. Further, Joop Wijn, Chairman of the Supervisory Board of a.s.r., is nominated for a second term of appointment until the AGM 2028.

Other topics discussed by the N&ESGC were the evaluation of the DEI policy and the results of the Cultural Diversity Barometer. The committee also discussed the annual appraisals of senior management. 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. For more information, please refer to section 3.3 of the 2023 Annual Report of a.s.r.

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 climate change and biodiversity. Progress on the non-financial targets was also discussed and advice was given on new medium-term targets in that area.

Financial statements and dividend

The EB prepared the 2023 Annual Report and discussed it with the SB in the presence of the external auditor. The 2023 financial statements will be submitted for adoption by the AGM on 29 May 2024. a.s.r. will propose a dividend of € 2.89 per ordinary share (including the interim dividend paid).

Appreciation

The SB wishes to express its gratitude to all the employees of a.s.r., including the employees of Aegon Nederland, for their dedication in 2023, and in particular for their continued efforts and support for the integration of the two companies. Together, we are creating a strong and sustainable insurance leader in the Netherlands that helps customers to share risks and build capital for the future. The SB also wishes to express its gratitude to the members of the EB, MB, and senior management for their impressive leadership of a.s.r. and for achieving a good operational result and increased customer satisfaction.

Utrecht, The Netherlands, 2 April 2024

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

Lard Friese

B.1.1.2 Corporate Governance

This chapter describes a.s.r.'s corporate legal structure and governance. ASR Nederland N.V. 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. More information on the board governance structure can be found in sections 5.1.3 and 5.1.4.

Legal structure

a.s.r.'s legal structure with supervised entities is set out in the diagram below.

ASR Nederland N.V. is the Group's holding company. An union exists between ASR Nederland N.V., ASR Levensverzekering N.V., Aegon Levensverzekering N.V., Aegon Spaarkas N.V. and ASR Schadeverzekering N.V. through cross-membership of the EB and the SB. This also applies to the EB of Aegon Hypotheken B.V.

ASR Premiepensioeninstelling N.V. and Aegon Cappital B.V. are Institutions for Occupational Retirement Provision (IORP). ASR Vermogensbeheer N.V. and ASR Real Estate B.V. are two Alternative Investment Fund Managers Directive (AIFMD)-licensed Alternative Investment Fund Managers (AIFM). ASR Vooruit B.V. operates as an investment firm and insurance intermediary. The EB of this company consists of two members of the EB of ASR Nederland N.V. and one other member. D&S Holding B.V. operates as a holding company for most of the entities within the segment Distribution & Services.

ASR Nederland N.V.*

Non-life	Life	Distribution & Services	Other
ASR Schadeverzekering N.V.[1]	ASR Levensverzekering N.V.[2]	D&S Holding B.V.[3]	ASR Vermogensbeheer N.V.[3]
ASR Basis Ziektekostenverzekeringen N.V.[1]	Aegon Levensverzekering N.V.[2]	Dutch ID B.V.[3]	ASR Real Estate B.V.[3]
ASR Aanvullende Ziektekostenverzekeringen N.V.[1]	Aegon Spaarkas N.V.[2]	PoliService B.V.[3]	Aegon Hypotheken B.V.[3]
ASR Wlz-uitvoerder B.V.	ASR Premiepensioeninstelling N.V. [3]	Robidus Groep B.V.[3]	ASR Vooruit B.V.[3]
	Aegon Cappital B.V. [3]	Nedasco B.V.[3]	Aegon Bank N.V.[4]
		Van Kampen Groep Holding B.V.[3]	
		Supergarant Verzekeringen B.V.[3]	

* Simplified structure and segment information. Please refer to chapter 7.4 for full legal structure of ASR Nederland N.V.
1 Registered non-life insurance companies.
2 Registered life insurance companies.
3 Other Wft-registered companies or holding company of Wft-registered companies (non-exhaustive).
4 Registered company with bank license.

On 1 February 2024, a.s.r. announced that it has reached an agreement to sell Aegon Bank N.V. to BAWAG Group AG.

General Meeting of 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 2023, the AGM was held on 31 May. Shareholders had the option to attend the AGM physically or virtually. A total of 73.08% 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 following items:

- 2022 remuneration report;
- Remuneration policy for the EB and for the SB;
- Remuneration of the SB;
- Conditional remuneration of the Chairman of the EB;
- To adopt the financial statements;
- To pay a dividend for the financial year 2022;
- To grant discharge to each (former) Member of the EB and SB for the 2022 financial year;
- 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 statutory pre-emptive rights;
- To acquire the company's own shares;
- To cancel shares held by a.s.r.;
- To reappoint Gisella van Vollenhoven and Gerard van Olphen as members of the SB.
- The proposal of the SB to reappoint Ingrid de Swart as a Member of the EB.

All agenda items were approved by the AGM. The next AGM will be held on 29 May 2024.

An Extraordinary General Meeting (EGM) was 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 following proposals:

- The approval of the Aegon transaction;
- The authorisation of 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;
- The opportunity for the EGM to make conditional recommendations to the SB;
- The appointment of two new members to the SB, Daniëlle Jansen Heijtmajer and Lard Friese (conditional upon closing of the Aegon transaction);
- The reappointment of Jos Baeten as member and Chairman of the EB (conditional upon closing of the Aegon transaction).

All items on the agenda were approved by the EGM.

Consultation with shareholders

Contacts with shareholders are conducted entirely in line with the policy on fair disclosure and bilateral dialogue, as published on **asrnl.com**. The Group's Disclosure Committee supervises compliance with laws and regulations in relation to the disclosure of price-sensitive information.

Transactions with majority shareholders

In connection with the Aegon transaction, ASR Nederland N.V. and Aegon Ltd. entered into a Relationship Agreement, in which they agreed certain governance arrangements relating to ASR Nederland. The terms of the Relationship Agreement were approved by the SB and are customary in the market, as required by best practice provision 2.7.5 of the Corporate Governance Code. For more information on the Relationship Agreement, please refer to **the convocation** of the January 2023 EGM.

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 the interests of a.s.r., its business and stakeholders, and protect 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 are 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. Please refer to section 8.5 of the 2023 Annual report of a.s.r. for more information about the Foundation.

B.1.1.3 Executive Board and Management Board

The EB is the statutory board as described in the articles of association and 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 articles of association and the rules of procedure of the EB and Management Board (MB). Both documents 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 2.2 of the Rules of Procedure of the EB and MB and Article 9.7 of the Rules of Procedure of the SB, the SB appoints the members of the EB and may suspend or dismiss an EB member at any time. In case a.s.r.'s current CEO, due to his earlier resignation or dismissal, does not serve his full term until the 2026 AGM, the appointment of the successor will require a unanimous vote of the SB (Schedule 8, part 2, Relationship Agreement). The SB notifies the AGM of proposed (re)appointments. During 2023, the composition of the EB remained unchanged, consisting of the following three members: the CEO Jos Baeten (reappointed at the January 2023 EGM, with effect from 4 July 2023), the CFO Ewout Hollegien and the COO / CTO Ingrid de Swart (reappointed at the 2023 AGM).

Executive Board

Name	Years in Board	Date of initial appointment	Date of reappointment	Appointed until
Jos Baeten	15	26 January 2009	EGM 2023	AGM 2026
Ewout Hollegien	2	1 December 2021	-	AGM 2025
Ingrid de Swart	4	1 December 2019	AGM 2023	AGM 2027

Management Board

As of the closing of the Aegon transaction on 4 July 2023, a.s.r.'s governance was changed by replacing the Business Executive Committee with the Management Board (MB). The reason for introducing the MB was to ensure effective management of the integration of a.s.r. and Aegon NL, as well as long-term management continuity. The MB shares responsibility with the EB for the day-to-day conduct of business at a.s.r. and for its strategy, structure and performance and shares responsibility for the implementation and realisation of the business strategy. A further purpose of the MB is to strengthen a.s.r.'s innovation power and improve customer focus. The MB 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.

Composition of the Management Board

Article 2.4 of the Rules of Procedure of the EB and MB specifies that the MB consists of all EB members, the CRO, the CHRO and the COO Life. MB members not being EB members are appointed, suspended and dismissed by the EB, with due observance of the DEI policy. The SB is involved in the recruitment and selection of MB members, as prior coordination with the SB is required. As of 4 July 2023, the MB consists of the members of the EB, the CRO Rozan Dekker, the CHRO Jolanda Sappelli, and the COO Life Willem van den Berg.

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

In 2023, specific permanent education sessions were attended by the SB, EB, and after 4 July 2023 the MB, for the purpose of further education. A series of three sessions focused on the implementation of a partial internal model (PIM) for a.s.r. During these sessions, led by Balance & Performance Management and Group Risk Management, the SB, EB, and MB were educated on the model structure and design of the PIM, the material risk drivers and their dynamics, the modelling approaches of the risk modules and the concept of aggregation and diversification. Another session, led by Group Performance Management, provided an overview and explanation of KPIs related to IFRS 17. The final session was led by Group Finance & Risk Reporting and provided an update of a.s.r.'s interest hedging strategy, including the position on derivatives.

Evaluation

The 2023 self-evaluation session of the EB and MB was conducted on the basis of a questionnaire and interviews. The outcome of the questionnaire was discussed within the EB and MB, guided by an expert consultant to further interpret the results.

The EB and MB have shown decisiveness and execution power in 2023 and therefore look back on the year positively. The Aegon transaction is the common thread in 2023. In the first half of the year, in the run-up to the closing, the EB worked towards the transaction step-by-step and in good cooperation. From Day 1 after closing of the Aegon transaction, as of 4 July 2023, the MB was installed and has been functioning well. This transition went smoothly, partly because a good kick-off meeting took place. This will be followed up by organizing periodic reflection sessions in 2024. There is an open culture within the MB where even sensitive issues can be discussed. A point of attention is to continuously challenge each other. The composition of the SB has also expanded since closing of the Aegon transaction. Communication with the SB is considered to be transparent and positive. The transaction was prepared step by step, well monitored and with optimal use of the sparring partner role of the SB. Integration remains the focus point of the MB in 2024. The MB plans the integration in phases and it is progressing well.

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.

The performance of MB members not being EB members was assessed by the CEO, with prior input from the SB. The assessment takes place through interviews held twice a year with the individual MB members, in which the results of the aforementioned self-evaluation are included.

Remuneration

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

Management Board

Jos Baeten
CEO
Male, Dutch, 1958

Ewout Hollegien
CFO
Male, Dutch, 1985

Ingrid de Swart
COO/CTO
Female, Dutch, 1969

Willem van den Berg
COO Life
Male, Dutch, 1977

Rozan Dekker
CRO
Female, Dutch, 1972

Jolanda Sappelli
CHRO
Female, Dutch, 1963

Executive Board: Jos Baeten, Ewout Hollegien, Ingrid de Swart

Management Board: Jos Baeten, Ewout Hollegien, Ingrid de Swart, Willem van den Berg, Rozan Dekker, Jolanda Sappelli

Jos Baeten

Responsible for
- Audit
- Services
- Corporate Communications
- Legal & Company secretary

Additional positions
- Member of the Executive Board of the Dutch Association of Insurers *(Verbond van Verzekeraars)*
- Member of the Supervisory Board of the Efteling B.V.
- Member of the Advisory Board of the Nyenrode Executive Insurance Program
- Member of the Supervisory Board of DAF Trucks N.V. (since mid 2023)

Ewout Hollegien

Responsible for
- Asset Management
- Real Estate
- Group Finance & Risk Reporting
- Balance & Performance Management
- Aegon Bank (Knab)

Additional positions
- Chair of the Financial Economic Affairs committee of the Dutch Association of Insurers *(Verbond van Verzekeraars)*

Ingrid de Swart

Responsible for
- Disability
- Distribution and Services
- P&C
- Health
- Mortgages
- Customer Experience & Digital
- IT&C
- a.s.r. Vitality

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

Willem van den Berg

Responsible for
- Funeral
- Individual life
- Pensions
- TKP

Additional positions
- Member of the investment committee of the Erasmus MC Foundation

Rozan Dekker

Responsible for
- Group Risk Management
- Compliance
- First line Risk & Control

Additional positions
- Member of the Supervisory Board of the Economic Research Foundation

Jolanda Sappelli

Responsible for
- Human Resources

Additional positions
- Chair of the Education and Labour Market committee of the Dutch Association of Insurers *(Verbond van Verzekeraars)*

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 MB, as well as 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
Article 2.1 of the Rules of Procedure of the SB specifies that the SB must consist of at least three members and no less than the number of members required to give effect to the nomination rights in respect of SB members under the Relationship Agreement. The SB currently consists of seven members: Joop Wijn (Chair), Herman Hintzen, Sonja Barendregt, Gerard van Olphen, Gisella van Vollenhoven, and as of closing of the Aegon transaction on 4 July 2023, Daniëlle Jansen Heijtmajer and Lard Friese.

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 may be extended by two years at most. Reappointments following an eight-year period must be justified in the SB report. In accordance with the rotation schedule, the terms of office of Joop Wijn and Herman Hintzen will expire at the close of the 2024 AGM.

Joop Wijn is nominated by the SB for a reappointment for a four-year-term. Furthermore, Bob Elfring is nominated to succeed Herman Hintzen. The proposal to reappointment of Joop Wijn and the appointment of Bob Elfring will be submitted to the 2024 AGM.

All the SB members passed the fit and proper test required under the Dutch Financial Supervision Act.

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.

Due to a combination of experience, expertise and independence of the individual members, the SB has the skills to assess the main aspects of the a.s.r. strategy and policies. 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 DEI 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	3	28 October 2020	-	AGM 2024	2032
Herman Hintzen	8	1 January 2016	20 May 2020	AGM 2024	2028
Sonja Barendregt	5	31 May 2018	25 May 2022	AGM 2026	2030
Gisella van Vollenhoven	4	30 October 2019	31 May 2023	AGM 2027	2031
Gerard van Olphen	4	30 October 2019	31 May 2023	AGM 2027	2031
Daniëlle Jansen Heijtmajer	1	4 July 2023	-	AGM 2027	2035
Lard Friese	1	4 July 2023	-	AGM 2027	2035

Independence and conflicts of interest
In 2023, the SB was 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. All SB members are independent as defined in the Corporate Governance Code, with the exception of Lard Friese (due to his position as CEO of Aegon Ltd.).

Although formally legally there were no reports of potential conflicts of interest relating to members of the SB in 2023, the SB acted as such regarding to the strategic choices on Knab as a matter of prudence and an adequate measure to prevent the emergence of potential conflicts of interest.

The maximum number of other mandates for an SB member is set at five.

Evaluation of permanent education
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 2023 was based on a questionnaire and a plenary SB evaluation session with external supervision. 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 (gender, background and complementary capabilities). The expansion of members of the SB as of the closing of the Aegon transaction has contributed to the diversity. Onboarding of the new members has gone smoothly, while preserving the transparent and positive dynamics within the SB. The SB has an open, constructive and professional relationship with the EB and the MB. Dilemmas, in general or in specific files, are openly discussed in meetings and during informal contact. The tone of voice is constructive. In 2023, the SB was actively engaged in the Aegon transaction and integration.

The SB is also satisfied with the division of roles between and within the SB committees. For permanent educational sessions attended by the SB, please refer to section B.1.1.3 Executive Board and Management Board.

Supervisory Board

J. (Joop) Wijn
Male, Dutch, 1969

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

Additional positions
- Member of the Supervisory Board and Member of the Audit Committee and the Risk Policy and Compliance Committee of NIBC Bank. Nominated by Blackstone Group for which he is an advisor

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

- Vice Chairman 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 and Chair of the Audit & Risk Committee of Robeco Holding B.V. and Robeco Institutional Asset Management B.V.

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

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 BUNQ
- Member of the Supervisory Board of MUFG BANK (Europe) N.V
- (Substitute) councillor of the Enterprise Chamber of the Amsterdam Court of Appeal
- Chair of the Stichting Chapter Zero Netherlands
- Chair of the Supervisory Board of the stichting 100Weeks
- Member Strategic Audit Committee of the Dutch Ministry of Foreign Affairs
- Member EIOPA Insurance and Reinsurance Stakeholdergroup

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
- Chair of the Supervisory Board of de Volksbank
- Independent Director of GP House B.V.

D. (Daniëlle) Jansen Heijtmajer
Female, Dutch, 1960

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

Additional positions
- Global Director Finance, Enterprise Risk Management & Shared Services FrieslandCampina
- Member of the Supervisory Board and Chair of the Audit Committee of Uber Payments B.V.
- Member of the Curatorium EMFC of Amsterdam Business School
- Member of the Advisory Board Economics & Business of the University of Amsterdam

E. (Lard) Friese
Male, Dutch, 1962

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

Additional positions
- CEO and Member of the Board of Directors of Aegon Ltd.
- Member of the Board of Directors of the Geneva Association
- Member of the Supervisory Board of Pon Holdings B.V.

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

Independence	Female members	Male members	Average age
(in %)	(in %)	(in %)	(in years)
86	43	57	61
2022: 100	2022: 40	2022: 60	2022: 59

Attendance

	Joop Wijn	Herman Hintzen	Sonja Barendregt	Gisella van Vollenhoven	Gerard van Olphen	Daniëlle Jansen Heijtmajer	Lard Friese
Supervisory Board	20/20 100%	19/20 95%	20/20 100%	20/20 100%	20/20 100%	9/9 100%	9/9 100%
Audit & Risk Committee	-	8/8 100%	8/8 100%	-	8/8 100%	-	3/4 75%
Remuneration Committee	9/9 100%	9/9 100%	-	9/9 100%	-	-	-
Nomination & ESG Committee	5/5 100%	-	-	5/5 100%	5/5 100%	2/2 100%	-

Competencies

	Joop Wijn	Herman Hintzen	Sonja Barendregt	Gisella van Vollenhoven	Gerard van Olphen	Daniëlle Jansen Heijtmajer	Lard Friese
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				✓	✓	✓	✓

Diversity, equity and inclusion

a.s.r. aims for 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 **asrnl.com**. The EB, MB and SB believe 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. For further information on the DEI policy and a.s.r.'s targets in this area, please refer to section 3.3.1. of the 2023 Annual report of a.s.r.

The current composition of the EB, MB and SB 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, MB and SB in its future appointments by taking into account its DEI policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

Sustainability 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 and MB, the CEO is ultimately responsible for a.s.r.'s sustainability themes. The Sustainability Workforce, coordinated by the corporate sustainability team, supports the CEO in his responsibility for the development and implementation of a.s.r.'s sustainability strategy and policies. 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 MB, which evaluates the results achieved and takes action where necessary. The MB 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 non-financial 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 these strategy, policies and targets within their own focus areas.

Furthermore, the Sustainability Committee, an advisory body for dealing with a.s.r.-wide sustainability issues and dilemmas, is embedded in a.s.r.'s governance. The committee deals with dilemmas, complications and conflicting interests in the field of sustainability (including ESG and CDD/KYC), making decision-making regarding these sustainability issues more transparent for the EB, MB and SB. The committee meets at least every quarter; an emergency procedure applies to agenda items that cannot be postponed until the next quarterly meeting.

B.1.1.5 Corporate Governance Codes and regulations

The current articles of association are published on the Corporate Governance section on **asrnl.com**. The Rules of Procedure of the SB and those of the EB and MB are also available on this site.

Dutch Corporate Governance Code

Since its listing on Euronext Amsterdam, a.s.r. is required to comply with 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 the corporate website, a detailed comply or explain list is published, 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 company, 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, including temporary and external employees, must take the oath within three months of joining the company.

Disclosure of diversity and non-financial information

a.s.r. must be transparent concerning the non-financial 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). As of 1 January 2023, the Taxonomy Regulation also requires companies to disclose to what extent their economic activities are aligned with two of the six environmental objectives, i.e., climate mitigation and climate adaptation. The information required regarding the disclosure of diversity and non-financial information can be found in section 3.3.1 and chapter 6 of the 2023 Annual Report of a.s.r.

B.1.2 Remuneration report

The remuneration policy of a.s.r. is clear, understandable and focused on sustainable long-term value creation for the company. In addition, the policy reflects the interests of a.s.r.'s stakeholders. Four perspectives underpin the remuneration policy (see also section 5.3.2 of the annual report of a.s.r.). The SB continuously reviews and evaluates the remuneration policy and has done so in the last year. Part of this was a consultation round with various stakeholders. Based on the evaluation, a proposal to update the remuneration policy was developed that is sustainable, does justice to the positioning and size of a.s.r. and is still well aligned with the four perspectives underlying this policy. In addition, considerations regarding the labour market position and continuity of (the management of) the company played a role in the proposed amendments.

Based on the results of a comprehensive analysis, the advice of the Works Council, and the dialogue within the Remuneration Committee and the SB, the proposal for an updated remuneration policy was put to a vote at the 2023 AGM and adopted with 99.2% votes in favour.

The most important elements of the policy did not change: remuneration for EB members continues to consist of only fixed components (no variable remuneration). The reference group consists of Dutch financial and listed companies comparable in size and the median serves as a guide for the maximum salary scales of the EB.

The updated remuneration policy contains the following changes:

- Introduction of a fixed payment in shares to the remuneration structure;
- Remuneration for EB members will at most be around the median;
- Recalibration of the reference group based on market capitalisation and the ratio between financial and non-financial institutions;
- Introduction of a Europe Control group of at least 10 European financial institutions.

In 2023, the remuneration report (based on the previous remuneration policy adopted in 2019) was submitted for an advisory vote at the AGM. With 96.8% votes in favour of the report (2022: 97.99%), shareholders reiterated their broad support for a.s.r.'s remuneration policy

a.s.r. is of the opinion that with the current remuneration policy, it continues to meet the requirements of the Shareholder Rights Directive II (as incorporated into Dutch law) applicable to it. The current remuneration policy was adopted by more than 75% of the votes cast. The remuneration policy is clear and comprehensible and 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 2023 Remuneration Report will be submitted to the AGM for advice.

B.1.2.1 Remuneration policy

The remuneration policy pertains to the remuneration of the Executive Board (EB) and the Supervisory Board (SB). The remuneration policy consists of:

- A fixed salary within a salary scale (no variable remuneration system)
- EB members progress through the scales in the same way as a.s.r. employees
- Part of the fixed salary is paid out in shares

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 of different stakeholder groups on remuneration: 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 at most around 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 maximum 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. The reference group for the EB consists of Dutch financial institutions and Dutch listed companies, many of which have a social profile and of which at least half must be financial institutions including insurers. To be included in the reference group, the non-financial institutions 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. All remuneration data of companies in the reference group must be published individually. a.s.r.'s position is approximately in the middle of this reference group.

The SB also periodically tests the median against a Europe Control group, consisting of at least 10 European financial institutions. The Europe Control group serves as an additional check of the median that follows from the reference group, so that European developments in this area can also be monitored. The Europe Control group has no direct effect on the median or the remuneration set.

The 2023 reference group for other employees is the financial services industry. For some positions within Group 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 maximum of the salary scales of the EB members. 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.

Pay ratio[1]

(units specified below)	Note	2023
Annual total compensation for the highest-paid individual (in €)	5.3	1,470,000
Average annual total compensation for all employees (in €)	5.3	111,000
Average pay ratio (in %)	5.3	13.2
Average pay ratio difference compared to previous year (in %)	5.3	14.8

1 Reference is made to note 5.3 of the annual report of a.s.r.

Customers must be able to rely on a solid insurance company that offers understandable products and services at a reasonable price. Customers must be able to rely on the company to handle the funds entrusted to it with care; this includes a reasonable remuneration policy. Society expects a financial institution that contributes to society as a whole. Employees expect a reliable employer that ensures the long-term continuity of the company. Employees expect adequate remuneration for their efforts. With regard to board remuneration, they expect their remuneration and any changes to fit the character of the company and to be explainable. Shareholders benefit from a solid company that offers attractive returns. Shareholders expect alignment of the board with their interests, with executive remuneration keeping pace with the company's performance. The remuneration policy should be such that high-quality board members can be retained and attracted.

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 an AGM. 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 2023 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 and with a visible focus on sustainable 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 86.
- Society: further expansion of the positioning of a.s.r. as a sustainable long-term value-creating insurer and socially aware financial institution. This is measured by different ratings and benchmarks.
- Sustainability targets: Carbon footprint 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 integration of a.s.r. and Aegon NL, implementation of IFRS 17/9, implementation of a partial internal model for a.s.r., and the details of the digitalisation 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%.

Contractual aspects

EB members work on the basis of an indefinite contract for services. Each contract ends by operation of law as soon as a party ceases to be an EB member. A contract can also be terminated with a notice period of six months for a.s.r. and three months for an EB member. 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):

- 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

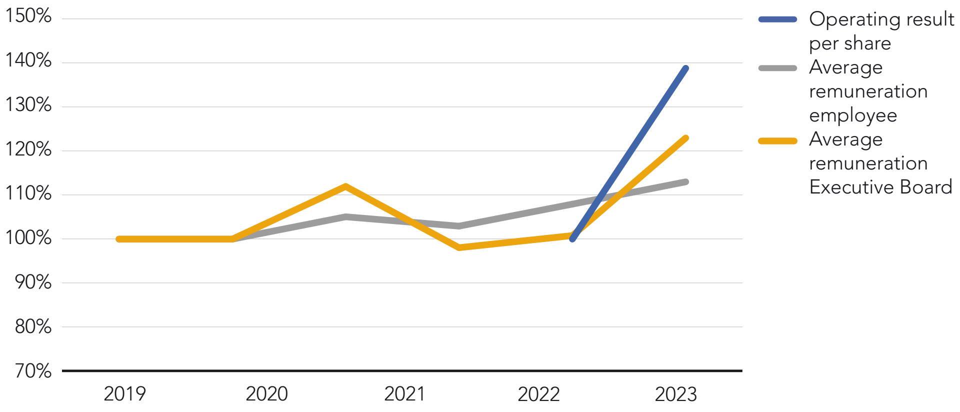
a.s.r. is transparent concerning the remuneration of the EB, not only in terms of actual amounts, but also in accordance with Dutch law and the Dutch Corporate Governance Code as compared with the average remuneration of all employees of a.s.r. As laid down in the remuneration policy, the ratio between 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 pay ratio is 13.2. 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.



* Please note the Operating result per share figure is including Aegon NL. The Average remuneration employee figure is excluding Aegon NL. This is in line with the overall scope of this Annual Report.

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 (€ 128,810, fiscal maximum).
- Compensation for the maximum pensionable salary cap (to be used for pensions at the employee's discretion).
- Pension benefits related to historically awarded pension rights.
- VPL (early retirement and life cycle; 'VUT, Prepensioen en Levensloop').

All components of 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 2023 is as following: Jos Baeten € 253,853 and over 2022 € 234,351, Ewout Hollegien € 4,880 and over 2022 € 6,866 and Ingrid de Swart € 751 and over 2022 € 823. In addition, the indexation granted in 2023 to former EB members who are participants in the defined benefit plan is € 1,256,396 and over 2022 € 1,503,676.

Remuneration in 2023

Based on the benchmark and in line with the remuneration policy, the CEO's salary scale is currently between € 977,412 and € 1,396,304. For the CFO and the COO/CTO, a salary scale of € 757,871 to € 1,082,673 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 2023, which consists of 16 companies and the Europe Control group currently consists of 16 financial companies

Reference group

Organisation	Index
Aalberts N.V.	AMX
ABN AMRO Bank N.V.	AEX
Achmea B.V.	Not listed
Aegon Ltd.	AEX
ASM International N.V.	AEX
Coöperatieve Rabobank U.A.	Not listed
De Volksbank N.V.	Not listed
IMCD N.V.	AEX
ING Groep N.V.	AEX
JDE Peet's N.V.	AMX
Koninklijke KPN N.V.	AEX
Koninklijke Vopak N.V.	AMX
NN Group N.V.	AEX
OCI N.V.	AMX
Signify N.V.	AMX
Van Lanschot Kempen N.V.	Not listed

Europe Control group

Organisation
Ageas SA/NV
Bâloise Holding AG
Beazley plc
Direct Line Insurance Group plc
Gjensidige Forsikring ASA
Grupo Catalana Occidente, S.A.
Hannover Rück SE
Helvetia Holding AG
Hiscox Ltd
Phoenix Group Holdings plc
SCOR SE
Storebrand ASA
Tryg A/S
Unipol Gruppo S.p.A.
UnipolSai Assicurazioni S.p.A.
Wüstenrot & Württembergische AG

2023 was a phenomenal year for a.s.r. with strong financial results. Also the closing of the acquisition of Aegon Nederland N.V. was achieved on schedule in July. Various integration milestones were also achieved with tight deadlines. The employer integration on 1 October 2023 is one example, as is the HR payroll migration per January 2024. Further to the advice of the Remuneration Committee, it was therefore decided to grant a salary increase of 6% to all members of the EB as of 1 January 2024.

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

Remuneration in a.s.r. shares

As from 1 July 2023, part of the (fixed) remuneration of the EB members is paid in a.s.r. shares, being 20% of the fixed cash remuneration. For the current CEO, an exception applies until the end of his term of appointment (2026 AGM): 30% of his fixed cash remuneration is paid in a.s.r. shares. All shares must be held for at least five years. Furthermore, EB members (as long as they are employed) must hold at least 100% of their fixed gross annual salary in shares before they are allowed to sell any shares. Any sale of shares is subject to the a.s.r. regulations on the handling of private transactions in financial instruments and applicable law. The following table shows how much remuneration for each EB member was paid in a.s.r. shares in 2023.

Participation in a.s.r. shares

Until the amendment of the remuneration policy as per 1 July 2023, EB members were committed to purchasing a certain percentage of their remuneration in a.s.r. shares (75% for the CEO and 50% for other EB members) and holding these shares for at least five years. The shares are not variable remuneration, nor a remuneration in shares.

The number of shares that are allocated (granted) to EB members are calculated as a function of (1) the defined percentage of the fixed salary at allocation date and (2) the applicable stock price at Euronext. The applicable stock price is defined as the opening stock price on the 1st trading day after the salary-payment date in each month. The salary payment dates are pre-defined in the salary payment schedule and set by the Human Resources department. The shares are purchased by the EB at a discount of 18.5%. The average grant price of the shares was € XX, which is equal to the opening stock price on the Euronext Amsterdam stock exchange on the 1st trading day after the salary-payment date in each month in the period July to December 2023, taken into consideration the aforementioned discount. The shares granted in 2023 relate to the period July-December, as the modified remuneration policy came into force. The shares are in a lock-up period of five years.

The participation of shares of the EB can be found in the table below.

a.s.r. shares EB

(in €)	As at 1 January 2023	Participation in a.s.r. shares in 2023	Granted and vested in 2023	As at 31 December 2023	In % of gross annual salary[1]
Jos Baeten	8,827	1,386	2,471	12,684	40.3
Ewout Hollegien	911	729	1,252	2,892	14.0
Ingrid de Swart	3,810	729	1,350	5,889	24.1
Total	**13,548**	**2,844**	**5,073**	**21,465**	

1 Base salary in cash and shares

2023 remuneration for members of the Executive Board

(in € thousands)	Fixed remuneration				Variable remuneration					
Executive Board member	Base salary in cash	Base salary in shares	Fees	Fringe benefits[1]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[2]	Total remuneration	Fixed portion of the total remuneration
Jos Baeten, CEO	1,033	157	-	15	-	-	-	264	1,469	100%
Ewout Hollegien, CFO	756	80	-	24	-	-	-	100	960	100%
Ingrid de Swart, COO / CTO	846	86	-	24	-	-	-	161	1,117	100%
Total	**2,635**	**323**	**-**	**63**	**-**	**-**	**-**	**525**	**3,547**	**100%**

2022 remuneration for members of the Executive Board

(in € thousands)	Fixed remuneration				Variable remuneration					
Executive Board member	Base salary in cash	Base salary in shares	Fees	Fringe benefits[1]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[2]	Total remuneration	Fixed portion of the total 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%**

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.

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 2023 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.

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 for the EB.

An overview of the remuneration for the SB is shown in the table.

SB Members who also serve on the SB of ASR Basis / Aanvullende Ziektekostenverzekeringen N.V. or on the SB of ASR IIORP receive an additional € 6,000 per annum. No additional fees are paid to EB Members who are also members of the SB of a Group company.

SB committee fees

(in €)	2023[1]	2022
Supervisory Board		
Chair	75,000	50,000
Member	50,000	35,000
Audit & Risk Committee		
Chair	15,000	15,000
Member	10,000	10,000
Remuneration Committee		
Chair	10,000	10,000
Member	5,000	5,000
Nomination & ESG Committee		
Chair	10,000	10,000
Member	5,000	5,000

1 Change in SB fees applicable per 1 July 2023.

Remuneration of Supervisory Board members in 2023

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 at most around the median for the reference group. The annual benchmark study commissioned by the SB in 2022 showed that the remuneration levels of the SB were significantly below the median for the reference group. Furthermore, 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, and changes in the nature and complexity of the business and governance. a.s.r. has also strengthened itself in recent years with targeted acquisitions, including the Aegon transaction. These continuing developments require solid knowledge and experience at SB level, as well as an increased time commitment. At the 2023 AGM, it was therefore proposed to adjust the remuneration of the SB as set out in the above table, which proposal was adopted by the AGM with 97.8% votes in favour.

2023 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]	63	15	78	100%
Herman Hintzen[2]	43	15	58	100%
Sonja Barendregt[3]	43	21	64	100%
Gisella van Vollenhoven[4]	43	26	69	100%
Gerard van Olphen[5]	43	15	58	100%
Daniëlle Jansen Heijtmajer[6]	25	3	28	100%
Lard Friese[7]	25	5	30	100%
Total	**283**	**100**	**382**	**100%**

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[8]	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%
Daniëlle Jansen Heijtmajer	-	-	-	n/a
Lard Friese	-	-	-	n/a
Total	**190**	**88**	**278**	**100%**

1 Fees in 2023 are amounts received as Chair of the N&ESG Committee (€10,000) and as Member of the Renumeration Committee (€5,000). Fees in 2022 are amounts received as Chair of the N&ESG Committee (€ 10,000) and as Member of the Remuneration Committee (€ 5,000).
2 Fees in 2023 are amounts received as Member of the A&R Committee (€ 10,000) and the Renumeration Committee (€ 5,000). Fees in 2022 are amounts received as Member of the A&R Committee (€ 10,000) and the Remuneration Committee (€ 5,000).
3 Fees in 2023 are amounts received as Chair of the A&R Committee (€ 15,000) and as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 6,000). Fees in 2022 are amounts received as Chair of the A&R Committee (€ 15,000) and as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 5,000).
4 Fees in 2023 are amounts received as Chair of the Remuneration Committee (€ 10,000), as Member of the N&ESG Committee (€ 5,000), as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 6,000), and as Member of the SB of PPI (€ 5,000). Fees in 2022 are amounts received as Chair of the Remuneration Committee (€ 10,000), as Member of the N&ESG Committee (€ 5,000), as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 5,000), and a partial year as Member of the SB of PPI (€ 2,500).
5 Fees in 2023 are amounts received as Member of the A&R Committee (€ 10,000) and as Member of the N&ESG Committee (€ 5,000). Fees in 2022 are amounts received as Member of the A&R Committee (€ 10,000) and as Member of the N&ESG Committee (€ 5,000).
6 Daniëlle Jansen Heijtmajer was appointed to the SB on 4 July 2023. Fees in 2023 include amounts received as Member of the N&ESG Committee (€ 2,500, reflecting a partial year).
7 Lard Friese was appointed to the SB on 04 July 2023. Fees in 2023 include amounts received as Member of the A&R Committee (€ 5,000, reflecting a partial year).
8 Fees in 2023 are amounts received as Chair of the N&ESG Committee (€ 10,000) and as Member of the Renumeration Committee (€ 5,000). Fees in 2022 are amounts received as Chair of the N&ESG Committee (€ 10,000) and as Member of the Remuneration Committee (€ 5,000).

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 key personnel is disclosed in chapter B.1.2.

The DB obligation of Aegon NL classifies as multiple-employer contract. For more information, see chapter 7.5.15.1 of the annual report of a.s.r.

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.

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

	Associates	Joint ventures	Total
2023			
Balance sheet items with related parties as at 31 December			
Loans and receivables	41	4	45
Other liabilities	140	-	140
Transactions in the income statement for the financial year			
Fee income	75	-	75
Operating and other expenses	1	-	1

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 income	74	-	74
Operating and other expenses	1	-	1

No provisions for impairments have been recognised on the loans and receivables for the years 2023 and 2022.

At 4 July 2023 the Management Board (MB) was introduced and replaced the Business Executive Committee (BEC). The three members of the Executive Board (EB) are also members of the MB. The members of the MB have mortgage loans with a.s.r. amounting to € 2,413 thousand (2022: € 435 thousand including BEC). 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 condition apply. The average interest on the mortgage loans for MB-members is 2.45% (2022: 2.6%). In 2023, the mortgage loans of MB-members were settled for an amount of € 89 thousand (2022: € 61 thousand). The Supervisory Board (SB) has no mortgage loans.

In 2023, a.s.r. paid € 68 million dividend to Aegon Ltd. and a.s.r. issued a group loan of € 285 million to Knab.

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
Aegon Bank N.V.	Subsidiary	Credit Institution	Adjusted net equity
Aegon Hypotheken B.V.	Subsidiary	Credit Institution	Adjusted net equity
Aegon Cappital B.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 entities	Participation	Non regulated	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.

For Aegon not all non-insurance entities are classified as ancillary' but some are classified as 'overige non-regulated' entitities.

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. 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 2023, but not materially changed. FR statements have not been changed at a.s.r. group level. An additional update took place in 2023 due to the merger with Aegon.

Risk appetite statement ASR Nederland N.V. 2023

1	ASR Nederland N.V. places long-term value creation at the forefront of its (strategic) operations and ensures that all stakeholders' interests (customer, society, employee, investors) are met in a balanced and sustainable way.	NFR
2	ASR Nederland N.V. acts in accordance with the a.s.r. sustainability objectives and sufficiently manages its sustainability risks.	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 manner.	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
8a	ASR Nederland N.V. meets the legitimate expectations and interests of its stakeholders and puts customer interests first in its proposition. a.s.r. therefore offers products and services that are cost-efficient, useful, safe and understandable for customers, distribution partners, society and a.s.r. By acting with integrity, a.s.r.'s reputation is protected and strengthened.	NFR
8b	ASR Nederland N.V. only wants to do business with relationships who are honest and reliable. a.s.r. therefore does not enter into or continue a business relationship with parties involved in crimes, socially undesirable acts and/or unethical behavior, including money laundering and terrorist financing. a.s.r. takes appropriate measures to guarantee its sound and controlled business operations and thus protect and strengthen its reputation.	NFR

8c	ASR Nederland N.V. handles personal data with care, including those of its customers. a.s.r. processes personal data lawfully, fairly and transparently, taking into account the principles of purpose limitation, data minimization, accuracy and storage limitation and taking measures to ensure the integrity and confidentiality of personal data. By taking appropriate measures, a.s.r. maintains a sound and ethical operational management and thus protects and strengthens its 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 Nederland 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. (excluding Aegon entities) is capable of releasing liquidities worth up to € 1 billion over a 1-month period following stress. b. ASR Nederland N.V. (excluding Aegon entities) 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.	
20	ASR Nederland N.V. maintains a moderate risk appetite for losses resulting from modelling incidents, including events such as flawed and/or inadequately documented methods, model design and development, assumptions and expert judgment; poor data quality; coding errors; inappropriate use of models; or misinterpretation of model results[1].	NFR

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 Board • Management teams of the business lines and their employees • Finance & risk decentral	• Group Risk Management department - Risk management function - Actuarial function • Compliance - 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. The second line report to the CRO, which is a member of the management board. 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 RMF holder. At year-end GRM consists of the following four sub-departments:
- Enterprise Risk Management;
- Financial Risk Management;
- Model Validation & Model Risk;
- Methodology.

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, assessment of the ORSA (financial parts), assessment of strategic initiatives.

Model Validation & Model Risk
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.

Methodology
Methodology is responsible for establishing methodologies for PIM (Aegon and a.s.r. group) and Standard Formula (SF: Aegon entities).

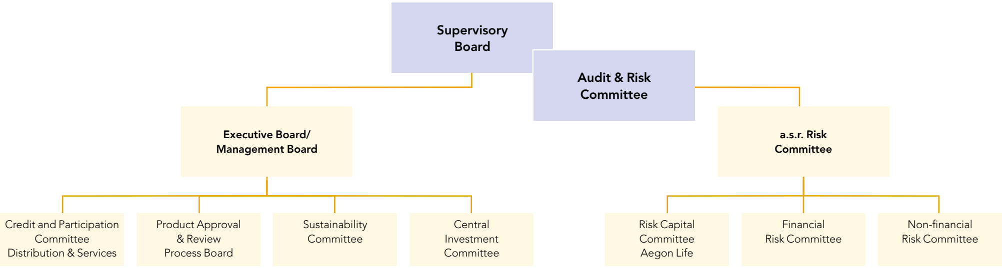
Compliance
Compliance is responsible for the execution of the compliance function. An important task of Compliance is to be the countervailing power to the EB and other management in managing compliance risks for a.s.r. and its subsidiaries. The mission of the compliance function is to enhance and ensure 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 four 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 MB 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 of a.s.r. and the OTSO's 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. The NFRC discusses the most important risks from the underlying non-financial risk committees (Business Risk Committee (BRC) and for Aegon the Risk & Audit Committee (RAC).

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 of a.s.r. and the OTSO's (excl. Aegon Life and Aegon Spaarkas) 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.

Risk Capital Committee Aegon Life
The Risk Capital Committee (RCC) oversees Aegon Life's financial risks, capital and associated expected returns. The aim is to maintain a strong liquidity and capital position at Aegon Life NV, in support of the Aegon Life strategy. The RCC has the mandate to make decisions regarding the Partial Internal Model with an impact between € 20 million and € 200 million. The chairman of the RCC is the CFO.

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 CFO.

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 Services.

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. With the adoption of the Aegon partial internal model a.s.r. explores the added value of implementing (part) of the Aegon Data

governance and Quality policy into its own framework. 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 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 relevant laws and 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.

1 Based on COSO ERM en ISO 31000.

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 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.

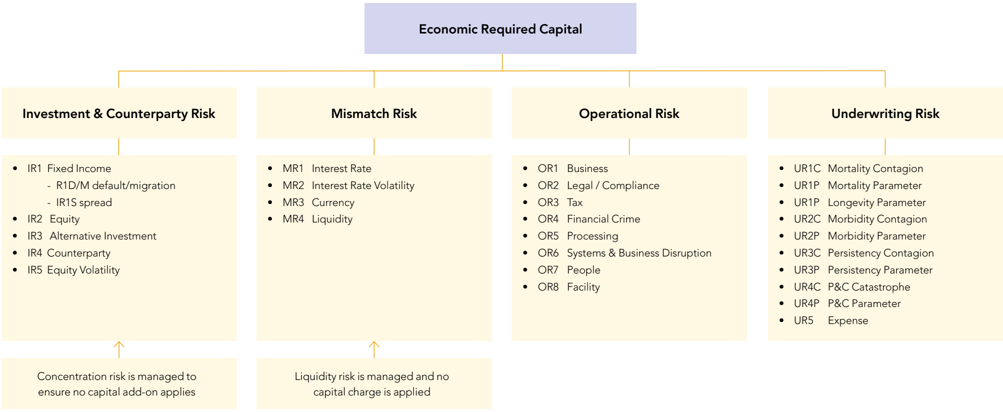
RM strategies are chosen in a way that ensures that a.s.r. remains within the risk appetite tolerance levels and limits.

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. Aegon life and Aegon spaarkas use a Partial Internal Model (PIM). The risk universe of Aegon life and Aegon spaarkas is therefore different and captures all material risks that the company is exposed to. The emerging risk process ensures that the risk universe will remain up to date. An overview of Aegon life and Aegon spaarkas risk universe is provided below.

Risk universe



For the other insurance entities 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 2.5.3 Environmental, social and governance of the annual report, 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
- Geopolitical instability
- Climate change and energy transition
- Cyber and information security
- Regulation
- Biodiversity
- Social tensions
- Pandemics

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. Transition risks result from the process of adjustment towards a climate-neutral society. The failure to appropriately address these adjustments can result in reputational risk.

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. In addition an assessment of the impact of sustainability factors to the prudential risks has been finalised in 2023. These analysis confirms the limited net impact.

The Actuarial Function has continuously attention for developments of ESG risks and the potential impact on the technical liabilities, the reinsurance contracts and pricing- and underwriting policies. In 2023 the double materiality assessment was conducted, including the financial materiality assessment (see chapter 6.1.1.1 of the annual report of a.s.r.). The Aegon portfolios were also included in the update of the assessment at the end of 2023. The double materiality assessment did not result in different conclusions regarding the scope of the Actuarial Function.

Based on 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. This conclusion is applicable to both the a.s.r and Aegon portfolios.

Reference is made to chapter 6.2.1.3 of annual report of a.s.r. for more information how a.s.r. identifies, measures and manages climate risks and opportunities for its business.

Risk assessments
Transition risks apply in particular to investments and financing. The scenario analysis for transition risks is performed by considering the proposal from the Strategic Asset Allocation (SAA) 2023 under 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.

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. Physical risks are mainly associated with the Non-life portfolio and adequately priced in the products. Physical risks (a major storm and major flood) are assessed in the ORSA combined business scenario's for the Non-life portfolio. Within life and health insurance, the impact is mainly in the longer term and not quantified in the standard ORSA horizon of 5 years. Therefore, a.s.r. introduced in the ORSA 2023 a climate scenario with the horizon of 10 years. Starting point for this climate scenario is the failed transition, which is the most negative scenario from the SAA study. In addition a.s.r. Real estate, Non-Life, Health and Disability are exposed to physical climate risk.

As part of the CSRD project a.s.r. performed the double materiality assessment in 2023. This assessment led to identification of material sustainability topics that will be included in future sustainability reporting.

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. The risk appetite has been strengthened in 2023 by adding sufficiently management of the sustainability risks. 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.

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 3.6.3 Identified risks of the Annual report of a.s.r. and 2.5.3 Environmental, social and governance 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.

Recovery and Resolution
a.s.r. has to comply with Dutch legislation 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. On 5 April 2023 a new policy rule on resolvability of insurance companies was published. The policy rule specifies the criteria DNB has to take into account when identifying impediments to resolution in relation to Dutch insurance companies.

As part of the legislation a.s.r. is obliged to have a Preparatory Crisis Plan('Voorbereidend Crisisplan' in Dutch) in place that has been approved by DNB. a.s.r.'s Preparatory Crisis Plan helps to be prepared and 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. 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).

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 is a centralised function within a.s.r., headed by the compliance manager for both a.s.r. and its subsidiaries. Being part of the second line of defence, Compliance is considered a key function in line with the Solvency II regulation. The Compliance key function-holder is hierarchically managed by and reports to the CRO, a Member of the Management Board. The CRO ensures that the Compliance annual plan proposed by the Compliance key function-holder is adopted by the Management Board.

To enhance and ensure sound and controlled business operations, 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 drafting 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;
- Interaction with regulators in order to maintain effective and transparent relationships.

The compliance manager also has an escalation line to the CEO and/or 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 with regard to recommended business measures and actions at 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 Group and OTSO levels is presented to and discussed with members of the MB, with the Non-Financial Risk Committee, 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.

With a view to the institution of the Compliance function in connection with the integration of Aegon NL, Compliance set up a number of work flows in order to further develop the integration of Compliance. The matters considered in this context included the standardisation of policyies processes, monitoring and reports, including the best practices of Aegon NL. The Compliance department itself, which will be integrated in 2024 and tailored to the new a.s.r. organisation, was also taken into consideration.

Compliance risks

Developments in legislation 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 2023, a.s.r. paid specific attention to:

- Customer Due Diligence (CDD), including Anti-Money Laundering and Anti-Terrorist Financing;
- Privacy laws and regulations, including the General Data Protection Regulation (GDPR). a.s.r. considers it important that personal data are handled with care;
- 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, as well as to expressions in the field of sustainability.
- The further development and safeguarding of the PARP, in collaboration with the PARP Board and the relevant business units;
- Compliance participated in the so-called baseline risk measurement which started immediately after the Aegon NL transaction was completed.

a.s.r. monitors sound and controlled business operations, including the management of 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 2023, a.s.r. monitored compliance with e.g. the rules, regulations and policies on CDD, privacy, remuneration, the digital agenda, sustainability (including the assessment of communications expressions), handling of customer requests and the quality of information provided to customers. The CDD Centre is continuously working on an improvement plan for CDD-related risks. The implementation was carried out in line with this plan in 2023.

In addition, a.s.r. continued to work on further improvement of ongoing monitoring activities in 2023, by reviewing the compliance risk and monitoring framework and its translation into the business units' Risk Control Matrix (RCM). 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.

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. The Audit Universe of Internal Audit a.s.r. includes both all activities of a.s.r. as well as activities that are outsourced by a.s.r. to third parties, including group entities.

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 external review in 2022, Audit was approved by the IIA and received the Institute's quality certificate.

For ASR Premiepensioeninstelling N.V., Aegon Cappital B.V. and Aegon Bank N.V. (Knab) separate Audit Charters are applicable. Knab has a dedicated audit function, located at Knab, under the accountability of the Executive Board and supervised by the Supervisory Board of Knab and reporting lines to Internal Audit a.s.r.

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 three Actuarial Function Holders in place at a.s.r. Two function holders have a joint responsibility for the Life segment (with underlying business lines Individual Life & Funeral and Pensions), one is responsible for ASR Leven and the other for Aegon Leven as well as Aegon Spaarkas. The third function holder is responsible for the Non-life segment (with underlying legal entities as well as Property & Casualty, Disability and Health business lines).

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 alternatively with the MB)) 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 CRO taking into account the opinion of the Executive Board and 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.

In light of recent developments, it's worth noting that a.s.r. is updating the outsourcing policy and practices with regards to the impact of the Digital Operational Resilience Act (DORA) and the Corporate Sustainability Reporting Directive (CSRD). DORA introduces specific and prescriptive requirements that have impact on how financial organisations manage ICT and cyber risks. As for the CSRD, it is EU legislation that requires to publish regular reports on environmental and social impact activities.

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

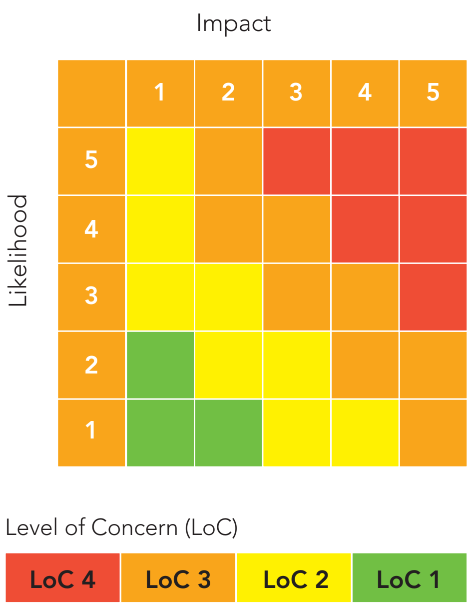
The risks identified are clustered into:

- 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 2023, 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.

For more detailed information on the identified risks for the several risk categories described above, reference is made to chapter 3.6 of the Annual Report 2023 of a.s.r.

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.

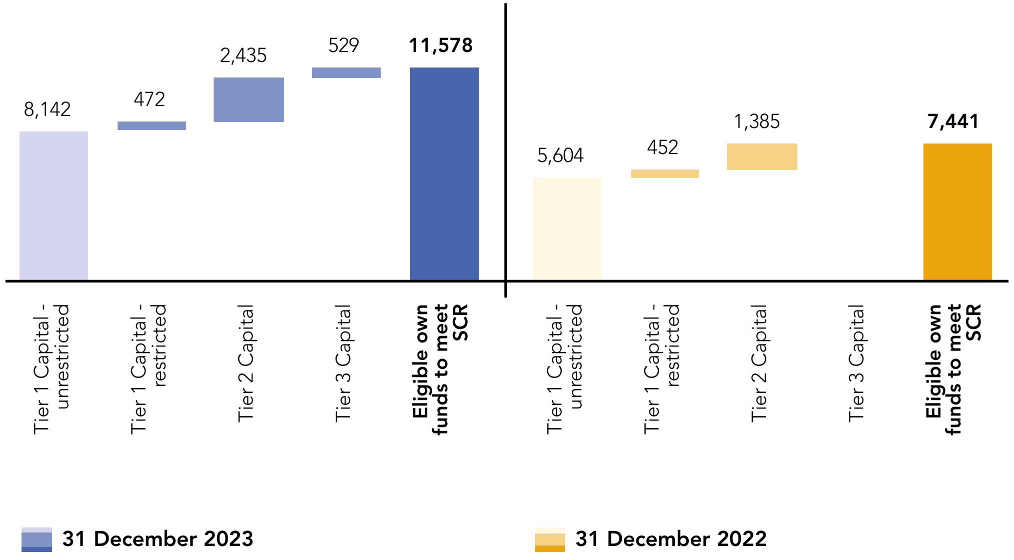
According to the annual risk management cycle in 2023, to ensure alignment with a.s.r.'s (risk) strategy, the RAS and RAS limits were evaluated and updated by the EB and approved by the SB. The RAS of a.s.r. can be found in chapter B.3.1.1.

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

Solvency II ratio in 2023

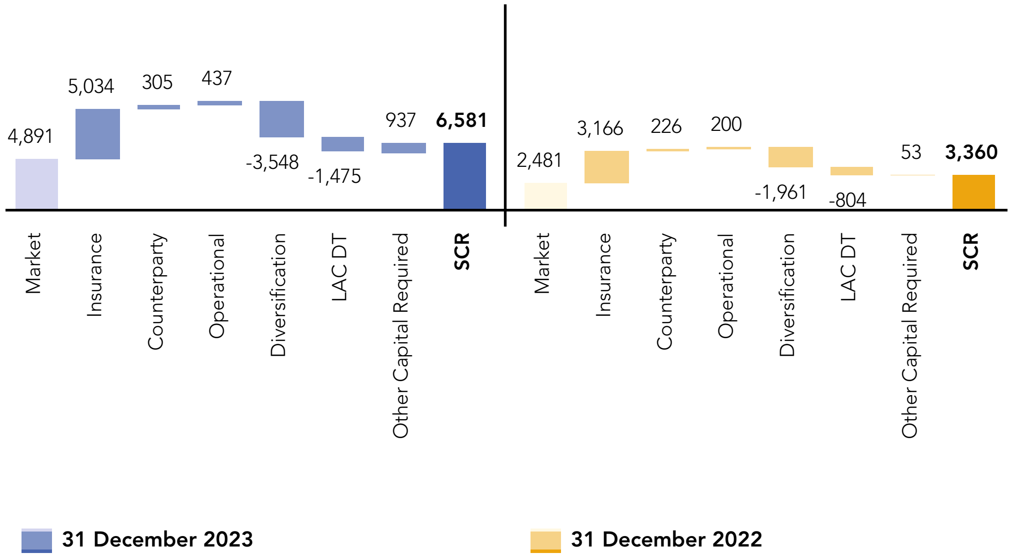
In 2023, the solvency ratio decreased from 221% (31 December 2022) to 176% including financial institutions[1] (after deduction of the proposed dividend) at year end. This can be explained by the changes shown in the graph below. The Solvency II ratios presented are not final until filed with the regulators.

Eligible own funds



1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

SCR



The EOF increased to € 11,578 million (31 December 2022: € 7,441 million), mainly driven by the acquisition of Aegon NL and organic capital creation, partly offset by market and operational developments and proposed dividend.

The SCR stood at € 6,581 million at 31 December 2023 (31 December 2022: € 3,360 million), primarily due to the addition of the Aegon NL business. Standard formula risks and Internal Model risks are aggregated using the IT3 methodology.

The capital requirements of Other Financial Sector entities (including Knab) are also part of this category.

SCR Partieel Intern Model

(in € million)		31 December 2023	31 December 2022
C.1 Underwriting risk	Life underwriting risk (SF)	1,807	1,313
	Life underwriting risk (IM)	1,013	
	Health underwriting risk (SF)	1,508	1,243
	Non-life underwriting risk (SF)	706	609
C.2 Market risk	Market Risk (SF)	3,086	2,481
	Market Risk (IM) (incl. DA)	1,805	
C.3 Credit risk1	Counterparty default risk (SF)	305	226
C.5 Operational risk	Operational risk (SF)	437	200
E.2.1 Solvency Capital Requirement	LAC-DT	-1,475	-804
	Total undiversified components	**9,192**	**5,269**
	Diversification	**-3,548**	**-1,961**
	PIM SCR after diversification	**5,644**	**3,307**
	Other Capital requirements	**74**	
	Capital Requirement Financial Institutions	**863**	**53**
	Group PIM SCR	**6,581**	**3,360**

Solvency II sensitivities

The sensitivities of the solvency ratio as at 31 December 2023[1], 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 2023 and include Financial Institutions.

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

Solvency II sensitivities - market risks

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
UFR 3.2%	-4	-4	-	-	-4	-4
Interest rate +0.5% (incl. UFR 3.45% for 2023 and 2022)	-2	-2	+3	+1	-	-1
Interest rate -0.5% (incl. UFR 3.45% for 2023 and 2022)	+2	+1	-4	-7	-2	-6
Interest steepening +10 bps	-1	-1	-	-	-	-1
Volatility Adjustment -10bp	-10	-7	+6	-3	-5	-10
Government spread + 50 bps / VA +10 bps (2022: VA: +10 bps)	-5	-3	+3	-	-2	-3
Mortgage spread +50 bps	-10	-8	+3	-	-7	-7
Equity prices -20%	-7	-11	+8	+14	+1	+3
Property values -10%	-10	-10	+2	+4	-8	-6
Spread +75bps/ VA +17bps (2022: VA +18bps)	+14	+10	-7	+1	+7	+11
Inflation +30 bps	-1	-2	-	-	-2	-2

Solvency II sensitivities - explanation

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

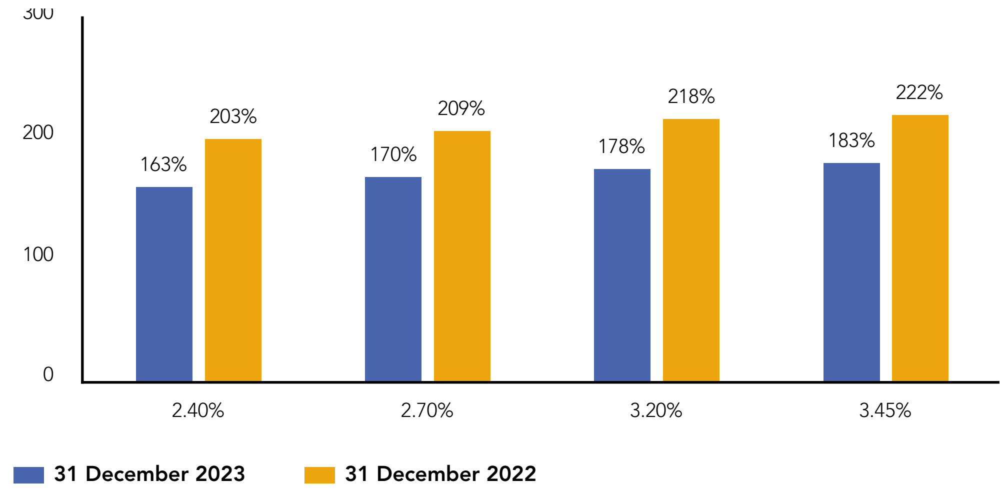
Expected development Ultimate Forward Rate

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).

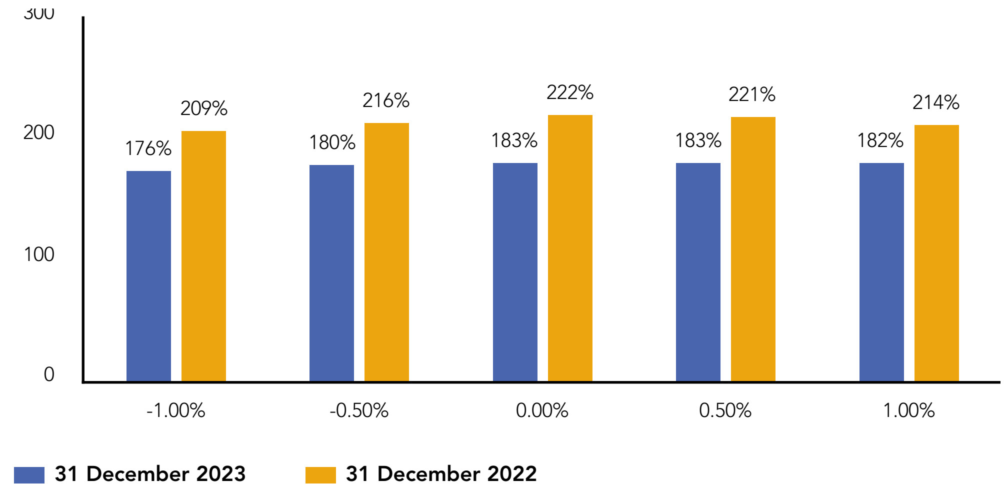
After a decrease of the UFR each year by 15 basis points, per 2023 the UFR remained stable compared to 2022 at 3.45%. The solvency ratio remains above internal solvency objectives.

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[1]



Sensitivities Solvency II ratio to interest rate[1]



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 decreased, because of the integration of Aegon NL. In addition, the impact of interest rate sensitivity (+1%) decreased due to changes in the mass lapse modelling.

Equity risk

In 2023 the equity risk increased, mainly due to the acquisition of Aegon NL. Besides that there is a smaller impact of higher equity prices which leads to a higher Solvency II SF equity risk, both driven by an increased exposure to equities and a higher risk charge as a result of the symmetric adjustment.

Spread risk

The spread sensitivity of the solvency ratio decreased from +11% at 31 December 2022 to +7% at 31 December 2023. This decrease is maily caused by lowel sensitivities in the Aegon entities.

Loss Absorbing Capacity of Deferred Tax

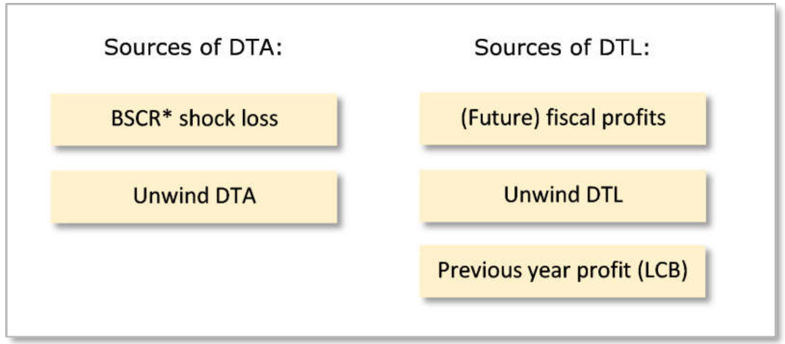
a.s.r. uses three models to calculate the Loss Absorbing Capacity Deferred Tax (LAC DT) benefit in euros of a.s.r. group and its separate entities. The models are based on similar building blocks. The LAC DT of the Aegon entities (Aegon Levensverzekering and Aegon Spaarkas) is calculated in a separate - but similar - model to a.s.r. life and non-life. These models make use of future profits to determine what part of the DTA (both before and after shock) is recoverable. A simplified model without future profits is applied to a.s.r. health.

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 building blocks of the models for all entities is presented:

1 Impact Solvency II ratio exclude Financial Institutions

LAC DT building blocks



The outcome of the models is a factor between 0% and 100% representing the recoverability of the BSCR* shock loss.

The following steps are used in determining the factor for the Aegon entities (Aegon Levensverzekering and Aegon Spaarkas):

- The unrounded Worst Case Tax Factor (WCTF) is determined based on fiscal profits from the previous year available for loss carry back and the unwind of the current DTL position. To determine what part of the remaining DTA (both before and after shock) is recoverable, future profits are taken into account of which most importantly excess returns on GA assets and drag impacts. Fiscal planning is not used.
- Four scenarios of varying input (such that uncertainty increases over time and is larger post-shock than pre-shock) are used to substantiate that sufficient future taxable profits are available against which the DTA (pre-shock) and WCTF (post-shock) can actually be utilised. These scenarios are combined into a weighted average WCTF.
- The weighted average WCTF is adjusted to a final setting to be used in reporting. The main rationale is to have a relatively stable WCTF setting during the year. For this, the weighted average WCTF is rounded down to the nearest 5% and capped by an entity specific upper bound. The value of the upper bound is set at the lower end of the reasonable expected range of model outcomes, based on past performance and model/entity dynamics. The upper bound is reassessed on an annual basis and has been set to 80% for Aegon Levensverzekering and to 95% for Aegon Spaarkas. As the raw WCTF model outcomes exceeded these upper bounds, the WCTFs are set to 80% and 95% respectively for Q4 2023 reporting.

The following steps are used in determining the factor for the a.s.r. entities:

1. The LAC DT factor for a.s.r. health are determined based on fiscal profits from the previous year, current year and unwind of the current DTL position. For a.s.r. life and non-life the expected future profits and risk margin are used in addition. Fiscal planning is not used.
2. 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.

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. For Aegon leven ande Aegon spaarkas there is no LAC TP applied.

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.

Aegon Levensverzekering (Aegon life) and Aegon Spaarkas (Aegon spaarkas) use a Partial Internal Model (PIM) to calculate the solvency position. The PIM contains Internal Models for (i) mortality risk and (ii) longevity risk. For the other risks, the Solvency II standard formula is applied.
ASR Levensverzekeringen (a.s.r. life), ASR Schadeverzekeringen (a.s.r. non-life) and ASR Ziektekostenverzekeringen (a.s.r. health) use the Solvency II standard formula (SF) to calculate the solvency position.
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 2023		31 December 2022	
(in € million)	SF	IM	SF	IM
Life insurance risk	1,807	1,013	1,313	-
Health insurance risk	1,508	-	1,243	-
Non-life insurance risk	706	-	609	0
Total excluding diversification between insurance risks	**4,021**	**1,013**	**3,166**	**0**

The Life insurance risk increased meanly as a result of the integration of Aegon life. Next to that the change of the SCR was the result of decreased interest rates and model changes, which largely counteracted each other.

The Health and Non life insurance risk increased as a result of update of the integration of Aegon 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 2023 and 2022, 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 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Expenses +10%	-6	-6	-1	-2	-7	-8
Mortality rates, all products -5%	-5	-3	-	-1	-5	-4
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 2023 are (almost) similar to the sensitivities of 2022. The impact on the ratio is the opposite if a reversed scenario is taken into account.

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 solvency capital requirement (SCR) for Life insurance risks is determined per policy for the Funeral and Life portfolio and per participant for the Pension portfolio. All shocks are applied to each policy/participant and a SCR value is only determined if applying the shock leads to a higher best estimate.

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 required capital for this risk under SF is calculated as the change in own funds of a permanent increase of mortality rates by 15% for all ages and each policy. For Aegon life and Aegon spaarkas an Internal Model is used to calculate the risk factor.

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 for this risk under SF is calculated as the change in own funds of a permanent decrease of mortality rates by 20%. For Aegon life and Aegon spaarkas an Internal Model is used to calculate the risk factor.

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%. The disability-morbidity risk is calculated on policy level by increasing the experience percentage with 35% for the first year and 25% in the second. For the IBNR reserve the shock is simplified to an average of 30% for the 2-year IBNR cashflow. Because revalidation risk is very small, no shock is modelled for this risk.

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, i.e. changes to paid-up status (cessation of premium payment) and surrenders. In general, a lapse shock is only applied if a Solvency II lapse event is actually considered possible under the conditions of the insurance contract. For instance a paid-up policy that cannot be surrendered is not taken into account.

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 (an instant lapse event of 40% of all policies). For the mass lapse event, the lapse risk is calculated as the maximum on policy level of a mass surrender or a mass paid-up event.

Expense risk
A calculation is made of the effect on own funds of a permanent increase in costs used for determining the best estimate. It consists of an increase in the costs of 10% and an increase in the cost inflation of 1 percentage point per year. For investment costs only an increase of 10% applies, since it has been substantiated that increases due to inflation including a shock can be absorbed by the Best Estimate itself and asset management for external parties.

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.

For Aegon life and Aegon spaarkas an Internal Model is used to calculate the risk factor.

Employee benefits
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. Due to the acquisition of Aegon NL the ended defined benefit plan for own staff of Aegon NL was added to the defined benefit obligation per 2023.

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. The discount rate (31 December 2023: 3.42%) is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the cash flow pattern of the pension obligation. 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.

As of 1 January 2021 a defined contribution plan is in place. 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 former employees of Aegon NL were added to the defined contribution plan as of 1 October 2023.

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.

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 2023	31 December 2022
Insurance with profit participation		
Best estimate	23,238	10,573
Risk margin	950	589
Technical provision	**24,188**	**11,162**
Other life insurance		
Best estimate	28,426	12,859
Risk margin	1,040	580
Technical provision	**29,466**	**13,439**
Index-linked and unit-linked insurance		
Best estimate	34,677	10,173
Risk margin	600	62
Technical provision	**35,277**	**10,235**
Total		
Best estimate	86,341	33,604
Risk margin	2,589	1,231
Technical provision	**88,930**	**34,836**

In 2023 the technical provision increased with € 54,094 million. This was mainly caused by the integration of Aegon.

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 € 120 million per 31 December 2023.

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)
  - Premium waiver in case of disability (PVI)
- 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, according to the standard formula.
- 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.

With the inclusion of the Aegon portfolio in the non-life insurance entity, future management actions are applied to both the a.s.r. and Aegon portfolio according to previously used definitions for the specific portfolios.

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.

Pandemic scenario

In this scenario, there is a pandemic, which causes 1% of those affected to be hospitalised and 20% to see a local practitioner.

Health insurance risk - required capital

	31 December 2023	31 December 2022
Health SLT	1,187	964
Health Non-SLT	472	404
Catastrophe Risk (subtotal)	88	83
Diversification (negative)	-239	-208
Health (Total)	**1,508**	**1,243**
Mortality risk	-	-
Longevity risk	66	52
Disability-morbidity risk	985	779
Expense risk	145	135
Revision risk	276	205
Lapse risk	295	270
Diversification (negative)	-581	-478
Health SLT (subtotal)	**1,187**	**964**
Medical expenses insurance and proportional reinsurance	162	155
Income protection insurance and proportional reinsurance	370	303
Diversification (negative)	-60	-55
Health Non-SLT (subtotal)	**472**	**404**
Mass accident risk	27	28
Accident concentration risk	75	66
Pandemic risk	37	41
Diversification (negative)	-51	-53
Catastrophe risk (subtotal)	**88**	**83**

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 2023	31 December 2022
Best estimate	4,657	3,389
Risk margin	584	371
Technical provision	**5,241**	**3,760**

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 2023	31 December 2022
Best estimate	612	526
Risk margin	61	54
Technical provision	**673**	**579**

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.

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 2023	31 December 2022
Premium and reserve risk	640	548
Lapse risk	51	52
Catastrophe risk	175	159
Diversification (negative)	-160	-149
Non-life insurance risk	**706**	**609**
Natural catastrophe risk	148	132
Man-made catastrophe risk	91	86
Other non-life catastrophe risk	20	20
Diversification (negative)	-85	-79
Catastrophe risk (subtotal)	**175**	**159**

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 2023	31 December 2022
Best estimate	1,802	1,479
Risk margin	105	88
Technical provision	**1,907**	**1,567**

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. non-life ended the mitigation of its disability risk through reinsurance in 2023. Only for Aegon there is a limited amount of active 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, bond prices, property prices and interest rates.

The various types of market risk which are discussed in this section, are:

- interest rate risk (including interest rate volatility risk)
- equity risk (including equity volatility risk)
- property risk
- currency risk
- spread risk
- concentration risk

Aegon life and Aegon spaarkas use a Partial Internal Model (PIM) to calculate the solvency position. The PIM contains separate modules for (i) interest rate risk, (ii) equity risk, (iii) property risk and (iv) spread risk. For the other risks, the Solvency II standard formula is applied. a.s.r. life, a.s.r. non-life and a.s.r. health use the Solvency II standard formula to calculate the solvency position. The total market risk is therefore the sum of the SF and IM.

The main market risks of a.s.r. are interest rate, equity, property and spread risk. The total market risk amounted to € 4,891 million per year-end 2023 (2022: € 2,481 million). The increase of € 2,321 million, is mainly the result of the acquisition of Aegon NL combined with higher equity prices.

a.s.r. accepts and manages market risk for the benefit of its customers and other stakeholders. a.s.r.'s risk management and control systems are designed to ensure that these market risks are managed effectively and efficiently, aligned with the risk appetite for the different types of market risks. Market risk reports are submitted to either FRC or RCC at least once a month. In these reports different types of market risks are monitored and tested against the limits according to the financial risk policies.

The value of investment funds at year-end 2023 was € 8,250 million (2022: € 6,823 million). a.s.r. applies the look through approach for investment funds to assess the market risk.

As part of PIM the Deterministic Adjustment (DA) is identified for Aegon life to mitigate volatility caused by the basis risk between (i) the EIOPA VA reference portfolio and (ii) the asset portfolio of Aegon life. The value of the DA at year-end 2023 was € 88 million. Note that the DA is not included in the required capital for market risks when determining the diversification between risks. In the presented figures the DA is included in the market risk.

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

Further explanations of the material market risk components are provided in the paragraphs below.

C.2.1 Interest rate risk

Interest rate risk is the risk that the value of assets or liabilities will change due to fluctuations in interest rates. a.s.r. is exposed to interest rate risk, as both its assets and liabilities are sensitive to movements in long- and short-term interest rates. Insurance products are exposed to interest rate risk. Especially the life insurance products are long-term and therefore particularly sensitive to interest rate risk. The interest rate risk of insurance products depends, besides the term to maturity, on interest rate guarantees and profit-sharing features. Where applicable Knab and Aegon hypotheken prefer to hedge the risk to the extent possible.

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. as well as for the registered insurance companies. Interest rate risk reports are submitted to either FRC or RCC at least once a month. In these reports the interest rate risk is monitored and tested against the limits according to the financial risk policies.

The required capital for interest rate risk is determined by calculating the impact on the available capital due to changes in the yield curve.

The Solvency II SF interest rate risk is the maximum loss of (i) an upward shock and (ii) a downward shock of the yield curve.

- 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 down shock is zero in case the yield curve is negative;
- The yield curves of all currencies are shocked simultaneously.
- All adjustments (credit spread, volatility adjustment) on the 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 Solvency II IM for interest rate risks differ from the standard formula results for the following reasons:

- The Solvency II PIM interest rate curve shocks are calibrated based on historical market data;
- The Solvency II PIM assumes that the UFR does not change in a shock scenario, while the standard formula interest rate shock assumes that the whole curve moves, including the UFR; and
- In addition, the Solvency II PIM includes a capital requirement for interest rate volatility risk.

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 and include Financial Institutions[1].

Solvency II sensitivities - interest rate

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
UFR 3.2%	-4	-4	-	-	-4	-4
Interest rate +0,5% (incl. UFR 3.45%)	-2	-2	+3	+1	-	-1
Interest rate -0.5% (incl. UFR 3.45%)	+2	+1	-4	-7	-2	-6
Interest steepening +10 bps	-1	-1	-	-	-	-1
Volatility Adjustment -10bp	-10	-7	+6	-3	-5	-10

The interest rate sensitivity decreased compared to previous year.

C.2.2 Equity risk

The equity risk takes into account the risk arising from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities. Exposure to equity markets exists in both assets and liabilities. Asset exposure exists through direct equity investments. 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 equity risk of insurance products depends on guarantees and profit-sharing features.

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

The Solvency II SF equity risk is determined by calculating the impact on the available capital due to an immediate drop in equity prices.

- Equities listed in regulated markets in countries in the EEA or OECD are shocked by 39% together with the symmetric adjustment (type I).
- Equities 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 (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 30% together with the symmetric adjustment.

The Solvency II IM includes an equity shock, which differs from the standard formula shock:

- Equity risk shocks are calibrated based on Aegon life's own portfolio.
- The equity exposures are also shocked for equity volatility risks.

Solvency II sensitivities - equity prices[1]

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Equity prices -20%	-7	-11	+8	+14	+1	+3

Composition of equity portfolio

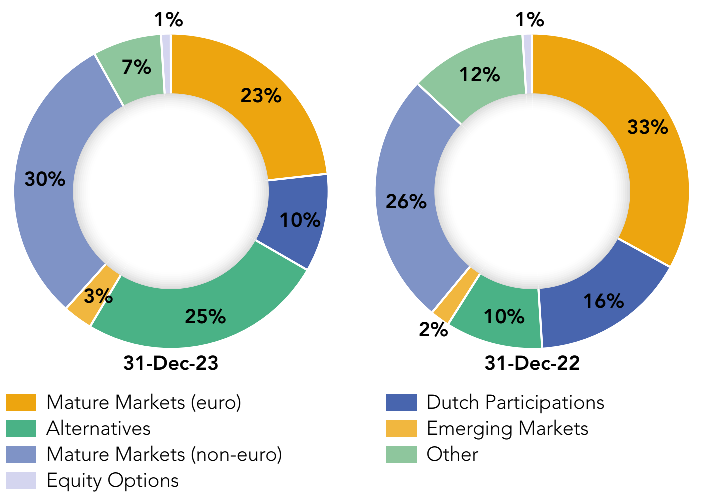
The total fair value of equities and similar investments at year-end 2023 was € 3,738 million (2022: € 2,604 million). The increase in 2023 was mainly due to the acquisition of Aegon NL. Please note that the total fair value of equities and similar investments referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

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 options with a value of € 30 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' (€ 190 million).

Please note that the total exposures to equity referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

Composition equity portfolio



C.2.3 Property risk

The property risk takes into account the risk arising from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate. 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 and participations which activities are primarily real estate investments.

The Solvency II SF 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 due to the underlying risk mitigating characteristics of this product.

The Solvency II IM for property risk includes an IM property shock, which differs from the standard formula shock.

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.

1 Sensitivities include Financial Institutions.

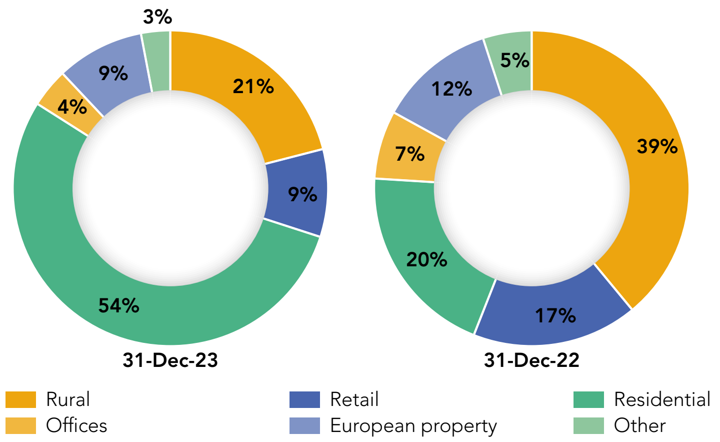
Solvency II sensitivities - property values[1]

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Property values -10%	-10	-10	+2	+4	-8	-6

Composition of property portfolio
The property risk depends on the total exposure to property, which includes both property investments and property held for own use. The fair value of property was € 9,193 million at year-end 2023 (2022: € 5,001 million). The increase in 2023 (approximately € 4,192 million) was a result of the acquisition of Aegon NL (approximately € 4,272 million), a decrease of property values (approximately € -149 million), improved lookthrough data of property funds (approximately € 56 million) and transactions (approximately € 12 million).

Please note that the total exposures to property referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

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 the currencies with the largest exposures. a.s.r. has currency risk to insurance products in American dollars (USD), Australian dollars (AUD), South African Rands (ZAR) and Canadian dollars (CAD).

1 Sensitivities include Financial Institutions.

A currency risk policy is in place for a.s.r. as well as for the registered insurance companies. For different investment categories a.s.r. has defined a target hedge ratio. Currency risk reports are submitted to either FRC or RCC at least once a month. In these reports the currency risk is monitored and tested against the limits according to the financial risk policies.

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).

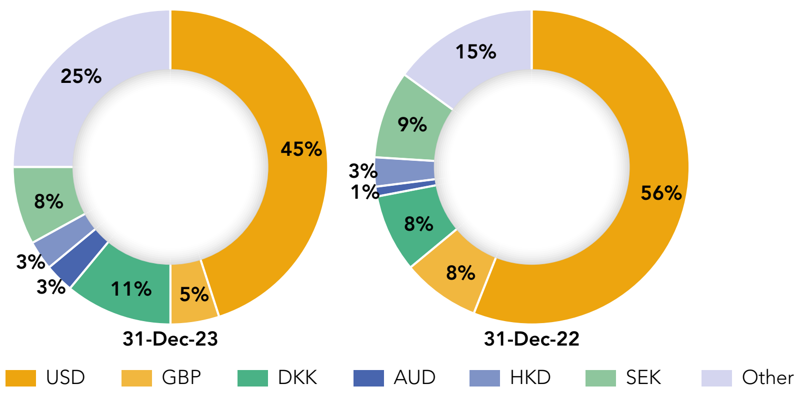
Currency risk - required capital

	31 December 2023	31 December 2022
SCR currency risk - required capital	226	135

In 2023 the Solvency II SF currency risk has increased with € 90 million. The main reason for this increase is the acquisition of Aegon NL (€ 50 million). The remaining increase of € 40 million can be explained by an increase in equity prices and a lower currency hedge ratio for non-euro equities. The increase is partly offset by an increase in the currency hedge ratio for USD bonds.

Specification currencies with largest exposure
The total foreign exchange exposure at year-end 2023 was € 772 million (2022: € 573 million). The increase in 2023 (approximately € 200 million) was the result of the acquisition of Aegon NL (€ -6 million), an increase in equity prices and a lower currency hedge ratio for non-euro equities. Please note that the total foreign exchange exposure referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the currency risk of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

Composition currency portfolio



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 contribute to the growth of the own funds. Exposure to spread risk exists in both assets and liabilities. Asset exposure exists mainly through fixed income investments and mortgages. In order to maintain a good understanding of the actual spread risk, a.s.r. applies the look-through approach for investment funds. The spread risk of insurance products depends on guarantees and profit-sharing features.

The Solvency II SF spread risk is equal to the sum of the capital requirements for bonds, structured products and credit derivatives. Bonds and loans guaranteed by governments or international organisations could be in scope of counterparty default risk instead of spread risk. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

The Solvency II PIM for spread risk includes an IM spread shock which differs from the standard formula:

- Spread shocks are calibrated on the basis of Aegon life's fixed income portfolio.
- In contrast to the standard formula, government bonds are shocked with a factor larger than zero.
- Mortgages are in scope of the spread risk module, while under the standard formula mortgages are in scope of counterparty default risk. Hence, as a result, the spread risk inherent in a.s.r.'s mortgage portfolio is partly included in this section and partly under counterparty default risk. In particular, the mortgage portfolios of Aegon life and Aegon spaarkas are included in this section since these entities use the Partial Internal Model (PIM), while the mortgage portfolios of a.s.r. life, a.s.r. non-life and a.s.r. health are included under counterparty default risk since these entities apply the Solvency II Standard Formula (SF).
- Furthermore, the Solvency II PIM makes use of a dynamic volatility adjustment approach within Aegon life, while the standard formula does not. The Dynamic Volatility Adjustment methodology follows an asset-only approach, ensuring spread widening is the biting scenario.
- The performance of the fixed income portfolio is assessed under a broad range of credit scenarios and the model determines which part of the (short-term) losses experienced by the assets are recouped.

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 17 bps in 2023 (2022: 18 bps). The credit spread sensitivity decreased from +11 to +7.

Solvency II sensitivities - spread risk[1]

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Spread +75bps/ VA +17bps (2022: VA +18bps)	+14	+10	-7	+1	+7	+11

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.

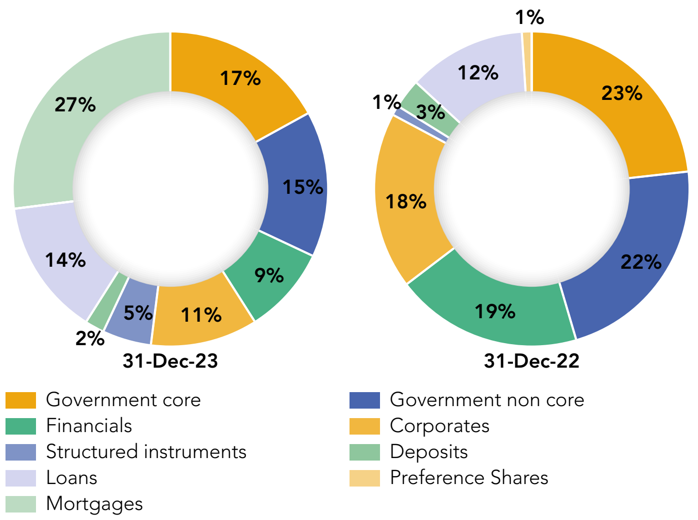
The following tables provide a detailed breakdown of the fixed-income exposure by (i) rating class and (ii) sector. Assets in scope of spread risk are, by definition, not in scope of counterparty default risk. The total exposure of assets in scope of spread risk is € 51,911 million (2022: € 20,653 million). The increase in 2023 (€ 31,258 million) was almost entirely the result of the acquisition of Aegon NL.

The portfolio decomposition changed due to the acquisition of Aegon NL. Among others, the mortgage portfolios of Aegon life and Aegon spaarkas are included as per 31 December 2023. In particular, this led to a significant increase of the non-rated fixed income percentage from 11% to 33%.

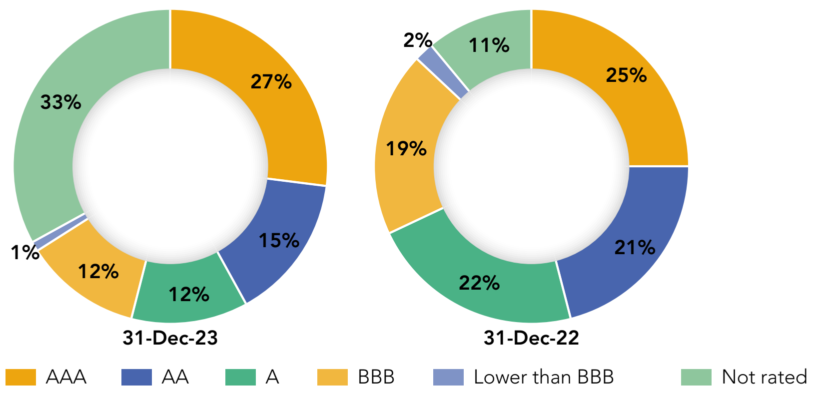
Please note that the total fixed-income exposure referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

1 Sensitivities include Financial Institutions.

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 2023 (2022: 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

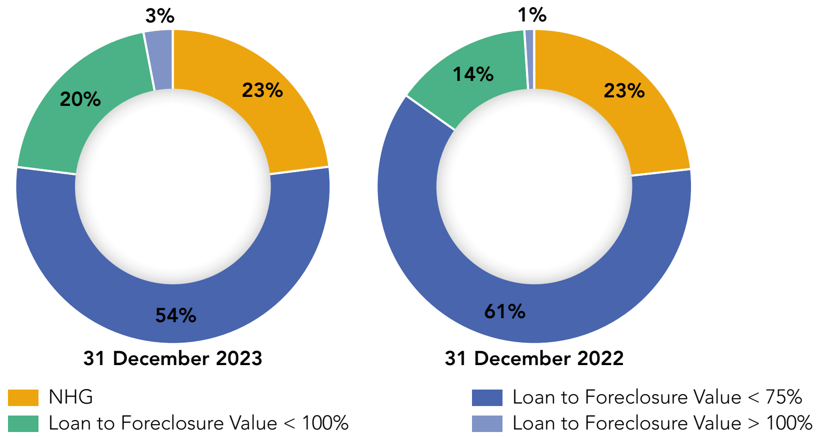
	31 December 2023	31 December 2022
Type 1	190	103
Type 2	136	138
Diversification (negative)	-20	-15
Total	**305**	**226**

In 2023 the Solvency II SF Counterparty default has increased with € 79 million. The main reason for this increase is the acquisition of Aegon NL which lead to an increase of Type 1 risk of € 86 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 € 9,975 million at year-end 2023 (2022: € 9,534 million). The increase in 2023 (€ 441 million) was almost entirely the result of the acquisition of Aegon NL. Please note that only the mortgages of former Aegon non-life are in scope of Counterparty default risk. The mortgage portfolios of both Aegon life and Aegon spaarkas are in scope of Solvency II IM spread risk.

Composition mortgage portfolio



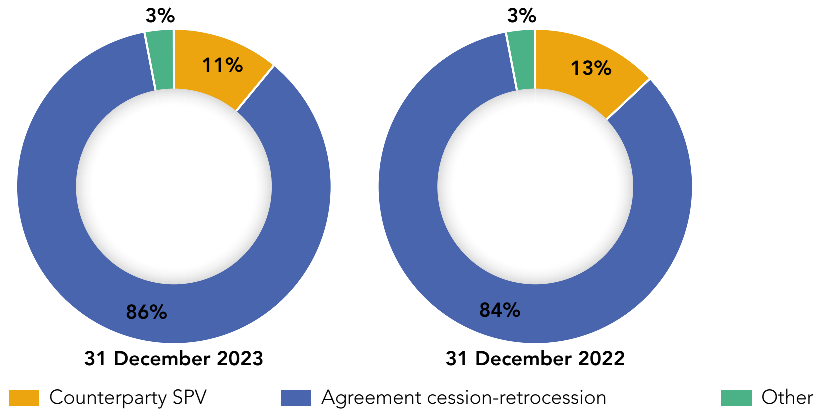
The Loan-to-Value ratio is based on the value of the mortgage according to Solvency II principals with respect to the a.s.r. calculated collateral. The percentage of mortgages which are in arrears for over three months has increased from 0.03% in December 2022 to 0.04% in December 2023.

C.3.2 Savings-linked mortgage loans

The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') depends on the counterparty. For 11% 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 86% 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



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 below shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2023 was € -90 million (2022: € 309 million). The negative exposure in 2023 was entirely the result of the exposure of Aegon NL (€ -445 million) and the exposure of other entities (€ 355 million). The table below does not include Aegon NL.

Composition reinsurance counterparties by rating

	31 December 2023	31 December 2022
AAA	0%	0%
AA	87%	86%
A	10%	14%
NR	0%	0%
Total	**100%**	**100%**

C.3.5 Receivables

The receivables with a counterparty default risk amounted to € 2,404 million at year-end 2023. This mainly consits of insurance and intermediaries receivables (€ 229 million), reinsurance receivables (€ 31 million), health insurance fund (€ 159 million) and other (non-insurance) receivables (€ 1,985 million).

C.3.6 Cash and cash equivalents

The current accounts on the balance sheet amounted € 4,303 million in 2023 (2022: € 1,756 million). The increase in 2023 (€ 2,548 million) was almost entirely the result of the acquisition of Aegon NL.

Composition cash accounts by rating

	31 December 2023	31 December 2022
AAA	773	0
AA	514	0
A	3,017	1,744
Lower than A	0	11
Total	**4,303**	**1,756**

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.

Since market interest rates started rising 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 and by liquidating assets. As at 31 December 2023 a.s.r. is 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, liquidity stress tests 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 2023, a.s.r. had cash (€ 4,140 million), short-term secured deposits (€ 882 million) and liquid government bonds (€ 16,068 million).

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 2023	31 December 2022
EPIFP	1,474	1,422

The EPIFP increased mainly as a result of the integration of Aegon NL. This was largely offset by decreases for a.s.r. life and a.s.r. non-life due to interest rate developments, portfolio developments and lower profitability.

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 2023	31 December 2022
SCR operational risk - required capital	437	200

The SCR for operational risk amounts to € 437 million at the end of 2023 (2022: € 200 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 increases due to the integration of Aegon NL. There is no benefit of diversification for operational risk.

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 in 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 structure of the reinsurance program has remained largely the same as in previous years in terms of cover and limits. In 2022 a.s.r. purchased excess of loss reinsurance for accident year 2023 for Windstorm in excess of € 40 million with a limit of € 595 million. In 2022 Aegon purchased excess of loss reinsurance for accident year 2023 for Windstorm in excess of € 5 million with a limit of € 100 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 & Performance Management (GBPM), taking into account the Risk Appetite Framework. Group Risk Management (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 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 2023 IFRS	Revaluation	Deconsolidation Financial Institutions	31 December 2023 Solvency II
1. Deferred acquisition costs	-	-	-	-
2. Intangible assets	649	-649	-	-
3. Deferred tax assets	636	-106	-1	529
4. Property, plant, and equipment held for own use	267	-41	-	226
5. Investments - Property (other than for own use)	3,543	-	-	3,543
6. Investments - Equity	12,279	2,170	112	14,560
7. Investments - Bonds	29,908	-105	-	29,802
8. Investments - Derivatives	12,296	-1,559	-	10,737
9. Unit-linked investments	30,348	-135	-	30,213
10. Loans and mortgages	49,455	-15,044	-	34,410
11. Reinsurance recoverables	500	-546	-	-47
12. Cash and cash equivalents	7,998	-2,846	-130	5,022
13. Any other assets, not elsewhere shown	2,341	-145	-74	2,122
Total assets	**150,219**	**-19,006**	**-93**	**131,120**
14. Technical provisions (best estimates)	60,289	-1,553	-	58,736
15. Technical provisions (risk margin)	-	2,739	-	2,739
16. Unit-linked best estimate	39,095	-4,418	-	34,677
17. Unit-linked risk margin	-	600	-	600
18. Pension benefit obligations	5,160	-	-	5,160
19. Deferred tax liabilities	-	228	0	228
20. Subordinated liabilities	3,008	-101	-	2,907
21. Other liabilities	34,286	-17,274	-35	16,976
Total liabilities	**141,838**	**-19,779**	**-35**	**122,024**
Excess of assets over liabilities	**8,381**	**773**	**-58**	**9,096**

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 2023
IFRS equity		9,377
i. Hybrid loans		-1,004
ii. Own shares		7
IFRS equity adjusted		**8,381**
Revaluation assets		
i. Intangible assets	-415	
ii. Loans and mortgages	-	
iii. Reinsurance	-559	
iv. Cash and cash equivalents	-	
v. Any other assets, not elsewhere shown	-43	
Subtotal		**-1,017**
Revaluation liabilities		
i. Technical provisions (best estimates)	1,625	
ii. Technical provisions (risk margin)	-2,739	
iii. Unit-linked best estimate	4,317	
iv. Unit-linked risk margin	-600	
v. Subordinated liabilities	70	
vi. Other liabilities	-285	
Subtotal		**2,388**
Total gross revaluations		1,372
Tax percentage		25.8%
Total net revaluations		**1,018**
Other Revaluations		
i. Goodwill	-299	
ii. Participations	-	
iii. Valuation difference Financial Institutions	-4	
iv. Valuation difference Own shares	0	
Subtotal		**-303**
Solvency II equity		**9,096**

	Gross of tax	31 December 2023
Own fund items		
i. Subordinated liabilities		2,907
ii. Deduction Participations Financial Institutions		-1,118
iii. Foreseeable dividend		-382
iv. Own shares		-8
v. Non-available minority interests		-35
Eligible Own Funds Solvency II excl Financial Institutions		**10,460**

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.

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.

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

In accordance with the Delegated Regulation and the recommendations of DNB, netting is only allowed with same tax authority and with same timing. In the assessment of this timing, carry back/forward rules can be taken into account. The DTA that cannot be offset based on the netting principles is recorded as Tier 3 capital, taking into account relevant tiering restrictions and provided that there are sufficient future fiscal profits available to substantiate this DTA. The remaining DTL is recorded as Tier 1 capital. Based on these netting principles, a.s.r. records both a DTA and DTL on the balance sheet per year-end 2023.

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 2023. The following adjustments have been made to the swap curve:
- Reduction by 10 basis points to account for counterparty default risk (31 December 2022: 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 20 basis points, as provided by EIOPA, to the zero rates for the first 20 years (31 December 2022: volatility adjustment 19 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. IORP).

Impact of applying VA = 0 bps

	VA = 20 bps	VA = 19 bps	VA = 0 bps		Impact	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
TP	96,751	40,742	98,570	41,366	1,819	624
SCR	6,581	3,360	7,257	3,443	676	83
Basic own funds (total)	10,460	7,346	9,111	6,883	-1,349	-463
Eligible own funds	11,578	7,441	10,229	6,978	-1,349	-463

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

The EOF and the SCR of a.s.r. including other financial institutions is equal to € 11,578 million and € 6,581 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) which transfer a significant insurance risk to third parties.

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 2023	IFRS	Revaluation	Solvency II
Non-life			
Best estimate	-		1,802
Risk margin	-		105
Technical provision	**5,748**	**-3,841**	**1,907**
Similar to non-life			
Best estimate	-		612
Risk margin	-		61
Technical provision	**-2,961**	**3,634**	**673**
Similar to life			
Best estimate	-		4,657
Risk margin	-		584
Technical provision	**4,548**	**694**	**5,241**
Life			
Best estimate	-		51,664
Risk margin	-		1,990
Technical provision	**52,954**	**699**	**53,654**
Index-linked and unit-linked			
Best estimate	-		34,677
Risk margin	-		600
Technical provision	**39,095**	**-3,818**	**35,277**
a.s.r. total			
Best estimate	**-**		**93,413**
Risk margin	**-**		**3,339**
Technical provision	**99,383**	**-2,632**	**96,751**

D.2.6 Reconciliation between IFRS and Solvency II

Under Solvency II, the technical provisions are calculated using a different method compared to IFRS17. In this section the reconciliation between IFRS17 and Solvency II is described per business line.

Non-life

The revaluation for the Best estimate is mainly caused by:

- The applied yield curve
- Different methods to determine Best Estimate premium liabilities
- Investment expenses are taken into account under Solvency II

The revaluation for the Risk adjustment / Risk margin is mainly caused by:

- The applied yield curve
- Counterparty default risk and operational risk is taken into account for Solvency II
- In IFRS17 no expected profit is taken into account

Similar to Non-life and Similar to Life

The revaluation for the Best estimate is mainly caused by:

- The applied yield curve
- Contract boundary and recognition of profitable contracts
- Investment expenses are taken into account under Solvency II

The revaluation for the Risk adjustment/Riskmargin is mainly caused by:

- The applied yield curve
- Counterparty default risk and operational risk is taken into account for Solvency II
- Different diversification effects

Life

The revaluation for the Best estimate is mainly caused by:

- The applied yield curve
- Contract boundary and recognition; Solvency II comprises the total of new business written for 2024 whereas IFRS17 comprises only the loss component for onerous contracts written for 2024.
- Investment expenses related to nominal insurance policies are taken into account only under Solvency II
- Accounting methodology differences; some parts of the SII best estimate are not accounted for in the IFRS17 best estimate, but elsewhere on the balance sheet.

The revaluation for the Risk adjustment/Riskmargin is mainly caused by:

- The applied yield curve
- Operational risk is taken into account only for Solvency II

- Investment expenses related to nominal insurance policies are taken into account only under Solvency II, which affects the underlying expense and mass lapse shock.

Index-linked and unit-linked
The revaluation for the Best estimate is mainly caused by:

- The applied yield curve
- Contract boundary and recognition; Solvency II comprises the total of new business written for 2024 whereas IFRS17 comprises only the loss component for onerous contracts written for 2024.
- Accounting methodology differences; some parts of the SII best estimate are not accounted for in the IFRS17 best estimate, but elsewhere on the balance sheet.

The revaluation for the Risk adjustment/Riskmargin is mainly caused by:

- The applied yield curve
- Operational risk is taken into account only for Solvency II

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. Due to the acquisition of Aegon NL the ended defined benefit plan for own staff of Aegon NL was added to the defined benefit obligation per 2023.

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. The discount rate (31 December 2023: 3.42%) is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the cash flow pattern of the pension obligation. 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.

As of 1 January 2021 a defined contribution plan is in place. 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 former employees of Aegon NL were added to the defined contribution plan as of 1 October 2023.

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 2023 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 2023.

D.4 Alternative methods for valuation

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

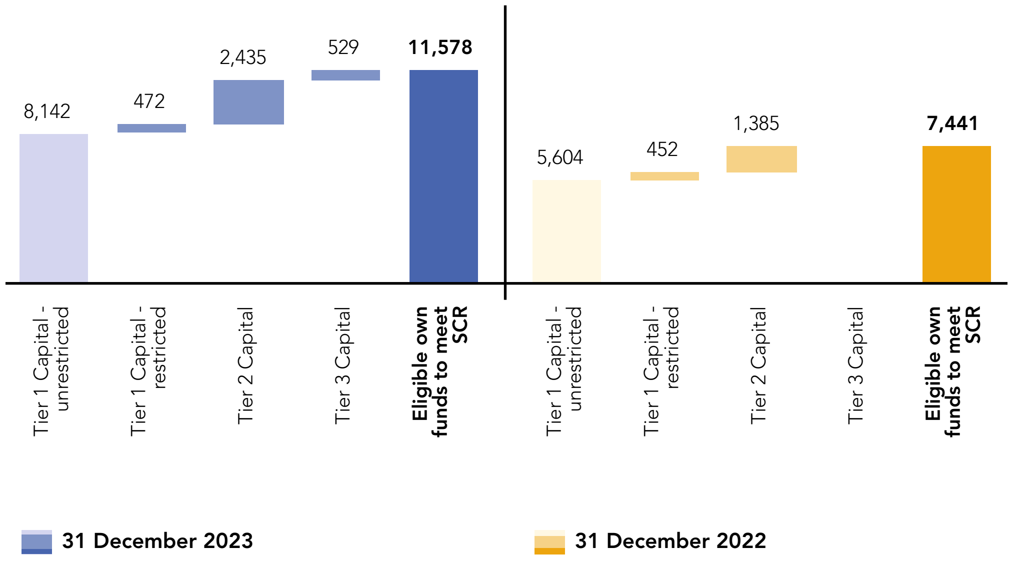
D.5 Any other information

Other material information about valuation does not apply.

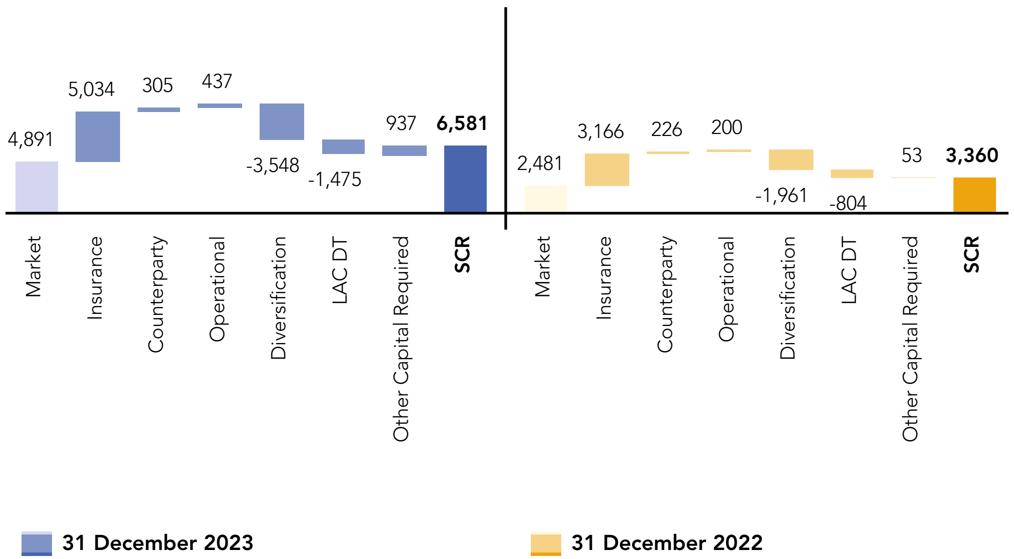
E Capital management

Key figures

Eligible own funds



SCR



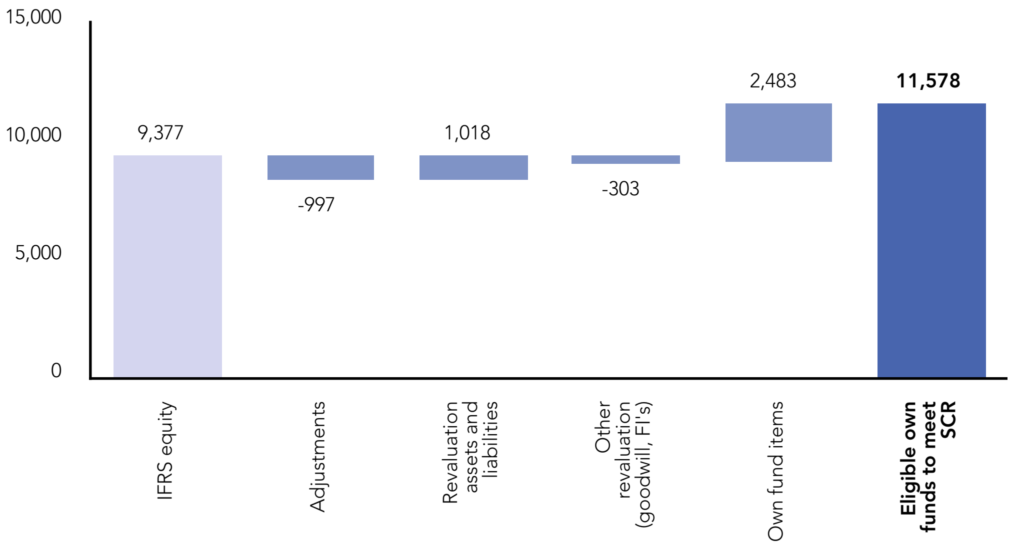
The solvency ratio stood at 176%[1] as at 31 December 2023 including a 31%-points decrease due to the acquisition of Aegon NL and the deduction for proposed dividend, as a result of € 11,578 million EOF and € 6,581 million SCR.

The EOF increased to €11,578 million (31 December 2022: € 7,441 million), mainly driven by the acquisition of Aegon NL and organic capital creation, which was partly offset by market and operational developments and by the proposed dividend. The SCR increased to € 6,581 million (31 December 2022: € 3,360 million), primarily due to the addition of the Aegon NL business. Standard formula risks and Internal Model risks are aggregated using the IT3 methodology.

The capital requirements of Other Financial Sector entities (including Knab) are also part of this category.

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

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 2023. 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 and liabilities (intagible assets and technical provisions);
- Other revaluations mainly elimination of goodwill and revaluation of Financial Institutions;
- Own fund items, for example addition of subordinated liabilities, other equity instruments (excluding any discretionary interest), and foreseeable dividend.

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 partial internal model) 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.

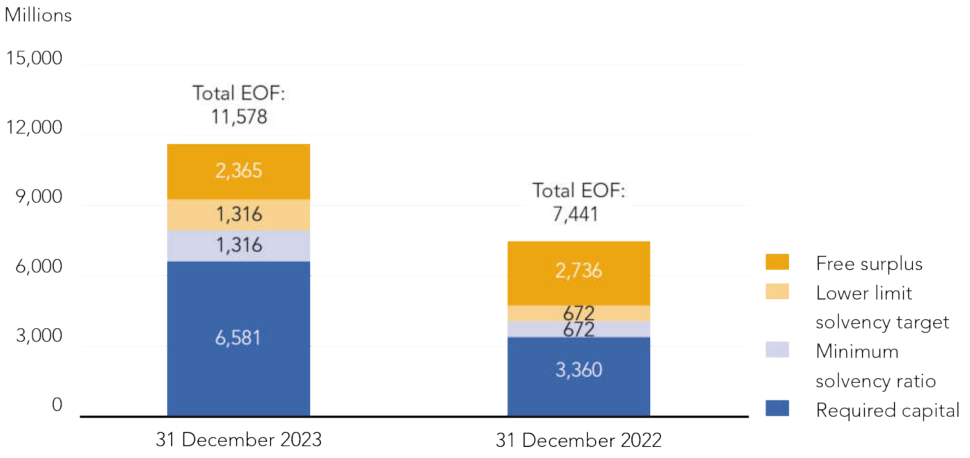
The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 176% at 31 December 2023 including financial institutions and after final dividend, 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 2023, 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[1].

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

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. a.s.r. has Tier 3 own fund items amounting to € 529 million at year-end 2023 (2022: nil).

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 2023	31 December 2022
Tier 1 capital - unrestricted	8,142	5,509
Tier 1 capital - restricted	472	452
Tier 2 capital	2,435	1,385
Tier 3 capital	529	-
Eligible own funds to meet SCR	**11,578**	**7,346**

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 and excludes financial institutions. The MCR is only calculated for a.s.r.'s insurance and reinsurance undertakings.

Eligible Own Funds to meet the MCR

	31 December 2023	31 December 2022
Tier 1 capital - unrestricted	7,024	5,509
Tier 1 capital - restricted	472	452
Tier 2 capital	526	304
Tier 3 capital	-	-
Eligible own funds to meet MCR	**8,022**	**6,264**

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 (€ 2,629 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.

E.1.5 Additional information

1. Mergers and Acquisitions

On 4 July 2023, a.s.r. finalised the transaction to combine business activities of a.s.r. and Aegon Nederland after the Consumer & Market Authority has approved the new combination and the Dutch Central Bank and the European Central Bank have issued a statement of no objection. As part of the transaction, Aegon received € 2.2 billion cash proceeds and a 29.99% stake in a.s.r.

2. Capital Market transactions

As part of the funding for the Aegon Netherlands transaction, on 22 November 2022 a.s.r. issued a € 1 billion subordinated Tier 2 capital instrument ("Tier 2 Notes"). As the issue was specifically earmarked to fund the Aegon Netherlands transaction, the Tier 2 Notes were not included in the Solvency position up until the closing of the Aegon transaction. With the closing on 4 July 2023, the full issue was included in the Solvency position of the Group.

As part of the Aegon Netherlands transaction, a.s.r. delivered 63,298,394 newly issued ordinary shares to Aegon Ltd. The shares are listed and admitted to trading on Euronext Amsterdam as of 6 July 2023. With the issuance of the new share capital, the amount of issued and outstanding shares of a.s.r. stood at 211,065,001 ordinary shares, of which Aegon holds 29.99%.

On 5 December 2023, a.s.r. issued a € 600 million inaugural green senior bond. The green senior bond has a maturity of 5 years. The bond was priced at 100 basis points over 5 year mid-swap rate, with a fixed rated coupon of 3.625%. The green senior bond offering is the inaugural issuance under the a.s.r. Green Finance Framework. The bond is not eligible as capital under the Solvency II framework, but does increase a.s.r.'s funding opportunities.

3. Share buyback programme

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 partial internal model) to remain above 175%, 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 € 2.89 over the full year 2023 (2022: € 2.70 per share). Taking into account the interim dividend of € 1.08 per share, the final dividend amounts to € 1.81 per share. The final dividend amounts to € 382 million based on the number of shares per 31 December 2023. a.s.r. maintains a progressive dividend policy which increases dividend by mid to high single digit annual growth until 2025.

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. activities 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 € 6,581 million per 31 December 2023 (2022: € 3,360 million). The required capital (before diversification) consists for 2023 € 4,803 million out of market risk and the insurance risk amounted to € 5,034 million.

a.s.r.'s Solvency II ratio, including financial institutions, complied during 2023 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 2023	31 December 2022
Eligible Own Funds Solvency II	10,460	7,346
Required capital	5,718	3,307
Solvency II ratio excluding Financial Institutions	**183%**	**222%**
Eligible Own Funds Solvency II	11,578	7,441
Required capital	6,581	3,360
Solvency II ratio including Financial Institutions	**176%**	**221%**

The Solvency II ratio stood at 183% (excluding financial institutions) at 31 December 2023 (2022: 222%). The Solvency II ratio including financial institutions stood at 176% as at 31 December 2023 (2022: 221%). 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 € 1,475 million at year-end 2023.

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 December 14, 2023, a political agreement was reached on amendments to the Solvency II Directive, following the 2020 review of the Solvency II framework. The formal adoption of the amendments to the directive is expected to take place by April 2024. The amendments are expected to take effect in EU member states by mid 2026 or 1st of January 2027. 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 equity risk module for the SCR calculation, the introduction of a prudential climate-transition plan and sustainability-related considerations in the prudent person principle and in the ORSA and group supervision. Some measures could include a phase-in period. The amendments to the Solvency II Directive will require amendments to the Solvency II Delegated Regulation and/or the introduction of additional delegated acts and guidelines, to be developed by EIOPA.

In addition to the revisions to the Solvency II Directive, an agreement was reached on the Insurance Recovery and Resolution Directive (IRRD), which provides for recovery and resolution framework for insurance companies at European level and to be implemented by EU member states, comparable to the Act on Insurance Recovery and Resolution, currently in force in the Netherlands.

Standard & Poor's confirmed the single A rating of a.s.r., a.s.r. life, a.s.r. non-life, Aegon life on 8 September 2023. For Aegon Bank (Knab) an update was received on 6 February 2024, containing a downgrade to BBB+ from A- due to the announcement to sell Knab to BAWAG Group AG.

Ratings per legal entity

Ratings Standard & Poor's	Type	Rating	Outlook	Rating & outlook since
ASR Nederland N.V.	ICR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	IFSR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	ICR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	IFSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	ICR	A	Stable	23 August 2012
Aegon Levensverzekering N.V.	IFSR	A	Stable	23 May 2023
Aegon Levensverzekering N.V.	ICR	A	Stable	23 May 2023
Aegon Bank N.V.	ICR	BBB+	Negative	6 February 2024

ICR: Issuer Credit Rating
IFSR: Insurer 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 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

Aegon life and Aegon spaarkas use a Partial Internal Model (PIM) to calculate the solvency position. For the other entities, the Solvency II standard formula is applied. The main differences between the methodologies and assumptions of the Solvency II PIM and the standard formula are described by risk type below.

Market risk
On credit risk, the fixed income risk for bonds differs because Solvency II PIM shocks are calibrated on the basis of the fixed income portfolio. In contrast to the standard formula, government bonds are shocked under the internal model. Furthermore, the Solvency II PIM makes use of a dynamic volatility adjustment approach within a.s.r., while the standard formula does not.

This dynamic volatility adjustment methodology follows an asset-only approach, ensuring spread widening is the biting scenario. The performance of the fixed income portfolio is assessed under a broad range of credit scenarios and the model determines which part of the (short-term) losses experienced by the assets are recouped.

Under PIM, an internal model feature is used to mitigate the volatility caused by the basis risk between the EIOPA VA reference portfolio and its own reference asset portfolio.

As part of credit risk, for mortgages, the Solvency II PIM contains a spread shock, while the standard formula implies a counterparty default risk shock.

Equity risk shocks are calibrated based on the own portfolio of Aegon entities. In addition, the equity exposures are also shocked for equity volatility risks.

Under PIM property risk shocks on the real estate portfolio are specifically calibrated on the portfolio as opposed to a 25% shock in the standard formula.

For currency risk, the shocks are calibrated on the own portfolio of Aegon entities. In addition, the Solvency II PIM allows for diversification between exposures to different currencies, as opposed to no diversification between currency exposures in the standard formula.

The Solvency II PIM results for interest rate risks differ from the standard formula results for the following reasons:

- The standard formula interest rate shock only considers a parallel shift in the interest rate curve, whereas the Solvency II PIM considers not only a parallel shift, but also a flattening and twisting of the interest rate curve;
- The Solvency II PIM interest rate curve shocks are calibrated based on historical market data relevant for Aegon's portfolio;
- The Solvency II PIM assumes that the Ultimate Forward Rate (UFR) does not change in a shock scenario, while the standard formula interest rate shock assumes that the whole curve moves, including the UFR;

- In addition, the Solvency II PIM includes a capital requirement for interest rate volatility risk.

Underwriting risk
The Solvency II PIM for longevity and mortality risk differs from the standard formula as follows:

- The Solvency II PIM distinguishes between a population mortality shock and an experience factor shock while the standard formula assumes a fixed decrease in all mortality rates;
- The Solvency II PIM projects mortality rates by age and gender, while the standard formula assumes the same shock for all ages and both genders.
- The Solvency II PIM includes pre-payment (lapse) risk on the mortgage portfolio.

Diversification
Diversification between the internal model and the standard formula components of the Solvency II PIM are calculated using Integration Technique 3 (IT3). This EIOPA prescribed integration technique describes how an implied linear correlation coefficient between the internal model and standard formula components is calculated. This correlation coefficient is subsequently used to calculate the total Solvency II PIM SCR using a square root formula. The standard formula makes use of correlation matrices to calculate the diversifications by risk module and on a total level.

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.

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