

Creating a leading  
insurer in The Netherlands



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## Break-out segment Asset management

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# Diversified and growing investment business

## Asset management

- ▶ Pension reform brings growth opportunities in all areas of expertise
- ▶ Growth ambition in asset management for Dutch pension funds
- ▶ Investing responsibly to contribute to a better world

## Mortgages

- ▶ Leading insurer in the low-risk Dutch mortgage market
- ▶ Hybrid spread/fee business model to ensure continuous market presence
- ▶ Growing operating result will benefit from Aegon integration synergies

## Real estate

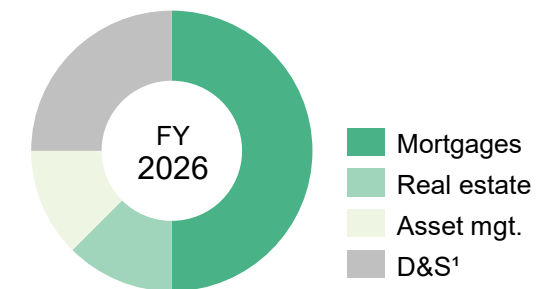
- ▶ Well positioned real assets investment platform to drive future growth
- ▶ New investment (fund) initiatives to enhance product offering
- ▶ Real estate investment partners (AuA) increases fee-income

## Fee-based business target<sup>1</sup>

€ 140m

Operating result, in 2026

## Indicative split of fee-based business target



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**Segment Asset management**

Asset management

# Highly skilled asset manager with wide range of investment solutions



## Our foundation

- Dedicated asset manager, experienced in comprising every possible economic and geopolitical scenario
- Safeguarding assets of a.s.r., policyholders and 3<sup>rd</sup> parties
- Profound understanding of ALM and liability driven investment solutions
- Direct, down-to-earth, and straightforward with responsible returns
- Advanced expertise and capabilities in ESG investing
- Cost efficient

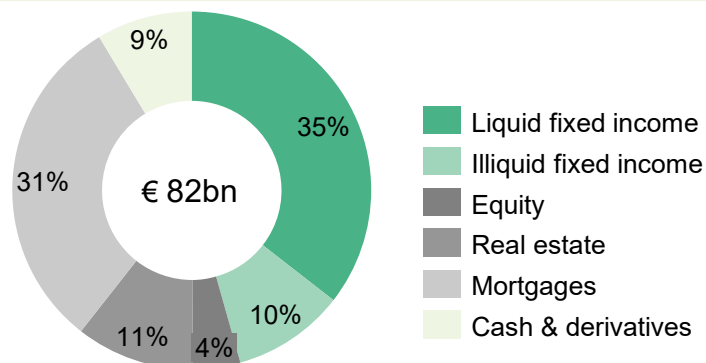


## Market & trends

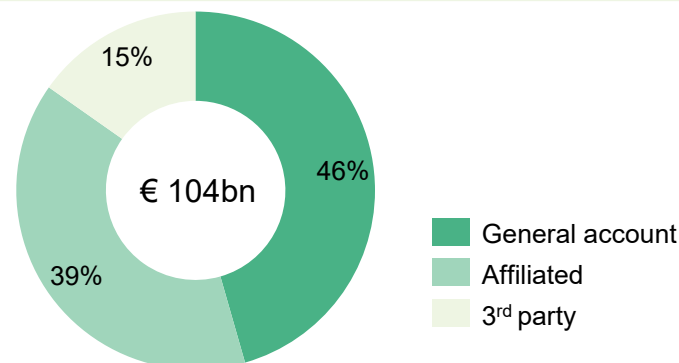
- Pension reform brings growth opportunities in all areas of expertise
- Increasing focus on ESG and climate change
- Shift from active towards passive investments
- 'Search for yield' has diminished due to elevated interest rate environment
- Potential M&A opportunities in consolidating asset management market



## Portfolio mix – a.s.r. general account AuM (FY 2023)



## Portfolio mix - a.s.r. asset management AuM<sup>1</sup> (FY 2023)



# Internal asset manager adds strategic value to a.s.r.

Facilitating investment process with knowledge & skills

- Direct market access provides an information advantage. It enables an effective tactical optimisation and allows for swift pre-emptive actions in volatile markets
- Efficient and effective balance sheet management (optimisation of SII risk – return)
- PIM implementation to benefit from direct link with internal asset management

Including market dynamics in product & pricing

- Commercial proposition benefits from a.s.r.'s low-cost operations
- Investment fees benefit from growth in pension DC products
- Leveraging of skills and expertise to 3<sup>rd</sup> party clients

Focus on ESG investing

- Investing responsibly to contribute to a better world
- Recognition ESG investment policy has a positive effect on commercial side
- ESG investment targets; impact investments / CO<sub>2</sub> footprint reduction

# Growth expected to come from three main sources

## General account

- Growth in Non-life
- Growth in (predominantly closed) pension DB book from pension buy-outs
- Optimising the investment portfolio from large life reserves with long duration

## Pension buy-outs

€ 8bn

Minimum hurdle rate 12%;  
Cumulative 2024-2027

## Affiliated business

- Growth in affiliated business following from the pension reform
- DC proposition development and pricing supported by cost efficient in-house asset manager
- Offering any investment solution including lifecycle and sustainable investment propositions

## DC inflow

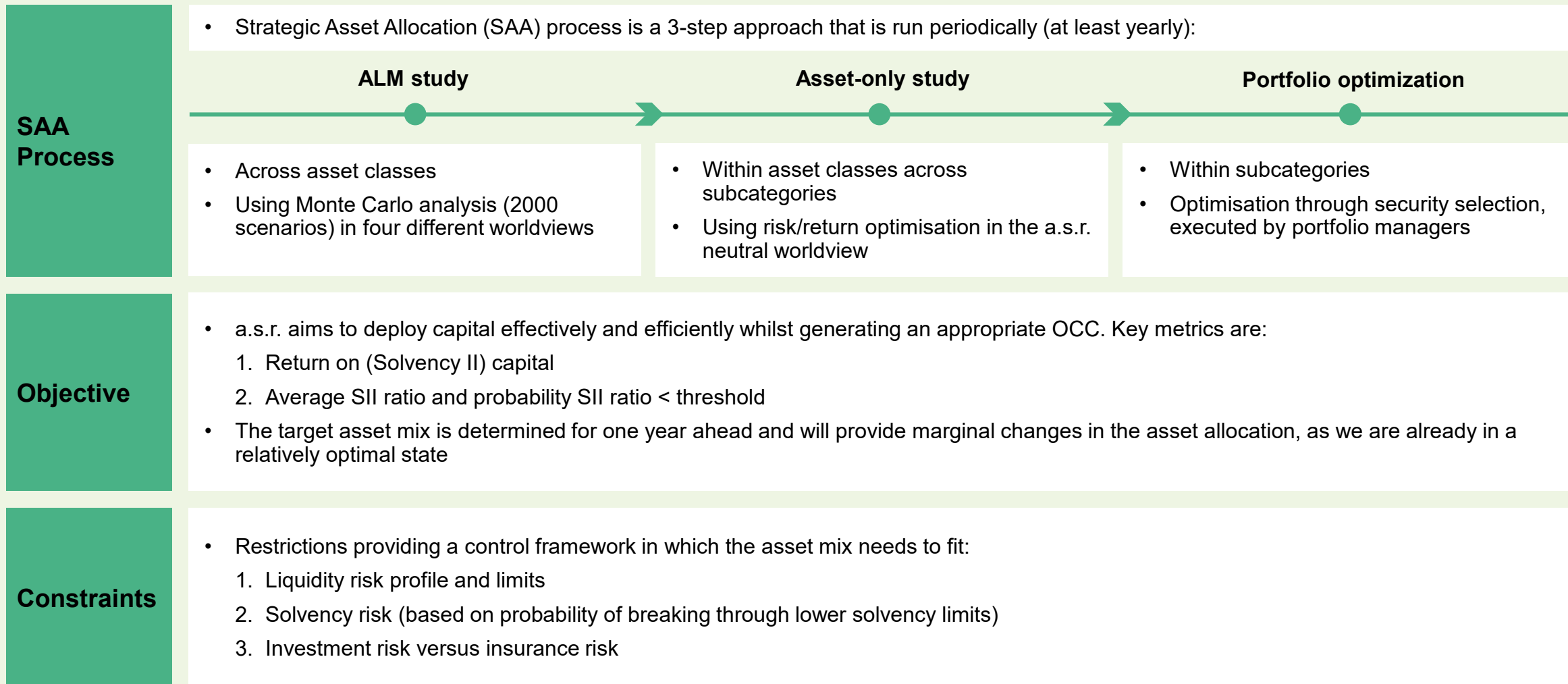
€ 8bn

Cumulative 2024-2026

## 3<sup>rd</sup> party business

- Ambition to become active in AM market for Dutch Pension funds
- DC investment product suite to be made available for pension funds
- Leveraging existing (fiduciary) skills and expertise
- Combination of fund administration business (e.g. TKP) with tailor made investment solutions
- Marked as a start-up – no impact on operating result for first three years
- Potential M&A opportunities

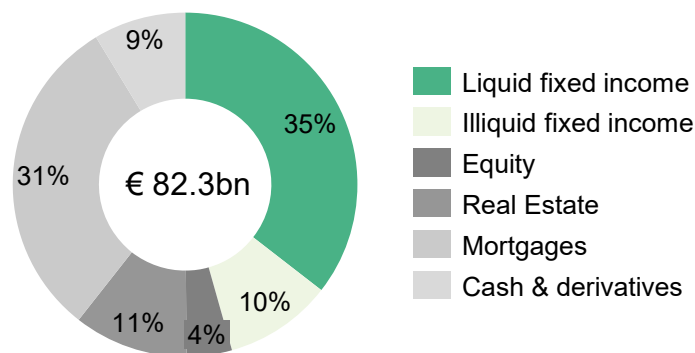
# Re-risking determined by Strategic Asset Allocation process



# Closer look at capital deployment: balance sheet re-risking

## Targeting a balanced asset allocation

Investment portfolio (per FY 2023)



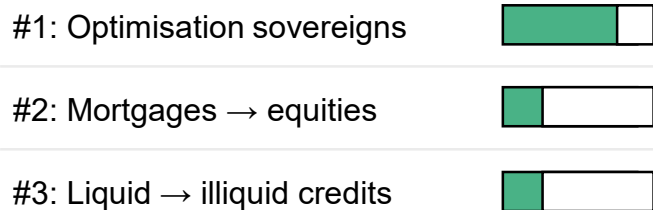
### Potential OCC impact

€ 30 – 50m

Per annum, in 2026

### Three main re-risking trades to be completed before FY 2026

#### Executed YTD<sup>1</sup>



### Solvency II ratio impact

-5 to -10%-p

Initial impact during the period 2024-2026

- The target asset mix is re-evaluated at least annually. Execution is done patiently and based on an economical and rational approach
- Re-risking focuses on:
  - #1 Spread optimisation within sovereign bond portfolio
  - #2 Shift from mortgages to equities. Timing dependent on market situation
  - #3 Shift from liquid to illiquid fixed income, benefitting from attractive spreads and capital efficiency
- Expected initial impact of c. -5 to -10%-points on the Solvency II ratio which could lead to an OCC uplift of c. € 30 to € 50m per annum
- Actual impact on OCC and Solvency II ratio dependent on future market developments and timing



# Investing responsibly to contribute to a better world

## Reduce harm

- by having clear red lines and defining minimum standards that investments must meet, and by only investing our clients' money in activities that are compatible with our view of a sustainable world<sup>1</sup>

## Drive change

- by engaging with companies and countries to highlight how they can become more sustainable and by providing them with the capital they need to fund their transition

## Create positive impact

- by investing a proportion of our clients' assets in areas that are needed to facilitate the net-zero transition and build a more sustainable world



**Climate change & the energy transition**



**Natural resources & biodiversity**

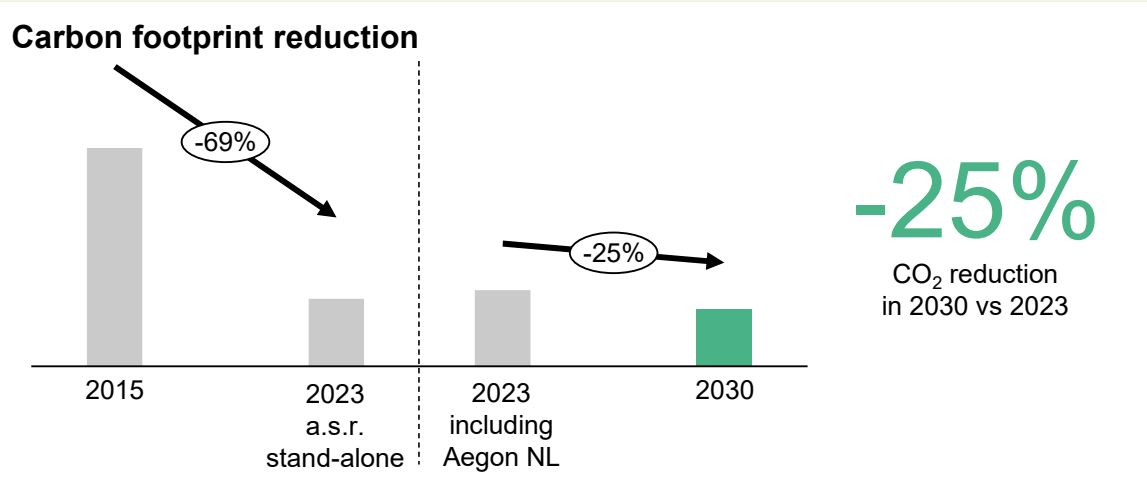


**Health & wellbeing**



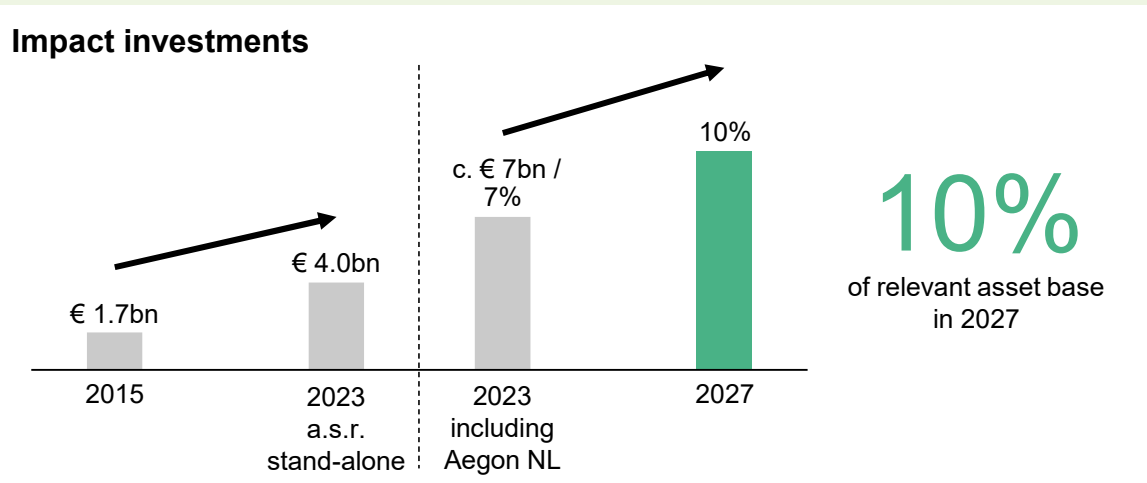
**Human rights**

# Ambitious ESG targets of the investment portfolio



### CO<sub>2</sub> footprint reduction

- Achieved a 69% reduction in carbon footprint in 2023 versus 2015 for general account assets internally managed<sup>1</sup>
- New target is to further reduce carbon footprint with 25% in 2030 vs 2023 for general account assets internally managed<sup>2</sup>
- Target is expected to be achieved through actively investing in Paris-aligned companies/countries and real-world decarbonisation
- Governments closing the gap between current policies and their stated climate ambitions will be an essential requirement
- Reduction in rural portfolio emissions challenging due to soil-based emissions



### Impact investments

- Achieved € 4bn impact investments for general account assets in 2023
- New target impact investing set at 10% of general account assets and internally managed affiliated assets in 2027 and contains the following sub-targets:
  - At least € 2bn allocated to social impact – linked to themes Health & wellbeing / Human rights e.g. affordable and sustainable housing
  - Maximum 50% of this target can be attributed to ‘labelled bonds’ (green-, social-, or sustainability bonds)
- Target is expected to be achieved through scaling up investments in a.o. renewable energy, social and health enterprises, transition leaders and green bonds

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**Segment Asset management**

**Mortgages**

# Leading insurer in the low-risk Dutch mortgage market



## Our foundation

- Top 5 mortgage originator in the Netherlands since 2009
- Hybrid business model combining spread based earnings (originate-to-retain; skin in the game) with growing fee income (originate-to-distribute)
- BPO/SaaS model with Stater leading to efficiency gains for low-impact client contact
- Disciplined risk taking from inhouse and highly rated key customer processes
- Strong distribution network: #1 mortgage provider for IFA



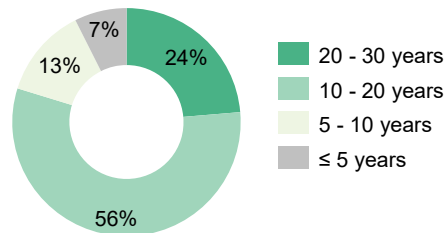
## Market & trends

- Traditionally long-term interest rate reset periods in the Dutch mortgage market limits the impact of short-term interest rate movements
- Less competition on underwriting criteria due to governmental regulation, leading to an increased focus on an efficient operation
- High share of home ownership (70%) resulting from (fiscal) stimulation
- Demographic developments, such as growing population combined with housing shortage, limit downward housing price risk

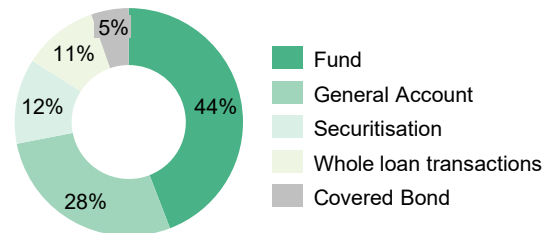


## Portfolio mix

**AuM in interest reset date** (FY 2023)



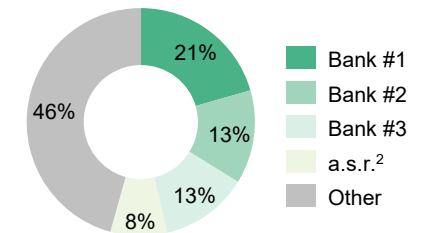
**AuM in funding types** (FY 2023)



## Market shares

- Total market size ~€ 800bn with an annual production of € 94bn in 2023
- Historically dominated by major banks (top 3)
- Increased market share for insurers since 2008 credit crisis

**Production per originator<sup>1</sup>** (FY 2023)



<sup>1</sup> Source: IG&H Market research data 2022 (IG&H Distributie Monitor 2024 and Management insights)

# Sustainable growth and increased profitability due to scalability

Sustainable growth by maintaining top 5 market position

- Top 5 mortgage originator in the Netherlands since 2009
- Growth facilitated by strong and durable intermediary relationship from continuous market presence
- Strong fee business growth since inception of mortgage funds starting in 2013 (€ +45bn AuM since 2013)

Value creation through hybrid business model with operational excellence

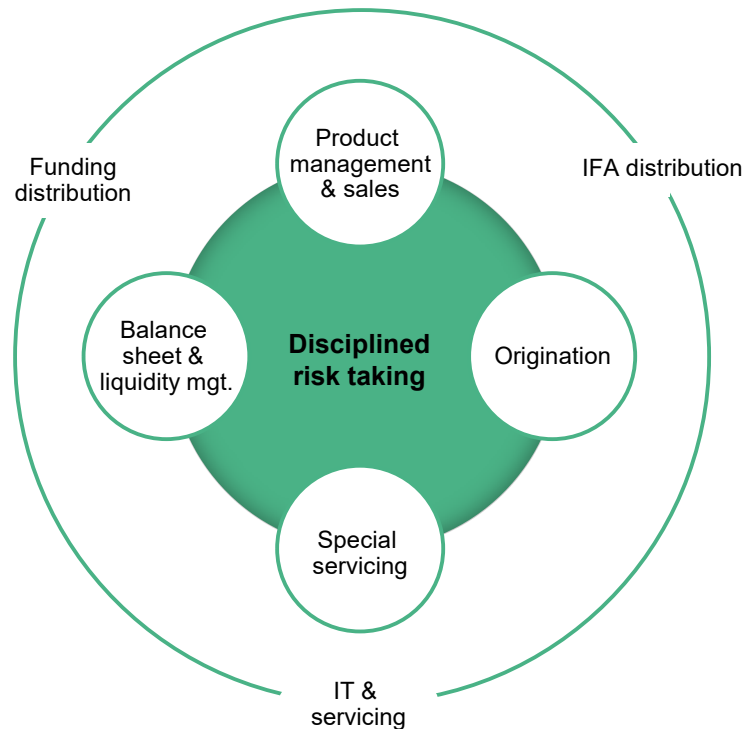
- Combining spread income for own balance sheets (attractive risk / return) with growing fee income from 3<sup>rd</sup> parties
- Operational efficiency through #4 mortgage portfolio size combined with scalable systems and processes via strategic partnership with Stater
- Highly rated servicing and disciplined risk-taking by performing key customer processes in-house

Focus on sustainability

- Generic product offering complemented with specific socially relevant niche products, such as mortgages for first time home buyers and elderly people
- Highly valued pro-active and social arrears management policy
- Consecutive winners (2022 & 2023) of the Green Lotus Award<sup>1</sup> for our sustainable proposition

# a.s.r. manages the entire mortgage value chain

**Focus on disciplined risk taking while securing growth opportunities through partnerships**



## Disciplined risk taking

- All product management and underwriting decisions are taken in-house
- High-impact customer processes are performed in-house to maintain strong portfolio performance and minimise risks for customers and a.s.r.
- Internal balance sheet and liquidity management performed by a.s.r. asset management



## Mortgage advice

- Strong distribution network: a.s.r. is the largest originator through the intermediary channel
- Intermediary channel provides independent mortgage advice to guarantee best suitable mortgage for customers
- Internal sales (support) and marketing department strengthens intermediary partnership



## IT & servicing

- Award winning BPO/SaaS model with Stater leading to highly flexible and scalable operations for low-impact contact
- Outsourcing of generic servicing (BPO) and IT back- and midoffice (SaaS)
- Stater is the largest mortgage service provider in the Netherlands and has been awarded by Fitch with the highest rating for 'primary servicing' in Europe every year since 2010



## Funding distribution

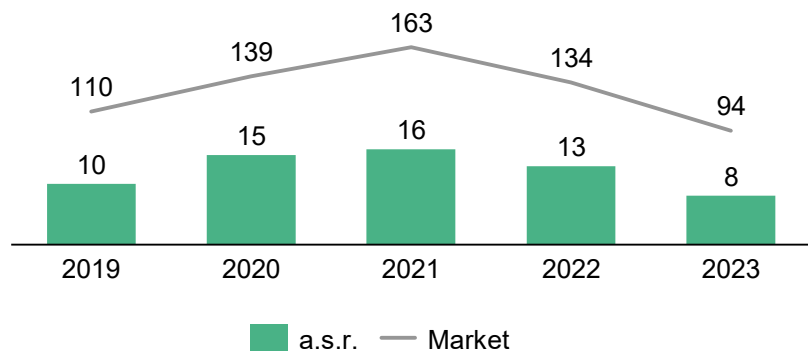
- Strategic partnership with global distribution partner Aegon Asset Management for fee-based funding
- Multiple investment offerings for external investors to obtain mortgage exposure: four investment funds and several bilateral investment structures targeting European insurers and pension funds
- Currently over 250 unique external funders

# Continuous market presence through hybrid business model

## Origination

- Originate-to-distribute and originate-to-retain (skin in the game) allows efficiently managing origination volume levels and continuous market presence
- Even in adverse market circumstances a.s.r. kept its strong market position contributing to the growth of the portfolio. Mortgage production fell from 2021 to 2023 because of increasing interest rates

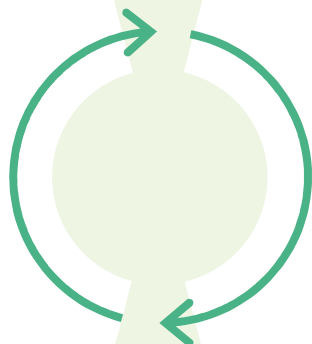
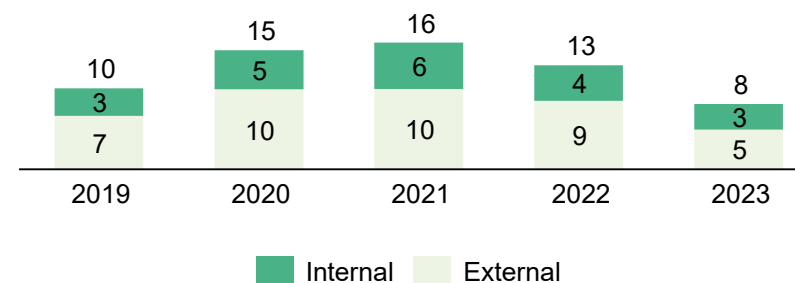
Mortgage production (in €bn)



## Funding

- Two sources of funding to facilitate a stable sustainable growth of the mortgage business, via hybrid business model:
  1. Originate-to-retain: for internal balance sheets (spread enhanced with portfolio trades & securitisations)
  2. Originate-to-distribute: for 3<sup>rd</sup> party investors (fee) via a strategic partnership with Aegon Asset Management
- Internal funding available when external funding is low

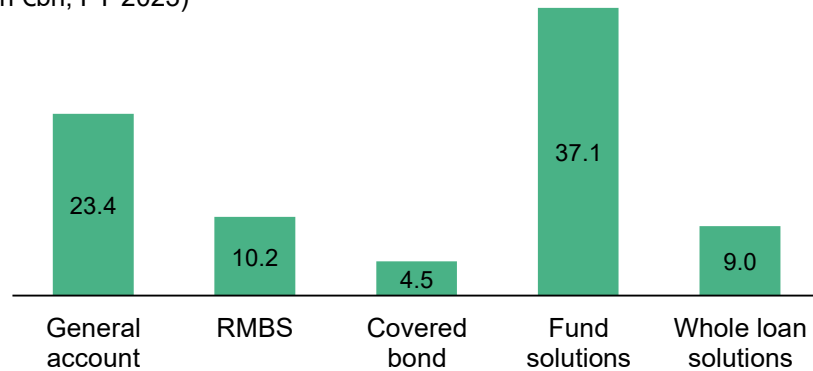
Production allocation internal<sup>1</sup> / external (in €bn)



# Offering a wide range of mortgage investment strategies

## AuM by type of funding

(in €bn, FY 2023)



## Current lenders of records

- Aegon Hypotheken B.V.
- ASR Levensverzekering N.V.
- Aegon Levensverzekering N.V.

## Mortgage allocation

- Vertical slice model → Similarity based on certain pre-specified risk-return characteristics guaranteed

## Mortgage investment offerings

### General account<sup>2</sup>

- Life: long-dated assets as a good match for liabilities
- Non-life: supports investment income
- Bank: offering products to customers on both sides of the balance sheet

### RMBS programmes

- SAECURE programmes for Aegon label
- Delphinus and Orcinus programmes for a.s.r. label

### Covered bond programmes

- Registered SBCB<sup>1</sup> and CPTCB<sup>1</sup> programmes with all new CB issuances in soft bullet format

### Fund solutions

- Full risk transfer in four attractive mortgage fund solutions generating fee income for a.s.r.

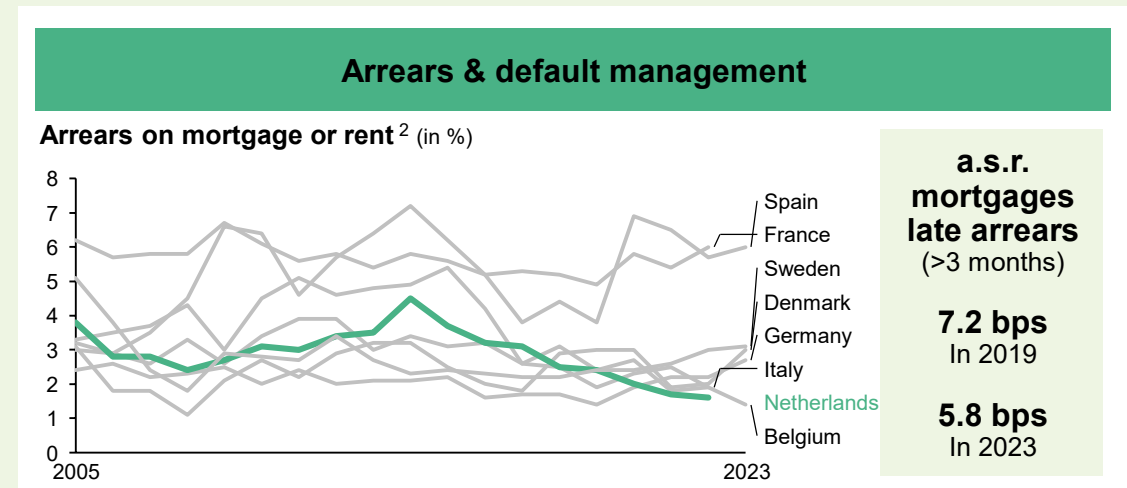
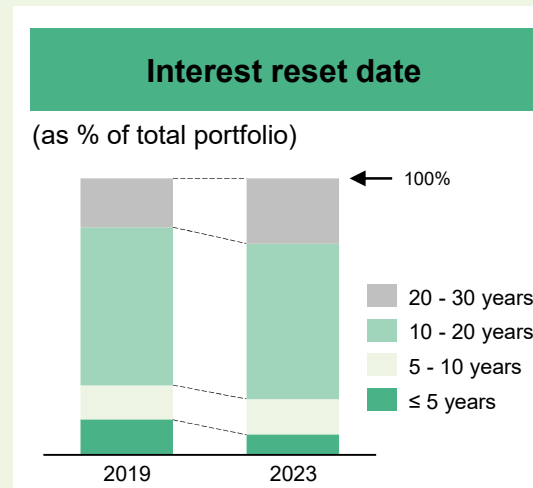
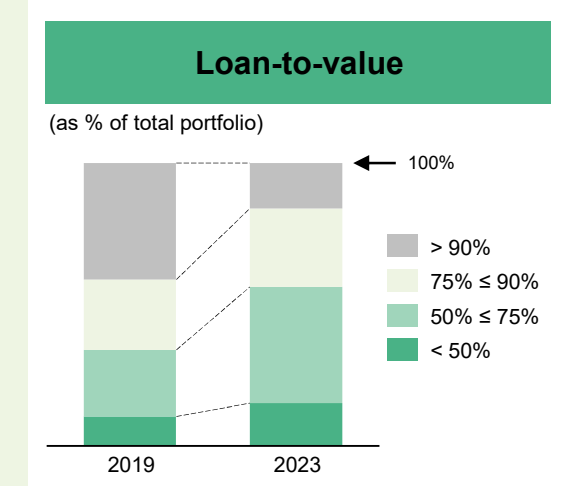
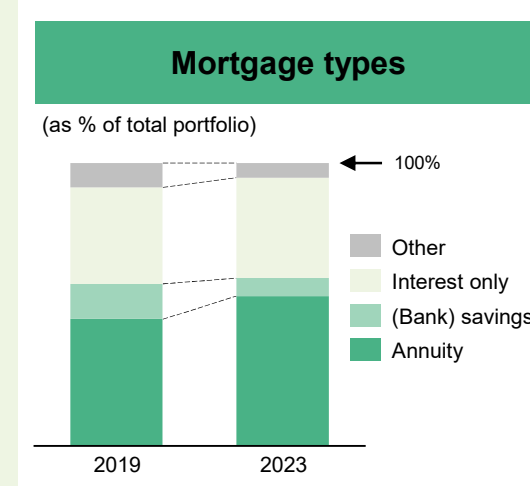
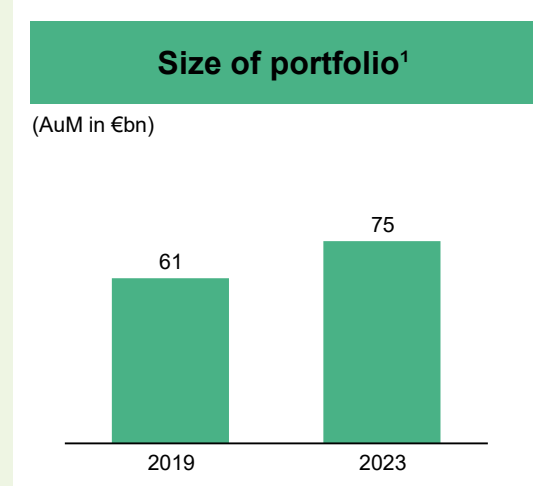
### Whole loan solutions

- Full risk transfer in several tailored whole loan solutions generating fee income for a.s.r.



# A strong and diversified mortgage portfolio

- Growing market size due to increasing housing prices and increasing share of home ownership (to 70% in 2023)
- Dutch mortgage market is highly regulated with reduced interest-only share and loan-to-value limit. Interest Only loan is currently maximized at 50% of property value
- Strictly regulated Loan-to-Income criteria at origination
- Higher interest rate environment has limited impact on portfolio performance due to longer interest reset dates
- Low arrears & defaults resulting from prudent underwriting criteria combined with the social safety net (NHG), high payment morality, full recourse on the borrower and central credit registration system (BKR)



# The sustainability efforts of a.s.r. mortgages

## Reduce

energy intensity & GHG emissions



Focus on reducing energy intensity of existing homes

Providing information, financing & support in realisation of sustainable home improvements

Sustainable mortgage loan available for new and existing clients

## Adapt

to transitional and physical climate risks



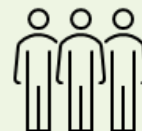
Include climate related risks in underwriting criteria

Climate risk monitor for mortgage loan portfolio

Taking action to increase awareness for climate related risks of homeowners

## Strengthen

financial self-reliance of clients



Highly valued and pro-active approach in arrears management

Providing budget and job coaching for customers

Strict underwriting criteria looking at long-term affordability of mortgage

## Improve

inclusion in the Dutch housing market



First-time buyer mortgage with extended term to reduce monthly costs

Elderly proposition to capitalise on home equity

First mortgage provider with all customer communication written in B1

Creating a leading  
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**Segment Asset management**

Real estate

# A successful and growing investment platform



## Our foundation

- 130 years of experience in investing in real estate, resulting in a high-quality € 8.8bn a.s.r. general account portfolio
- a.s.r. real estate manages € 7.9bn of assets for 40 external Dutch and foreign institutional investors, mainly consisting of our platform with six successful sectoral real estate funds
- 200+ FTE; with in house fund-, asset- and property management
- Strong track record of attractive and stable investment income
- Dominant market position with a.s.r. sector funds varying from being 'sector lead' (retail, farmland) to having 'strong competitors' (residential, offices)

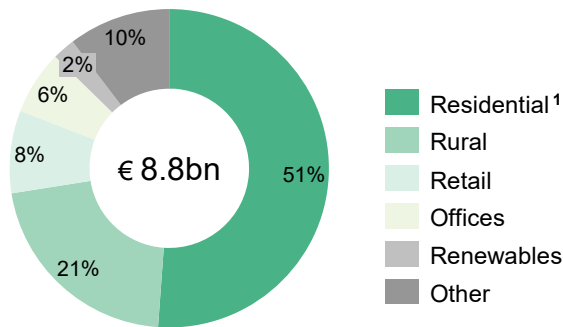


## Market & trends

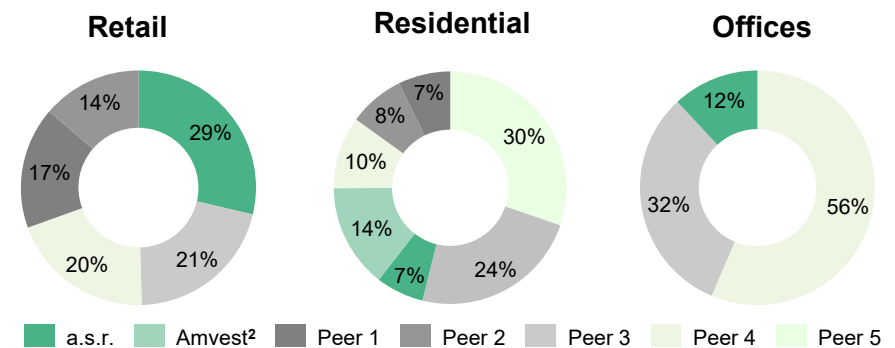
- Rebalancing investment portfolio and repricing real estate assets mostly completed after volatile market circumstances over the past years
- If the ECB were to cut interest rates, this is expected to boost investments in real assets
- European institutional investors prefer stable income generating real estate investment products. With the Netherlands amongst top 3 EU markets for those products
- Growing investor interest in ESG investment product like infrastructure (renewables), science parks and affordable housing



## Portfolio mix – a.s.r. general account AuM (FY 2023)



## Market shares - Dutch real estate funds (FY 2023)



# Well-positioned real assets investment platform to drive future growth

## Expanding investor base

- AuM of real assets investment platform expected to increase by ~20% over the next 3 years to more than € 9bn by FY 2026, mostly through 3<sup>rd</sup> party investments
- Launching Renewables Fund (ASR DGEF I) for 3<sup>rd</sup> party investors in 2024

## Focus on ESG and impact investing

- Focus on ESG investing through strategic themes reduce, adapt, regenerate and improve
- Achieve annual energy and GHG intensity targets on the way to Paris Proof in 2045
- Climate adaptation plans for assets with high climate risk
- Invest € 125m annually in impact investments

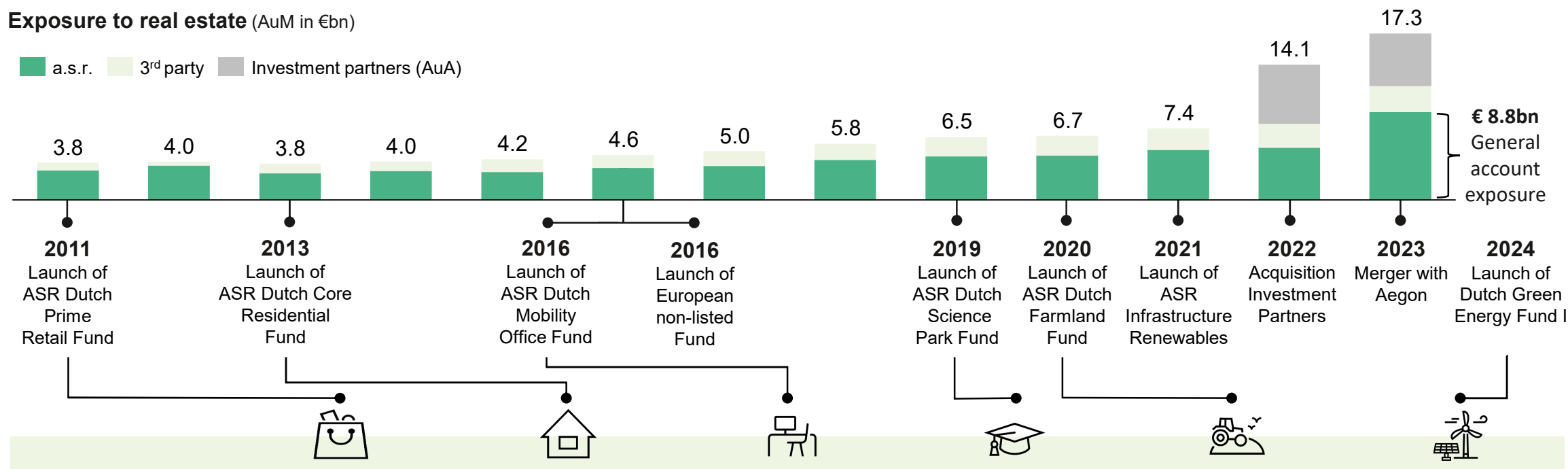
## Growth of external real estate advice

- Increase platform services to lever our expertise and enlarge institutional investor network
- Total Assets under Advice (Investment Partners) expected to increase by ~5% over the next 3 years to almost € 6bn by FY 2026

# Strong track-record in launching sectoral funds and acquisitions

## Exposure to real estate (AuM in €bn)

■ a.s.r. ■ 3<sup>rd</sup> party ■ Investment partners (AuA)



<b>Portfolio size (FY 2023)</b>	€ 1.5bn	€ 2.0bn	€ 0.7bn	€ 0.1bn	€ 2.0bn	€ 0.4bn
<b>Target return (IRR)</b>	>6%	-	-	>7%	>4%	>6%
<b>Occupancy rate</b>	94.8%	98.9%	97.0%	97.7%	-	-
<b>Specific characteristics</b>	# properties 183	# dwellings 5,606	WAULT 6.3 years	WAULT 4.8 years	# lease contracts >2,650	# projects 5
	Income return >4.5%	Av. Rental price € 1,122 p.m.	Pipeline € 240m	Pipeline € 75m	Av. rem. lease term >20 years	Target size € 800m

# Investment focus fund platform

**ASR Dutch Prime Retail Fund**



- Prime retail properties in high street top cities (G8: 89% of HS AuM), dominant district shopping centers and supermarkets
- Focus only on best 10% of Dutch retail stock
- Top 10 retailers in portfolio account for 46% of gross rent

**ASR Dutch Core Residential Fund**



- Sustainable, high-quality apartments and single-family houses
- Non-regulated, mid-priced rental segment in NL
- Largest cities and conurbations, mostly in Randstad (Utrecht and Amsterdam contain 45% of portfolio)

**ASR Dutch Mobility Office Fund**



- Core office portfolio at major transport hubs (e.g. large train and metro stations)
- In the five largest office markets of the Netherlands (G5)
- Focus only on 10% of Dutch office stock

**ASR Dutch Science Park Fund**



- Commercial real estate on the most attractive science parks in NL
- Impact target: providing space to companies which benefit local science park ecosystems
- Dedicated partnerships with universities

**ASR Dutch Farmland Fund**



- The largest privately owned farmland portfolio in the Netherlands, built up over 125 years
- Direct sustainable impact on the Dutch agricultural sector by engaging farmers in applying Climate-smart agriculture

**ASR Green Energy Fund I**

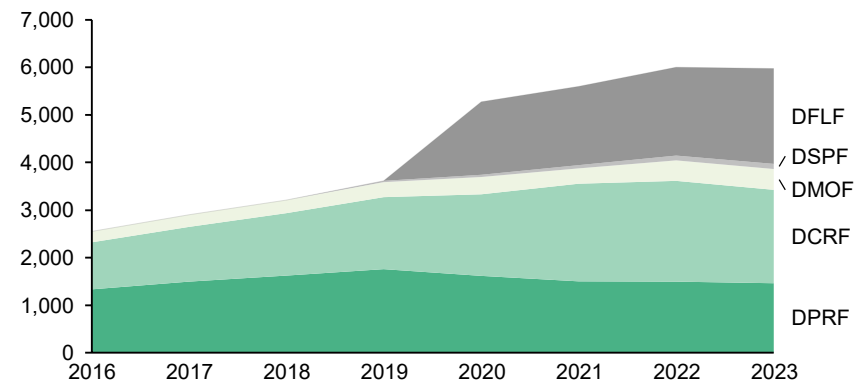


- Core renewable infrastructure fund providing stable cashflows
- Focus on wind- and solar investments that accelerate the energy transition in the Netherlands
- Article 9 SFDR

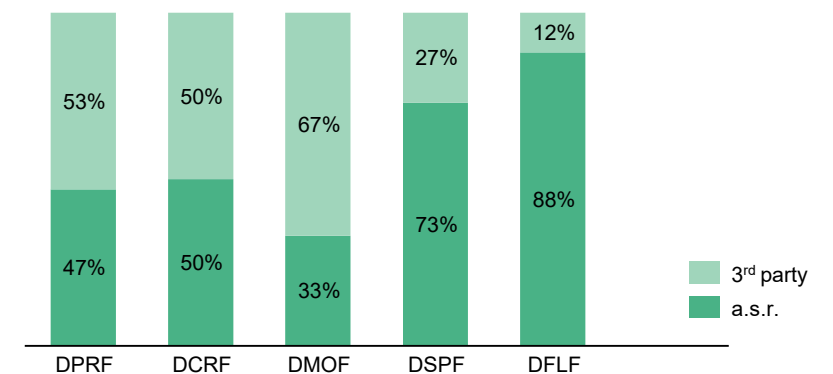
# Healthy AuM growth and growing 3<sup>rd</sup> party investor base

- Income driven core funds, with inflow from (new) 3<sup>rd</sup> party investors
- Development of new investment (fund) initiatives to secure future growth (e.g. launch of renewables fund DGEF I in mid 2024)
- a.s.r. acts as launching investor for newly developed funds, which subsequently become available for external investors
- Expanded our investor base services and fee income via Real Assets Investment Partners (AuA)
- Strong fee development with over 7% CAGR as from 2016

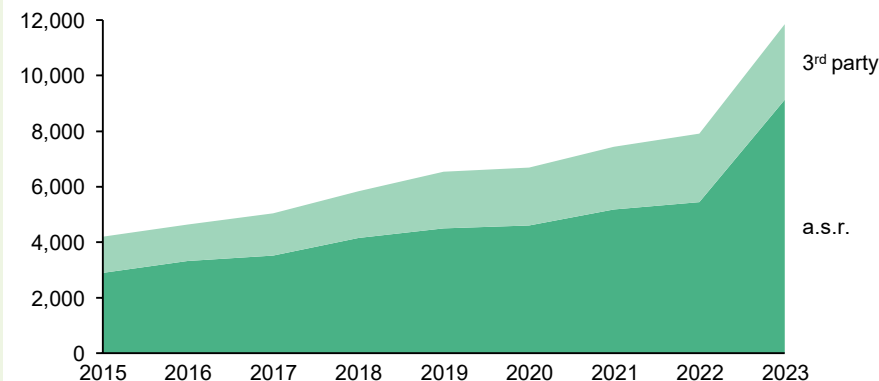
**AuM development fund platform<sup>1</sup> 2016 - 2023** (in €m)



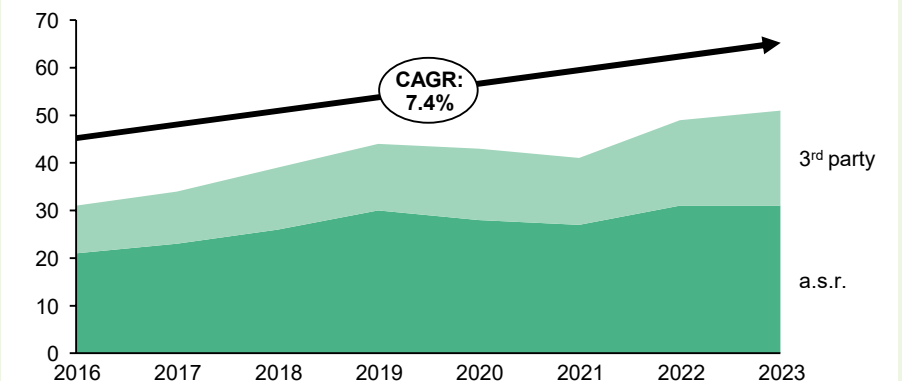
**Asset funds and portfolio** (FY 2023 in %)



**AuM development 2016 - 2023<sup>2</sup>** (in €m)



**Fee development 2016 - 2023<sup>2</sup>** (in €m)





# Increased focus on ESG and sustainable investment product

- At a.s.r. real estate, we recognise the substantial responsibility for contributing towards liveable and sustainable buildings, cities and communities
- We strive to contribute to a sustainable and resilient living environment – now and for future generations
- Our ESG vision encompasses four strategic pillars that form the core of our action. While building upon our past efforts, our ESG vision sharpens our position - enabling us to make an even greater impact

## Reduce

energy intensity &  
GHG emissions



Paris Proof by 2045:  
energy and GHG intensity  
–  
Generation of renewable  
energy with solar panels  
and wind turbines  
–  
Procurement of Dutch  
renewable energy

## Adapt

to climate change &  
related risks



Climate adaptation  
projects: including green  
surfaces and shading  
–  
Climate risk monitor for  
portfolios and assets  
–  
Climate risks as structural  
part of decision-making

## Regenerate

biodiversity &  
ecosystems



Strengthen biodiversity by  
nature-inclusive buildings  
and renovation projects  
–  
Landscape elements and  
sustainability discounting  
–  
Ensuring a high-quality and  
green living environment

## Improve

well-being &  
social equality



Tenant satisfaction and  
investing in communities  
and neighbourhoods  
–  
Supply of affordable- and  
senior housing  
–  
Diversity, equality and  
inclusion as integral values

# Disclaimer

## Cautionary note regarding forward-looking statements

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