SFCR ASR Schade-verzekering N.V.

24

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24

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 ASR Schadeverzekering N.V. (hereafter referred to as a.s.r. non-life), unless otherwise stated.

Restatement:

In April 2025, a restatement was made to the previously reported balance sheet. In Chapter D, Valuation for Solvency Purposes, this resulted in a decrease in the balance sheet total and a reclass, which has no impact on the Eligible Own Funds (EOF).

ASR Schadeverzekering N.V. has decided to update this SFCR (including the disclosure) to reflect these changes.

Summary

The 2024 SFCR provides a.s.r. non-life stakeholders insight in:

A. Business and performance

The Solvency II ratio stood at 156% as at 31 December 2024, as a result of € 2,627 million Eligible Own Funds (EOF) and € 1,684 million Solvency Capital Requirement (SCR).

Premium volume increased by € 427 million to € 3,968 million (2023: € 3,540 million), reflecting strong organic growth in both product lines and the contribution of Aegon non-life for a full year compared to a half year in 2023.

The net result for 2024 (€ 352 million) was € 160 million higher than for 2023 (€ 192 million). The result before tax increased by € 216 million to € 473 million, mainly due to a higher insurance service result (€ 197 million increase).

Insurance service operating expenses (including commission expenses) increased by € 98 million (+10.7%) to € 1,018 million (2023: € 920 million), mainly driven by the addition of Aegon NL as well as organic growth in P&C and Disability.

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

B. System of governance

This paragraph contains a description of the system of governance of a.s.r. Nederland N.V., which is applicable, mutatis mutandis, to the solo entity. Unlike a.s.r. Nederland N.V., a.s.r. non-life is not subject directly to the Dutch Corporate Governance Code.

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). In addition to the EB, a.s.r. Nederland N.V. has a 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 EB members and SB members of a.s.r. non-life are the same as those of a.s.r.

Apart from the EB, each division of a.s.r. non-life has its own management team (MT).

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

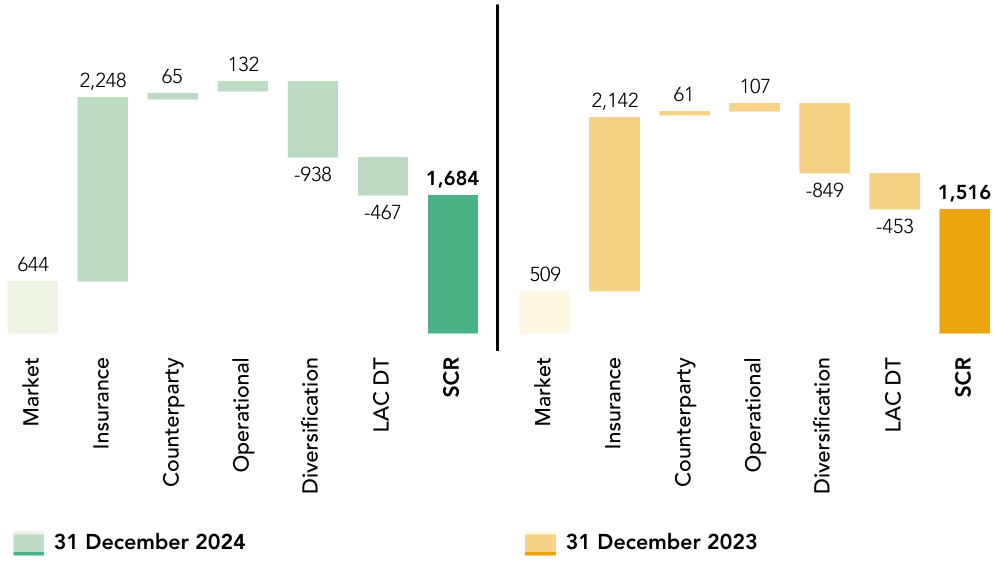
a.s.r. non-life applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return,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

Risk management supports a.s.r. non-life 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. non-life's risk profile.

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

The SCR is build up as follows:

Solvency capital requirement



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

D. Valuation for Solvency purposes

a.s.r. non-life 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. non-life follows IFRS for valuing assets and liabilities other than technical provisions.

The reconciliation of IFRS equity and Excess Assets over Liabilities (Solvency II basis) can be summarised as follows:

- derecognition of items on the Solvency II economic balance sheet which are admissible on the IFRS balance sheet, for instance goodwill, pre-paid commissions and other intangible assets;
- revaluation differences on mainly insurance liabilities and other assets which are valued other than fair value in the IFRS balance sheet.

The reconciliation from Solvency II equity to EOF is presented below:

Reconciliation total equity IFRS vs EOF Solvency II

	31 December 2024	31 December 2023
IFRS equity	2,829	2,559
Adjustments	0	0
Elimination intangible assets	0	0
Gross revaluation insurance liabilities	-260	-301
Other revaluations	58	69
Excess of assets over liabilities	**2,627**	**2,327**
Subordinated liabilities in OF	0	0
Other EOF items	0	0
Eligible own funds to meet SCR	**2,627**	**2,327**

Full details on the reconciliation between a.s.r. non-life'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

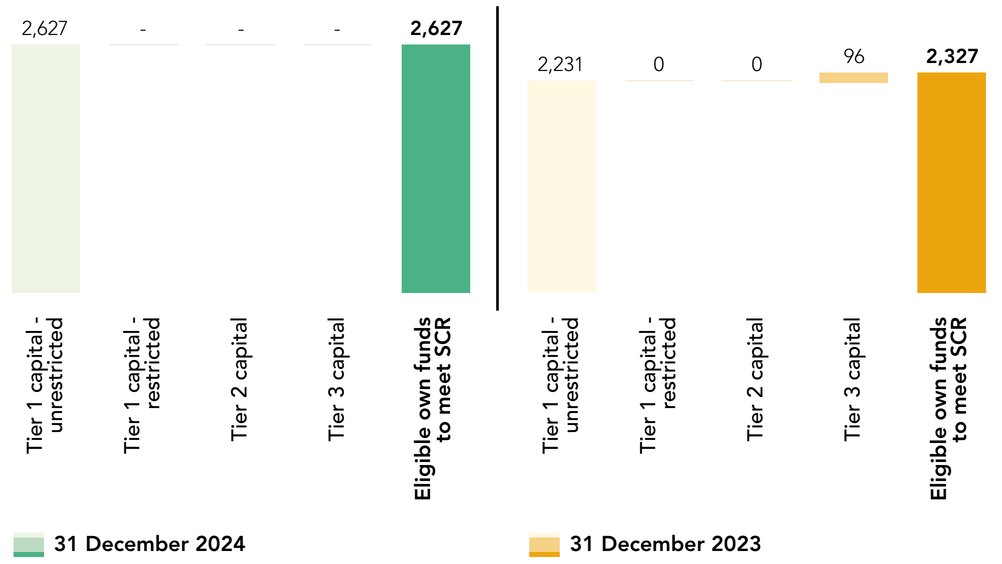
Overall capital management is administered at group level. Capital generated by operating units and future capital releases will be allocated to profitable growth of new business or repatriated to shareholders, beyond the capital that is needed to achieve management's targets.

a.s.r. non-life has no internal model and follows the default method for the determination of the group solvency.

a.s.r. non-life maintains an internal minimum and management target for the Solvency II ratio. The internal minimum Solvency II ratio for a.s.r. non-life as formulated in the risk appetite statement is 110%. The management threshold level for the Solvency II ratio is above 150% a.s.r. only distributes cash dividends if the interest of the policyholders has been ensured (i.e. a Solvency II ratio above 130%). The Solvency II ratio stood was 156% at 31 December 2024.

The EOF is build up as follows:

Eligible Own Funds



The EOF increased to € 2,627 million at 31 December 2024 (31 December 2023: € 2,327 million).

Full details on the capital management of a.s.r. non-life can be found in chapter E Capital Management.

A Business and performance

A.1 Business

A.1.1 Profile

Object of the company

ASR Schadeverzekering N.V. (a.s.r. non-life) is a subsidiary of ASR Nederland N.V. (a.s.r. or group). a.s.r. non-life intends to enable people to be insured against risks they are unable or unwilling to bear themselves. a.s.r. non-life is convinced that its main strategic principle is justified by thinking in terms of customer interests and perception. The products and services of a.s.r. non-life must be in line with this.

Understandability and simplicity combined with efficient business processes and a solid financial position are essential. Customers can count on their risk coverage being held by an insurer that works sustainably, listens to them, thinks along with them and is accessible through various channels.

Customers need transparent products, clear communication and personal service. a.s.r. non-life has made it its top priority to meet these needs. For example, activities and objectives of a.s.r. non-life are tested against the interests of the customer and products are presented to customer panels. Customer journeys and the wishes expressed by customers are included in product development. Ultimately, this is reflected in the valuation of customers as measured by the Net Promoter Score (NPS). The NPS measures the extent to which customers would recommend a.s.r. non-life to their environment.

Also a lot of attention is paid to our social role and sustainability. A concrete example of the further investment a.s.r. non-life has made in sustainability is by making the a.s.r. Vitality programme available to all income protection customers of a.s.r and Loyalis, without paying a separate contribution for this. a.s.r. announced this extension of the programme in April of this year, to be available as per 1 January 2025.

Core activities

a.s.r. non-life offers all forms of non-life insurance to retail and commercial customers. These cover the risks of damage to motor vehicles, damage caused by fire or severe weather conditions, travel and recreation, bodily injury, personal liability, legal assistance and disability.

P&C

a.s.r. non-life ranks among the top three property and casualty (P&C) insurers in the Netherlands, with a market share of 14.7%[1] in 2023 (2022: 14.6%), measured by premium volume.

1 Source: Market shares DNB (2023). Market shares 2024 are not available yet.

a.s.r. non-life offers P&C products for the retail and commercial markets under the brand a.s.r. and the label 'Ik kies zelf van a.s.r.'. In 2024, Aegon NL's portfolio was migrated to the a.s.r. P&C administration to create a single claims organisation in which customers and intermediaries of Aegon NL are retained as much as possible (within target). The Aegon NL's portfolio is well diversified (proportionally more fire then motor). 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 insurers and reinsurers, underwriting commercial and industrial risks.

In 2023, a.s.r. non-life invested in more sustainable repairs insurance with two new partnerships. a.s.r. holds a majority interest in Soople and a minority interest in Fixxer. In 2024, a.s.r. non-life expanded the partnership with Fixxer and opened an extra location for Soople in Vianen. 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. non-life 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 decreased to 90.7% (2023: 93.6%) which is a result of a lower level of large claims, premium increases that gradually become applicable to a greater share of the portfolio as well as the absence of weather-related calamities versus the low level in 2023.

Combined ratio P&C

(in %)

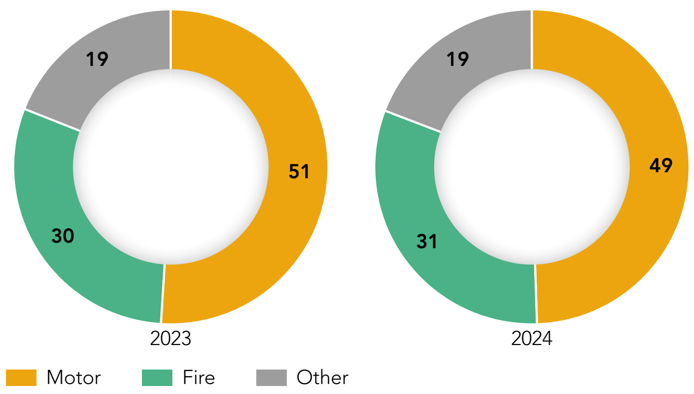
Products

a.s.r. non-life 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.

Product share P&C

(in %)



Disability

a.s.r. non-life is the leading insurer in the disability 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 is 0.5% better than 2023 mainly due to better performance of the group disability portfolio and significant growth from the merger of the Aegon portfolio alongside organic growth. As the Insurance Contract Revenue grows with the increased operating result, the COR decreases slightly.

Combined ratio Disability

(in %)

Products

a.s.r. non-life's income protection insurance business offers various products divided into the following business lines:

Individual disability
- Products for self-employed persons to protect themselves against loss of income in the event of sickness or disability until retirement age;
- Products for employees to protect payment of fixed expenses and against 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 for continued payment of employees absent for more than two and up to 12 years;
- Products for employees to protect against 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).

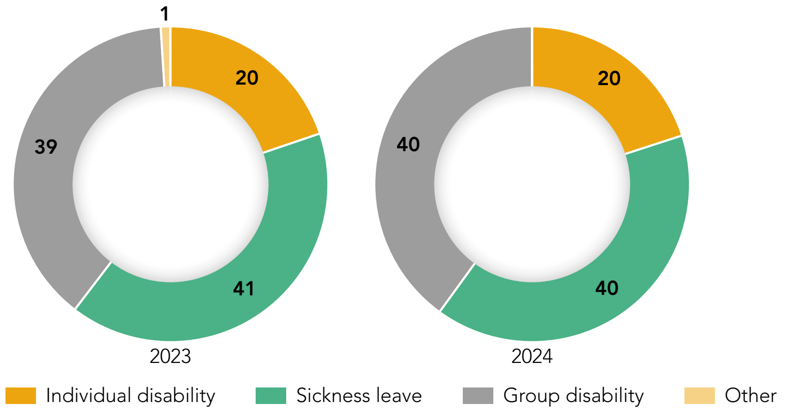
Services
a.s.r. non-life provides a wide range of prevention and reintegration services for customers of both a.s.r. and Loyalis.

a.s.r. non-life's customers face societal developments that lead to high workloads and the need to keep themselves and their employees employable and vital. With its services, courses, training programmes and a.s.r. Vitality, a.s.r. non-life helps business owners and employers to keep themselves and their staff employable in the present as well as in the long term. a.s.r. non-life believes that, next to quality insurance products, this focus on and attention for employability is important on an individual level as well as for employers and society as a whole.

a.s.r. non-life adapts its products and services to changes in the social security system and monitors political developments so that employers can focus on keeping their employees employable and meeting government requirements.

Product share Disability

(in %)



Brands

a.s.r. non-life focuses on retail and commercial customers and serves them with two strong brands: a.s.r. and Loyalis, via the intermediary channel as well as the direct channel. As part of the integration, the Aegon branded products were re-branded to a.s.r. in the course of 2024. The two brands a.s.r. and Loyalis have their own distinctive roles and they reinforce each other in that role:

- Through the brand of a.s.r. P&C products as well as disability products are offered to private and commercial customers. The a.s.r. brand is built around the concept of 'helping by doing'. This is exemplified by the offering of additional products and services alongside insurance cover, like the promotion of sustainable damage repair and services in the field of sustainable employability;
- Under the Loyalis brand a.s.r. non-life offers (semi) group disability (WIA and WGA) products directly to mid and large sized corporates, mostly in public services like Health care and Education.

Legal structure of the company

a.s.r. non-life is a wholly-owned subsidiary of a.s.r. 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, and registered with the Dutch Chamber of Commerce under number 30070695. 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).

Internal organisational structure and staffing

a.s.r. non-life consists of two product lines, each with its own management team (MT).

P&C

The organisational structure of the P&C product line is in line with its growth ambition. It is now divided into the following departments:

- Retail;
- Small and Medium Enterprises (SME);
- Authorised agents & Intermediary distribution;
- Personal injury;
- Product & Customer;
- Digital, Data & Change.

After receiving a positive advice from the P&C employee participation council, per October 2024 a.s.r. non-life migrated all Aegon non-life employees and activities to the same departments as the a.s.r. activities, thus creating an integrated P&C organisation from one office in Utrecht.

Disability

The Disability business consists of the following departments: Group disability (including Sickness leave), Disability self-employed, Re-integration and Services, Information management, Loyalis, Marketing and Sales. The Loyalis operations are located in the Heerlen office. The Aegon non-life activities for 'value stream Disability' (which didn't form a separate organisational entity before the business combination) were divided over these departments as part of the integration which took place in the first half of 2024.

Headcount

The total internal work force of a.s.r. non-life at year-end 2024 is 1,506 (2023: 1,585). The FTEs are employed by a.s.r.

Employees of a.s.r. non-life

in FTE	2024	2023
P&C	800	856
Disability (including Loyalis)	706	729

Strategy and achievements

P&C

a.s.r. has a strong track record of being a profitable P&C insurer, with a good customer satisfaction score. Long-term growth is typically driven by the increase of the gross domestic product (GDP). a.s.r. is strongly represented among advisors, mandated brokers and in the co-insurance market, via Corins. In the direct channel, a.s.r.'s revenue ('Ik kies zelf van a.s.r.') is stable and profitable.

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/AI, the personal online environment My a.s.r. (Mijn a.s.r.) for customers has been expanded and a few activities are digitalised (such as speech to text and document handler).

The NPS-c measures customers satisfaction during contact moments. The 2024 NPS-c score of 39 is slightly lower compared to last year (2023: 41), this is partially due to the integration of Aegon NL.

NPS-c P&C

(-100 to +100)

Disability

a.s.r. non-life aims to keep all its Disability customers employable and insured and strives to serve customers with best-in-class insurance products, prevention and reintegration services, and an excellent level of service. Customers (self-employed individuals and employers) have a need to stay employable and to retain their employees. However, if that is not possible for a certain period, they have the desire to be assured of an income. Through a.s.r. non-life's prevention and reintegration services, a.s.r. non-life 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. non-life focuses on further improving its service by digitalising customer processes, reducing paper flows, thereby offering convenience and personalised customer service. Examples include the ‘Services Store’ (Dienstenwinkel) with prevention and reintegration services, further development of 'Mijn a.s.r.' and the integration of a.s.r. non-life's back-office with salary systems for uniform and user-friendly participant administration and links with Health & Safety Service agents.

In 2024, the Aegon NL income insurance portfolio was integrated within the a.s.r. non-life organisation. The former Aegon NL clients can therefore now benefit from digitalised processes and integration with salary systems. They can also benefit from the prevention and reintegration services that are offered to all a.s.r. non-life clients, including the former Aegon NL clients.

In 2024, the preparations to make a.s.r. Vitality available to all insured workers and self-employed individuals in a.s.r non-life's Disability insurance books were completed. In doing this, a.s.r. non-life emphasised the importance of its vitality programme in enhancing the employability of its customers.

In addition to a.s.r. non-life's professionalism and the skills of its employees, a.s.r. non-life's service is characterised by speed, quality and a personal approach. a.s.r. non-life aims to build long-term relationships with its customers and insurance advisors. Customer appreciation is a key performance indicator, which is measured through an NPS-c, among other methods.

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

a.s.r. non-life is satisfied with the stable high level of customer satisfaction, especially in the view of the integration of the former Aegon portfolio and the effort this required from the internal organisation.

NPS-c Disability

(-100 to +100)

Market and distribution developments

P&C

The Dutch P&C market is fairly consolidated. The three top P&C insurers have a combined market share of 60.6% in 2023[1] (2022: 61.6%), a.s.r. ranks among the top three Property & Casualty (P&C) insurers in the Netherlands, with a market share of 14.7[1]% in 2023 (2022: 14.6%), measured by premium volume.

Consolidation has also occurred among the distribution partners and mandated brokers. Inflation has had a big impact on the P&C market in the last three years. Higher claims and expenses led to higher premiums.

Per 1 July 2024 the new Dutch law (Wijzigingsbesluit financiële markten 2023 actieve provisietransparantie bij schadeverzekeringen) for retail P&C insurance came into effect. 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.

Disability

Distribution of disability (income) insurance products takes place mainly through insurance advisors. With the brands a.s.r. and Loyalis, a.s.r. is well positioned in the distribution channel serving self-employed

1 Source: Market shares DNB (2023), market shares 2024 are not available yet

individuals, SMEs, corporates and (semi) public sectors. a.s.r. is the market leader with a market share of 39.8% in 2023 (2022: 39.4%) in terms of the premium volume. The income insurance market grew slightly in size to € 4.65 billion[1].

Internal control of processes and procedures

The quality of internal control is assured within a.s.r. non-life by means of a Risk and Control Matrix (RCM) as part of the Operational Risk Management (ORM) policy. This framework has been developed from an integral risk management perspective and, based on the framework and the a.s.r. ORM policy, the effectiveness of the key controls in the core processes is periodically tested and management is informed of the results.

Every quarter, the outcomes are reported to the Business Risk Committees (BRC) of the relevant product lines, as well as to the Non-Financial Risk Committee (NFRC) of a.s.r. This report also focuses on the management of strategic and compliance risks.

The RCM contains multiple key and non-key controls to mitigate risks concerning laws and regulation, internal and external fraud, reporting risk etc. Furthermore, within a.s.r. non-life special departments are involved to deal with these types of risks. For example, within P&C and Disability, special departments are responsible for the handling of (potential) insurance fraud by our customers and other parties involved in underwriting and claims handling. (Potential) fraud by employees is dealt with by an a.s.r. special department on group level, not directly involved with a.s.r. non-life management.

Operational risk assessments on all non-financial risks and a Systematic Integrity Risk Analysis (SIRA) are performed periodically. The latter specifically focused on integrity risks like Know Your Customer (KYC) and fraud in our value chain, products and processes.

New products and services with the corresponding customer brochures are subjected to an internal Product Oversight and Governance (POG) process. Submitting products and services to customer and intermediary panels is often part of this before the POG-board gives its approval. It is assessed to what extent the wishes and ideas of customers can be included in the product development.

Existing products and services are regularly tested against the changing customer needs based on the POG process. In addition, work processes are reviewed from a customer's point of view. In this context, a process (for example, making a notice of a claim) from the first to the last step is presented to customers and their comments are taken into account in order to improve the process so that it better meets the needs and expectations of the customer. Ultimately, this is reflected in the customer's valuation as measured by the NPS. In addition to this customer survey, the customer has also been asked since 2013 to give his opinion after direct contact with a.s.r. non-life. This 'Closed Loop Feedback' has shown a continuously rising trend line in customer appreciations.

In 2023, a.s.r. non-life received feedback from the AFM on three files that have resulted in supervisory measures being taken. Two cases involved informal measures. The third file relates to an AFM investigation at several institutions into the product review process. Here, the AFM concluded that a.s.r. should substantiate certain aspects more extensively during this process. a.s.r. non-life took the required actions in the beginning of 2024.

a.s.r. non-life aims to create a solid risk culture in which ethical values, desired behaviour and understanding of risk in the entity are fully embedded. Integrity is of the utmost importance at a.s.r. non-life: this is translated into a code of conduct and strict application policies for new and existing personnel, such as taking an oath or making a solemn affirmation when joining the company, and the 'fit and proper' aspect of the Solvency II regulation, ensuring that a.s.r. non-life is overseen and managed in a professional manner.

Quality control

a.s.r. non-life is a financial service provider that prioritises the protection of everything that is important to customers. After all, providing security to customers is our main strategic principle. a.s.r. non-life's quality management is aimed at putting the client's interests first and achieving the highest possible customer satisfaction and service. The quality management contains policies, guidelines and principles about how a.s.r. non-life wants to serve (internal and external) customers and wants to cooperate with business partners. This is put into practise in all contacts with customers and business partners. The policy aims to set a standard for a.s.r. non-life. It is used in actively complying with the quality standards for providing customer-focused insurance and a continuous improvement of service provision.

In order to achieve this, the customer-oriented objectives were translated into operational KPI's that are managed on a daily basis. The results are shared periodically at all levels within a.s.r. non-life.

Finance

Overall capital management is administered at group level. a.s.r. currently plans to consider investing capital above the Solvency II ratio (calculated based on the standard formula) of 160% (management threshold level) with the objective of creating value for its shareholders. If and when a.s.r. operates at a level considerably above the management threshold level and it believes that it cannot invest this capital in value-creating opportunities for a prolonged period of time, it may decide to return (part of this) capital to 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. a.s.r. non-life is capitalised separately, and excess capital over management's targets are intended to be up-streamed to the holding company to the extent local regulations allow and within the internal risk appetite statement. In 2024, total capital upstreams of € 126 million (2023: € 259 million) to the holding company took place.

1 Source: Market shares DNB (2023). This does not include foreign providers licensed for the Dutch insurance market. 2024 market shares are not available yet. Based on the market survey of Baken adviesgroep, marktshare of non-Dutch based insurers amounts to approximately 3%.

A.1.2 General information

The SFCR has been prepared by and is the sole responsibility of the Company's management. Selected Own Funds and SCR information are also reported in a.s.r. financial statements. KPMG has examined the 2024 financial statements and issued an unqualified audit report thereon. The SFCR is not in scope of the KPMG audit.

Name and contact details of the supervisory authority

Name:	De Nederlandsche Bank
Visiting address:	Frederiksplein 61, 1017 XL 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.2 Key figures

- The net result for the year amounted to € 352 million (2023: € 192 million);
- Premium volume increased by 12.1% to € 3,968 million (2023: € 3,540 million);
- Insurance service operating expenses increased by 10.7% to € 1,018 million (2023: € 920 million);
- Combined ratio decreased by 1.7%-points to 91.9% (2023: 93.5%).

Key figures a.s.r. non-life

(in € millions, unless stated otherwise)	2024	2023
Premium volumes	3,968	3,540
Insurance service operating expenses	-1,018	-920
Result before tax	473	257
Income tax gain / (expense)	-121	-65
Result attributable to holders of equity instruments	352	192
Combined ratio	**91.9%**	**93.5%**
- Claims ratio	66.5%	66.7%
- Commission ratio	17.3%	18.6%
- Expense ratio	8.1%	8.3%

Premium volume [1]

Premium volume increased by € 427 million to € 3,968 million (2023: € 3,540 million), reflecting strong organic growth in both product lines and the contribution of Aegon non-life for a full year compared to a half year in 2023. The organic growth amounted to 5.1%, at the upper end of the 3-5% target range. In P&C, organic growth was driven by price increases to mitigate claims inflation as well as volume growth. In Disability, organic growth reflects higher premiums due to link with higher wages as well as price increases.

Insurance service operating expenses

Insurance service operating expenses (including commission expenses) increased by € 98 million (+10.7%) to € 1,018 million (2023: € 920 million), mainly driven by the addition of Aegon NL as well as organic growth in P&C and Disability. The expense ratio decreased by 0.2%-points to 8.1%, which reflects the realisation of cost synergies.

Result for the year

The net result for 2024 (€ 352 million) was € 160 million higher than for 2023 (€ 192 million). The result before tax increased by € 216 million to € 473 million, mainly due to a higher insurance service result (€ 197 million increase). The 2024 P&C result benefited from the absence of weather-related calamities, in 2023 the impact of these events was also limited. In addition, large claims were at a lower level compared to last year. Profitability improved as the portfolio is gradually reflecting the premium increases that were introduced over the past 12 months across our retail and commercial portfolios. In Disability, the result for 2024 has improved due to growth of the portfolio and improved pricing. The 2023 Disability result was negatively impacted by one-off strengthening of provisions in Group disability due to alignment of non-economic assumptions between sub portfolios and by a negative impact from updating inflation assumptions on claims and expense provisioning.

1 Premium volume is equal to the premiums invoiced.

Combined ratio

The combined ratio including the claims, commission and expense ratios is an alternative performance measure and is not a measure of financial performance under IFRS. Because it is not determined in accordance with IFRS, these ratios as presented by a.s.r. non-life may not be comparable to other similarly titled measures of performance of other companies.

The non-life combined ratio indicates the insurance related profitability of a non-life insurance contract. To measure the non-life combined ratio, the insurance service expenses are divided by the insurance contract revenue, adjusted for items of the insurance service result that are not part of the regular business. Those adjustments are:

- The impact of changes to future services on onerous contracts;
- The impact of changes of inflation or excessive increases of the legal minimum wage on the Liability for Incurred Claims.

The combined ratio improved by 1.7%-point to 91.9% in 2024 (2023: 93.5%). This is mostly related to favorable developments in P&C. In P&C, the combined ratio decreased to 90.7% (2023: 93.6%) which is a result of a lower level of large claims, premium increases that gradually become applicable to a greater share of the portfolio as well as the absence of weather-related calamities versus the low level in 2023.
In Disability, the combined ratio improved by 0.5%-point to 93.0%, partly due to one-off strengthening of provisions in 2023 but also due to improved pricing, mainly related to group disability

A.3 Investment performance

a.s.r. non-life'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 Financial assets and derivatives

Investments

	31 December 2024	31 December 2023
At FVTPL	9,426	9,397
At FVOCI	595	487
Total investments	**10,021**	**9,884**

Investments Investments at FVTPL

Breakdown of investments at FVTPL

	31 December 2024	31 December 2023
Real estate equity funds	1,094	840
Mortgage equity funds	1,937	906
Debt equity funds	350	317
Government bonds	2,159	2,401
Corporate bonds	1,845	1,900
Asset-backed securities	12	20
Other investment funds	377	468
Mortgage loans	864	566
Private loans	788	421
Subsidiaries	-	1,559
Total investments at FVTPL	**9,426**	**9,397**

Investments at FVTPL increased slightly as a result of positive fair value gains. Increase in Mortgage equity funds relates to the transfer of the SAM fund to Aegon Asset Management and out of subsidiairies as a.s.r. no longer has control over the SAM fund.

a.s.r. non-life has bonds that have been transferred, but do not qualify for derecognition amounting to € 1,152 million (2023: € 949 million). The majority of these investments are part of a securities lending programme whereby the investments are lent in exchange for a fee with collateral obtained as a security. The collateral furnished as security representing a fair value of € 1,358 million (2023: € 1,138 million) consists of mortgage loans and corporate and government bonds. See accounting policy I about securities lending.

For more detailed information about the fair value valuation of the investments see section 2.6.2 of the annual report of a.s.r. non-life. Within investments in real estate equity funds and mortgage equity funds are the associates, for which a.s.r. non-life applies the option to measure these associates as at FVTPL under IFRS 9. For a breakdown of the real estate equity funds see further below.

At year-end 2024 and 2023, debt instruments at FVTPL consisted entirely of investments mandatorily measured as such.

Based on their contractual maturity, an amount of € 4,803 million (2023: € 6,175 million) 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.

Investments at FVOCI

Breakdown of investments at FVOCI

	31 December 2024	31 December 2023
Equities	518	469
Preference shares	66	13
Other participating contracts	11	5
Total investments at FVOCI	**595**	**487**

Equities increased due to additions and positive revaluations. Preference shares increased due to the addition of preference shares.

a.s.r. non-life sold equity instruments held at FVOCI for an amount of € 141 million (2023: € 103 million) in the ordinary course of business. The sales resulted in a gain of € 7 million (2023: gain € 11 million).

Direct investment income

Breakdown of investment income per category

	2024	2023
Interest income from investments at FVTPL	165	127
Interest income from derivatives	159	107
Interest income from debt instruments at amortised cost	11	7
Total interest income	**335**	**242**
Dividends received	107	60
Rental income from investment property	1	1
Other direct investment income	2	27
Total dividend and other investment income	**110**	**88**
Total direct investment income	**445**	**330**

The interest income from interest derivatives and interest expenses on interest derivatives (see section 2.5.7 of the annual report of a.s.r. non-life) is not netted in the income statement. However, the net interest result on interest derivatives amounts to an expense of € 48 million (2023: expense € 24 million). Interest income from interest derivatives increased as average interest rates were at a higher level in 2024 compared to 2023, and increased notional amounts of interest rate swaps (see section 2.4.3 of the annual report of a.s.r. non-life) following the merger with Aegon non-life in 2023.

For equity instruments measured at FVOCI, dividends received during the year amount to € 12 million (2023: € 13 million), of which € 2 million (2023: € 2 million) relates to instruments derecognised during the year.

A.3.2 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the year ended 31 December

(in € millions)	Note	2024	2023
Net result		**352**	**192**
Equity instruments designated as FVOCI			
- Unrealised change in value of equity instruments designated as FVOCI		50	45
- Realised gains/(losses) on equity instruments designated as FVOCI		7	11
Income tax on items that will not be reclassified to profit or loss		-13	-11
Total items that will not be reclassified to profit or loss		**43**	**45**
Total other comprehensive income, after tax		**43**	**45**
Total comprehensive income		**396**	**237**

A.3.3 Information about investments in securities

As a.s.r. non-life 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

Integration of a.s.r. and Aegon NL organisations
In 2024 the main focus of the integration activities was on integrating the two organisations to a single organisition operating from the Utrecht office, and on migrating customer portfolios of policies and claims to the target operating platforms.

As per October 2024 all employees working for a.s.r. non-life were part of the integrated P&C and Disability business lines. As functions could be organised in a more efficient manner, this in itself has resulted in a reduction in headcount in line with the synergy plans. Initially there was some pressure on service levels to customers, which slightly affected the NPS-c customer satisaction levels especially in P&C.

Parallel to this, the Aegon customer portfolios were migrated to the target operating platforms. The Aegon labelled products were rebranded to a.s.r. products. The approach of a.s.r. non-life was to treat the product migrations as a moving of homes whereby the intention was to give Aegon customers a warm welcome to their new a.s.r. 'home'. Customers were informed step by step throughout the whole migration process.

In 2025 redundant customer applications will be decommissioned thus creating further synergy savings.

B System of governance

B.1 General information on the system of governance

This paragraph contains a description of the system of governance of a.s.r. Nederland N.V., which is applicable, mutatis mutandis, to a.s.r. non-life. Unlike a.s.r. Nederland N.V., a.s.r. non-life is not subject directly to the Dutch Corporate Governance Code.

B.1.1 Corporate governance

a.s.r. is the group's holding company. a.s.r. non-life is one of the supervised entities (OTSOs) within this group. a.s.r. is a public limited company which is listed on the Euronext Amsterdam Exchange and governed by Dutch corporate law. It has a two-tier board governance structure consisting of an Executive Board (EB) and a Supervisory Board (SB). The EB is responsible for the realisation of the company's corporate objectives, the strategy with its associated risks and the delivery of the results. The SB is responsible for advising the EB, supervising its policies and for the general state of affairs relating to a.s.r. and its group entities.

The EB members and SB members of a.s.r. non-life are the same as those of a.s.r.

B.1.1.1 Executive Board

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

The composition of the Executive Board (EB) of ASR Schadeverzekering N.V. (hereafter: a.s.r. non-life) is the same as that of ASR Nederland N.V. (hereafter: a.s.r.). The EB is collectively responsible for the day-to-day conduct of business of a.s.r. non-life as a whole and for its strategy, structure and performance. In performing its duties, the EB is guided by a.s.r. non-life's interests, which include the interests of the businesses connected with a.s.r. Non-life, which, in turn, include the interests of customers, shareholders, employees and society in general. For the performance of its duties, the EB is accountable to the Supervisory Board (SB) and to the General Meeting of Shareholders.

The EB currently consists of three members. The General Meeting of Shareholders appoints the members of the EB and may suspend or dismiss any member of the EB at any time. The SB may also suspend any member of the EB. A suspension by the SB may be raised by the General Meeting of Shareholders at any time.

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

Apart from the EB, each division of a.s.r. non-life has its own management team (MT).

Composition of the Executive Board

The articles of association of a.s.r. 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. The EB currently consists of the following three members: the CEO, Jos Baeten, the CFO, Ewout Hollegien and the COO/CTO, Ingrid de Swart.

Permanent education and evaluation

In 2024, specific permanent education sessions were attended by the SB, EB, and the MB, for the purpose of further education. A session, organised by representatives of the Pensions business unit, Asset Management and TKP, focused on the Future Pensions Act (*Wet toekomst pensioenen* - WTP). During this session the SB, EB and MB were educated on the developments and opportunities due to the WTP and the status of implementation of this legislation. Another session focused on sustainability. This session was led by the Sustainability team and provided an update on (legislation regarding to) sustainable entrepreneurship, (governance regarding to) CSRD and on the a.s.r. Sustainable Insurance Policy. Furthermore a session was held to educate the SB, EB and MB on US GAAS. In this session, led by Group Finance and Legal, an introduction of Generally Accepted Auditing Standards (US GAAS), the legal aspects and the impact on a.s.r. were given. As a US listed entity, Aegon Ltd. is audited under US GAAS . Due to Aegon Ltd.'s shareholding in a.s.r. Nederland N.V., US GAAS regulatory requirements have become (partly) applicable to a.s.r. A session led by the Data Office provided an update on developments with respect to Generative AI and the application within a.s.r. The final session focused on two subjects, the Major Model Change for the MR1 Interest Rate model ('MMC MR1') and the Strategic Asset Allocation ('SAA') and investment plan 2025. In the first part of the session the SB, EB, and the MB were educated by Group Risk Management on the MMC MR1, it's background and implications. The second part of the session, organised by representatives of Asset Management, focused on an analysis of the current investment policy and optimisation opportunities.

In 2024, the EB and MB conducted a comprehensive self-evaluation to assess its composition, role, and functioning. The self-evaluation session was conducted on the basis of a questionnaire and interviews. The outcome of the questionnaire was discussed with the MB and the company secretary. The evaluation highlighted the strength of the MB in its diversity, complementarity of roles, and effective communication. The MB operates as a cohesive team, demonstrating effective collaboration even in complex and large dossiers. The open and transparent communication within the MB allows for the discussion of sensitive issues and encourages members to challenge each other constructively. The collaboration with the SB has also been rated positively, with the SB effectively fulfilling its sparring partner role. The MB's decision-making processes are seen as effective and balanced, with a strong focus on the interests of key stakeholders, including customers, employees, shareholders, and society. The MB plans to continue fostering an open culture where diverse perspectives are valued and constructive challenges are encouraged. The MB's commitment to structured meetings, high participation, and productive discussions will remain a cornerstone of its operations, contributing to the overall success and growth of a.s.r.

The performance of the EB was also assessed by the SB as part of the scope of the annual assessment process; see section 5.3 of the annual report. 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.

B.1.1.2 Supervisory Board

The composition of the SB of a.s.r. non-life is the same as that of a.s.r. The SB performs its duties on the basis of three roles; the supervisory role, the advisory role and the employer's role. The SB supervises the policy pursued by the EB and the general course of affairs at a.s.r. and its group entities. Specific powers are vested in the SB, including the approval of certain decisions taken by the EB.

The SB currently consists of seven members. The General Meeting of Shareholders appoints the members of the SB and may suspend or dismiss any member of the SB at any time.

Composition of the Supervisory Board

In line with a.s.r.'s articles of association, the SB should consist of at least three members.

The SB currently consists of seven members: Joop Wijn (chair), Bob Elfring, Sonja Barendregt, Gerard van Olphen, Gisella van Vollenhoven, Daniëlle Jansen Heijtmajer and Lard Friese.

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.

Independence and conflicts of interest

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

All the SB members passed the fit and proper test required under the Dutch Financial Supervision Act, which includes an assessment of their independence.

In 2024, 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.).

In order to prevent (potential) conflicts of interests, relevant SB members in respect of whom a potential conflict of interest could arise, have refrained from participation in and decision-taking with respect to Knab in the SB.

According to the Dutch Civil Code, a member of the SB of a listed company may not hold more than five supervisory board positions or equivalent roles within large Dutch companies and large Dutch foundations. This regulation ensures that supervisory board members can dedicate sufficient time and attention to their responsibilities. The members of the SB of a.s.r. comply with these requirements.

Furthermore no transactions were entered into in 2024 in which there were conflicts of interest with SB and/or EB members that are of material significance to a.s.r. and/or to the relevant board members.

The maximum number of other mandates for a member of the SB is set at 5.

Permanent education and evaluation

The SB is responsible for assessing the quality of its own performance. It therefore performs an annual self-assessment and discussion of its own performance and that of its committees and members. A self-assessment with external facilitator is carried out every three years, this last occurred in 2023.

The self-assessment for 2024 was carried out without external facilitator and was based on a questionnaire and a plenary SB evaluation session with the company secretary. 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.

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 and MB.

The evaluation highlighted the SB's strong composition and functioning, including its diverse expertise, and constructive internal dialogue. The functioning and role distribution among the committees are well-regarded, and the oversight priorities are sufficiently clear. The SB looks back on a successful year marked by the integration of Aegon NL, closely monitoring the process and fulfilling its role as a sparring partner effectively. The onboarding process of the new SB member, Bob Elfring, was smooth and efficient. The meetings of the SB are well-prepared and efficiently conducted, with active participation from all members. Overall, the SB is committed to continuous growth and professionalisation and ensuring effective governance and oversight. For permanent educational sessions attended by the SB, please see section 5.1.3 of the annual report.

B.1.1.3 Governance codes

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

Dutch Corporate Governance Code

Since its listing on Euronext Amsterdam, a.s.r. has been 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 of the corporate website, a.s.r. has published a **detailed comply or explain list** indicating which principles and best practices do not apply to the organisation.

The a.s.r. Code of Conduct is the guideline for behaving with due care and integrity. As required by best practice provision 2.5.2 of the Corporate Governance Code, the EB ensures compliance herewith by itself and employees. The EB informs the SB of its findings and observations regarding the operation of and compliance with the a.s.r. Code of Conduct.

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. This requirement was subsequently expanded to include employees whose activities can substantially affect the risk profile of the undertaking and employees directly involved in the provision of financial services

Notwithstanding the requirements mentioned 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.

B.1.2 Related-party transactions

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. non-life include a.s.r. and its subsidiaries, associates, 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.

a.s.r. non-life regularly enters into transactions with related parties during the conduct of its business and are conducted on terms equivalent to those that prevail in at arm's length transactions. These transactions mainly involve:

- Other liabilities and allocated expenses;
- Commission expenses;
- The remuneration of the key management personnel of a.s.r. non-life is described in section 7.7.5 of the 2024 consolidated financial statements of a.s.r.;
- The fees that ASR Vermogensbeheer N.V. (Asset Management) charges for asset management services are included in the investment operating expenses;
- The operating expenses, reported in section 2.5.8 of the annual report of a.s.r. non-life, are predominantly intercompany, consisting of allocated expenses from head office, support functions and expenses related to personnel;
- Transactions with a.s.r. concern the payment of taxes as a.s.r. heads the fiscal unity, see section 2.5.9 of the annual report of a.s.r. non-life;

Positions and transactions between a.s.r. non-life and other related parties

The table below shows the financial scope of the related party transactions of a.s.r. non-life with associates and other related parties (including a.s.r. and its subsidiaries).

Financial scope of a.s.r. non-life's related party transactions

	Associates	Other related parties	Total
2024			
Balance sheet items with related parties as at 31 December			
Other assets	7	-	7
Other liabilities	-	1,267	1,267
Transactions in the income statement for the financial year			
Commission expenses	-	83	83
Other finance expenses	-	18	18
Investment operating expenses	-	10	10

Financial scope of a.s.r. non-life's related party transactions

	Associates	Other related parties	Total
2023			
Balance sheet items with related parties as at 31 December			
Other assets	6	-	6
Other liabilities	-	261	261
Transactions in the income statement for the financial year			
Commission expenses	-	52	52
Other finance expenses	-	2	2
Investment operating expenses	-	9	9

In 2024, a.s.r. non-life purchased mortgages from a.s.r. life at a market value of € 75 million (2023: € 181 million). There are no gains or losses realised in 2024 (2023: loss of € 7 million).

No provisions for impairments have been recognised on the other assets for the years 2024 and 2023.

The members of the Executive Board (EB) and Supervisory Board (SB) of a.s.r. non-life are also members of the EB and SB of a.s.r. With respect to the remuneration of the EB, in 2024 an amount of € 740 thousand (2023: nill) was allocated to the income statement of a.s.r. non-life. With respect to the remuneration of the SB, in 2023 and 2024 no expenses were allocated by a.s.r. to a.s.r. non-life.

During 2024, a.s.r. non-life paid a dividend to a.s.r. in the amount of € 126 million (2023: € 259 million) and received dividend from it's interests in a.s.r. funds for an amount of € 20 million (2023: € 9 million).

B.1.3 Remuneration of Supervisory Board and Executive Board

The members of the EB and SB of a.s.r. non-life are the same members in the EB and SB of a.s.r. The amount of compensation paid for the services provided by the EB and the SB of a.s.r. was not charged to a.s.r. non-life, and is subsequently not accounted for in the result of a.s.r. non-life. The remuneration policy of the EB and SB members is determined in accordance with the current Articles of Association of ASR Nederland N.V. An overview of these remunerations is described in the consolidated financial statements of a.s.r. Group.

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

This paragraph contains a description of group policy, which is applicable for the solo entity. 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 section B.3.1.1 Risk strategy and risk appetite).

Risk governance
Risk governance can be seen as the way in which risks are managed, through a sound risk governance structure and clear tasks and responsibilities, including risk ownership. a.s.r. employs a risk governance framework that entails the tasks and responsibilities of the RM organisation and the structure of the Risk committees (see section B.3.1.2 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 section B.3.1.3 Systems and data).

Risk policies and procedures:
Risk policies and procedures are part of the a.s.r. policy house. Policy documents are submitted for approval to the relevant (risk) committee in accordance with the applicable governance. Policies are evaluated annually, tested against internal and external market developments, and changes in laws and regulations, and updated as necessary in accordance with the governance defined in the policy.

Each risk policy must include at least:

- The scope within a.s.r. to which the policy applies.
- A demonstrable and consistent link with relevant laws and regulations and/or strategy.
- Key requirements to achieve the policy's objectives.
- The risk categories to which the policy line applies.
- Description of the method for controlling the risk.
- Specific risk tolerances and limits within the relevant risk categories in accordance with the risk appetite statements.
- The frequency and content of regular stress tests and the circumstances that would justify ad-hoc stress tests.
- The processes and reporting procedures applied.
- Exceptions and Escalations.

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 section B.3.1.4 Risk policies and procedures).

Risk culture
An effective risk culture is one that enables and rewards individuals and groups for taking risks in an informed manner. It is a term describing the values, beliefs, knowledge, attitudes and understanding about risk. All the elements of the RM framework combined make an effective risk culture.

Within a.s.r. risk culture is an important element that emphasizes the human side of 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 section B.3.1.5 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 sectionr B.3.1.6 Risk Management process).

B.3.1.1 Risk 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.

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 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 model

The risk governance structure is based on the 'three lines' model. The 'three lines' model consists of three defence lines with different responsibilities with respect to the ownership of controlling risks. The table provides insight in the organisation of the three lines model within a.s.r.

Three lines model	
First line • Executive Board / Management Board • Management teams of the business lines and their employees • Finance & risk decentral	**Ownership and implementation** • 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.
Second line • Group Risk Management department - Risk management function - Actuarial function • Compliance - Compliance function	**Policies and monitoring implementation by 1st line** • 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
Third line • Audit department - Internal audit function	**Independent assessment of 1st and 2nd lines** • 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 reports to the CRO, which is a member of the management board. All key 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:

- Operational Risk Management;
- Financial Risk Management;
- Model Validation;
- Methodology

Operational Risk Management
Operational Risk Management (ORM) 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 ORM 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 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. ORM actively promotes risk awareness at all levels to contribute to the vision of staying a socially relevant insurer.

Financial Risk Management
Financial Risk Management (FRM) is responsible for the second line financial RM and supports both the AF and RMF. An important task of FRM is to be the countervailing power to the EB and management in managing financial risks for a.s.r. and its subsidiaries. FRM assesses the accuracy and reliability of the market risk, counterparty risk, insurance risk and liquidity risk, risk margin and best estimate liability. As part of the AF, FRM reviews the technical provisions, monitors methodologies, assumptions and models used in these calculations, and assesses the adequacy and quality of data used in the calculations. Furthermore, the AF expresses an opinion on the underwriting policy and determines if risks related to the profitability of new products are sufficiently addressed in the product development process. The AF also expresses an opinion on the adequacy of reinsurance arrangements. Other responsibilities of financial RM are e.g. monitoring Solvency II compliancy (e.g. changes in Solvency II regulation), updating policies on valuation and risk, activities related to the DNB (National Supervisor), assessment of the ORSA (financial parts), assessment of strategic initiatives.

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

Methodology
Methodology is responsible for establishing methodologies for PIM. The Methodology department is responsible for setting up the internal model, including documentation and maintenance of the documentation. It also handles continuous education by: (1) updating training materials; (2) providing training sessions; (3) assessing the suitability of training levels. Additionally, it analyses the functioning of the internal model, periodically calibrates the internal model parameters, monitors the suitability of the internal model, and conducts annual comparisons of PIM and SF results.

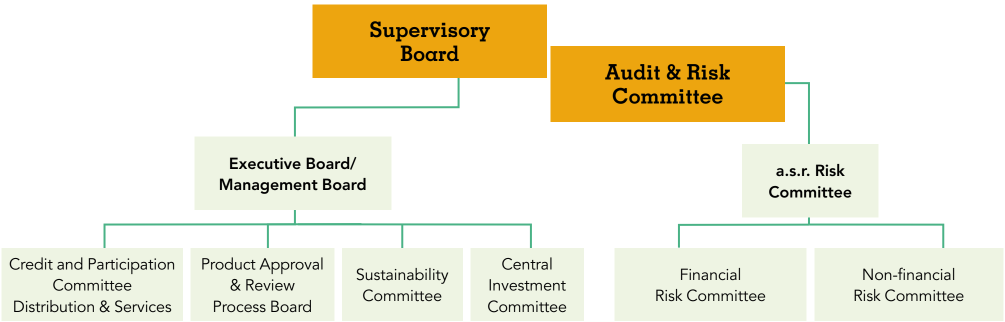
Compliance
The responsibilities of Compliance include the development of compliance policies and procedures, the annual review and update of the compliance risk strategy (risk appetite) and the monitoring of the non-financial risk profile concerning compliance risks.. An important task of Compliance 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, 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, provides an independent opinion on governance, risk and management processes, with the goal of supporting the EB and other management of a.s.r. in achieving the corporate objectives. To that end, Audit evaluates the effectiveness of governance, risk and management processes, and provides pragmatic advice that can be implemented to further optimise these processes. In addition, senior management can engage Audit for specific advisory projects.

Risk committee structure
a.s.r. has established a structure of risk committees with the objective to monitor the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that it remains within the risk appetite and the underlying risk tolerances and risk limits. When triggers are hit or likely to be hit, risk committees make decisions regarding measures to be taken, being risk-mitigating measures or measures regarding governance, such as the frequency of their meetings. For each of the risk committees a statute is drawn up in which the tasks, composition and responsibilities of the committee are defined.

Risk committee structure



Audit & Risk Committee
The Audit & Risk Committee was established by the Supervisory Board to gain support, among other things, in the following matters:

- Assessment of the risk appetite proposal and quarterly monitoring of the risk profile;
- Assessment of the annual report, including the financial statements of a.s.r.;
- The relationship with the independent external auditor, including the assessment of the quality and independence of the independent external auditor and the proposal by the SB to the AGM to appoint the independent external auditor;
- The performance of the audit function, compliance function, the AF and the RMF;
- Compliance with rules and regulations; and
- The financial position.

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

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

All members of the 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 and procedures. The non-financial risk policies are approved by the a.s.r. risk committee. The NFRC monitors a.s.r.'s overall non financial risk profile, in particular whether non-financial risks of a.s.r. and the business entitites are managed adequately and whether 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).

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 business entities 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. In mid-2024, the committee structure was further rationalised. The FRC now oversees the financial risk for all entities, leading to the dissolution of the separate committees for Aegon entities.

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 Quality policy in place to support the availability of correct management information. This policy is evaluated on an annual basis and revised at least every three years to keep the standards in line with the latest developments on information management. The quality of the information is reviewed based on the following aspects, based on Solvency II:
- completeness (including documentation of accuracy of results)
- adequacy
- reliability
- timeliness

Adherence to this policy is ensured by the three lines model. With a Central Data Office, additional measures are taken to increase maturity in data management practices.

The data risk governance and committee structure in place ensures that ownership and decision making regarding assumptions and the plausibility of the results is effectively organised.

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. For the Digital Operational Resilience Act (hereafter: DORA), important changes in 2024 per DORA pillar are:

- ICT Risk Management: a strengthened, centralised, and top-down approach has been adopted through an IT Risk Framework for ICT governance and risk management. Best practice controls are now mandatory and implemented via comply-or-explain principles.
- Incident Management: IT incident monitoring has been intensified with a new process to promptly notify and report major DORA incidents to regulators. There is now more focus on business continuity rather than solely IT continuity.
- Digital Resilience: focus on the critical and important business functions, with controls formalised or adjusted as necessary to comply with DORA.
- Management of Third-Party Risk: concentration risks and critical suppliers have been identified. Reporting has been improved, and a processing register along with mandatory reporting templates have been implemented. Where necessary, contracts with third-party suppliers have been revised.
- ICT Information Sharing: information exchange between a.s.r., other financial institutions, and regulators has been improved, with active contributions to collaborations.

From 2025, a.s.r. meets the DORA regulations, and DORA will be part of a.s.r.'s information security policy.

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' 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. GRM maintains the risk policies, Compliance maintains the compliance policies and both GRM and Compliance monitor the proper implementation 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.

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 specifically 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.

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 MB 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. a.s.r. has defined a procedure for performing risk analyses and standards for specific assessments. The five different steps are explained in this chapter.

Identifying
Management should endeavour to identify all possible risks that may impact the strategic, tactical and operational objectives of a.s.r., ranging from the larger and / or more significant risks posed on the overall business, down to the smaller risks associated with individual projects or smaller business lines. Risk identification comprises of the process of identifying and describing risk sources, events, and the causes and effects of those events.

Measuring
After risks have been identified, quantitative or qualitative assessments of these risks take place to estimate the likelihood and impact associated with them. Methods applicable to the assessment of risks are:
- Sensitivity analysis
- Stress testing
- Scenario analysis
- Expert judgments (regarding likelihood and impact)
- Portfolio analysis

Managing
Typically, there are four strategies to managing risk:
- *Accept*: risk acceptance means accepting that a risk might have consequences, without taking any further mitigating measures.
- *Avoid*: risk avoidance is the elimination of activities that cause the risk.
- *Transfer*: risk transference is transferring the impact of the risk to a third party.
- *Mitigate*: risk mitigation involves the mitigation of the risk likelihood and / or impact.

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

Monitoring and reporting
The risk identification process is not a continuous exercise. Therefore, risk monitoring and reporting are required to capture changes in environments and conditions. This also means that RM strategies could, or perhaps should, be adapted in accordance with risk appetite tolerance levels and limits.

Evaluating
The evaluation step is twofold. On the one hand, evaluation means risk exposures are evaluated against risk appetite tolerance levels and limits, taking (the effectiveness of) existing mitigation measures into account. The outcome of the evaluation could lead to a decision regarding further mitigating measures or changes in RM strategies. On the other hand, the RM framework (including the risk management processes) is evaluated by the RM function, in order to continuously improve the effectiveness of the RM framework as a whole.

B.3.2 a.s.r.'s risk categories
a.s.r. is exposed to a variety of risks. There are six main risk categories that a.s.r. recognises, as described below. These descriptions are based on a.s.r. level, not all risks are applicable for a.s.r. non-life.

Insurance risk Insurance risk is the risk that premium and/or investment income or outstanding reserves will not be sufficient to cover current or future payment obligations, due to the application of inaccurate technical or other assumptions and principles when developing and pricing products. a.s.r. recognises the following insurance risk:
- Life insurance risk
- Health insurance risk
- Non-life insurance risk

Market risk
The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished:
- Interest rate risk
- Equity risk
- Property risk
- Spread risk
- Currency risk
- Concentration risk/market concentration risk

Counterparty default risk
Counterparty default risk is the risk of losses due to the unexpected failure to pay or credit rating downgrade of counterparties and debtors. Counterparty default risk exists in respect of the following counterparties:
- Reinsurers
- Consumers
- Intermediaries
- Counterparties that offer cash facilities
- Counterparties with which derivatives contracts have been concluded
- Healthcare providers

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:

- Process
- Information technology
- Project
- Reporting & Model
- Integrity

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.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 important risks that may impact a.s.r.'s strategic objectives. 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 important 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 section 5.4.3 Identified risks of the Annual report of a.s.r. and 6.2.1 Climate change of the Annual report of a.s.r., the relevant climate related risks for a.s.r. are discussed including how these risks are managed. Climate change related risks have had no direct impact on the valuation in the current accounting and disclosures of a.s.r.'s assets and liabilities.

B.4.1.2 Operational Risk Management
Operational Risk Management (ORM) involves the management of all possible risks that may influence the achievement of the business goals and that can cause financial or reputational damage. ORM includes the identification, analysis, prioritisation and management of these risks in line with the risk appetite. The policy on ORM is drafted and periodically evaluated under the coordination of ORM. The policy is implemented in the (decentralised) business entities under the responsibility of the management boards. A variety of risks is covered by ORM policies, such as the Process, 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 first line 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 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, data analysis and the use of AI for reporting purposes.

Monitoring and reporting
The effectiveness of operational risk management is periodically monitored by a first line 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 key control is tested regularly and the outcomes of the effectiveness of the management of key risks are reported to the (local) management. 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. Root cause analyses are performed to evaluate the causes of losses 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 incidents.

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
Operations and the execution of critical processes can be disrupted significantly by unforeseen circumstances or calamities. Preparation and practice enable a.s.r. to resume its most important business activities with limited interruptions and to react quickly and effectively during such situations.

Critical processes and the people, assets and technology needed to run them are identified during the Business Impact Analysis. The factors and calamities that can threaten the availability these processes are identified in the Threat Analysis. If the impact of certain events can be unacceptable large, mitigating actions are taken. In response to the large dependence of a.s.r of automated systems, cyber threats are always addressed during these analyses.

a.s.r. defines a crisis as: one or more business lines are (in danger of being) disrupted due to a calamity or potentially suffering reputational damage beyond the acceptable. 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. Additionally each business line has its own team to deal with smaller crises. The measures to ensure continuity of critical processes are tested regularly and all crisis teams are trained annually to be able to act effectively during such situations. The plans to deal with the various scenarios, including cyber threats, are also practiced periodically.

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. In 2024, a.s.r.'s Preparatory Crisis Plan is updated and 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 key function-holder. Being part of the second line, 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 Chief Risk Officer (CRO), a Member of the Management Board (MB). The CRO ensures that the Compliance annual plan proposed by the Compliance key function holder is adopted by the MB.

The compliance key function holder also has an escalation line to the CEO, the Chair of the Audit & Risk Committe (AR&C) and/or the Chair of the Supervisory Board (SB) in order to safeguard the independent position of the compliance function and to allow it to operate autonomously.

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

- Encouraging compliance with relevant legislation and regulation, self-regulation, ethical standards and the internal standards derived from them (the rules) by providing advice and drafting policies.
- Creating awareness of the need to comply with the rules and desired ethical behaviour, including 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 where necessary.
- Interaction with regulators in order to maintain effective and transparent relationships.

The Compliance key function holder reports quarterly on compliance matters and on the progress made with regard to recommended business measures and actions at a.s.r. group level and supervised entity (*Onder toezicht staande ondernemingen* - OTSO) level. The subsidiaries D&S, TKP and Robidus have their compliance officer who report to the Compliance department. The quarterly report at group and OTSO levels is presented to and discussed with members of the MB, the Non-Financial Risk Committee, 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.

Related to the integration of Aegon NL, Compliance established several work flows to further integrate the compliance function. Key considerations included the standardisation of policies and processes, monitoring and reports, and included good practices of Aegon NL. These activities were largely completed in 2024.

Compliance risks

a.s.r. continuously tracks evolving laws, evaluates their impact on the organisation, and determines the necessary measures to address them. These actions, combined with managing identified compliance risks, form the foundation of the annual compliance plan and monitoring activities. a.s.r. monitors 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 2024, a.s.r. focused on several key areas:

- 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 for personal data to be handled with care.
- EU sustainability regulations, such as the SFDR, the EU Taxonomy Regulation and the CSRD.
- The further development and safeguarding of the Product Approval and Review Process (PARP), in collaboration with the PARP Board and the relevant business units.
- Compliance participated in conversion processes of portfolios and systems from Aegon to those of a.s.r.

In addition, a.s.r. continued to work on further improving ongoing monitoring activities by reviewing the compliance risk and monitoring framework and its translation into the business units' risk control matrix (RCM). This effort also aims to integrate behaviour and culture as part of optimising the NFR. a.s.r. aspires to increasingly incorporate behaviour into its monitoring surveys. A thorough understanding of behaviour and culture, combined with the analysis of process design and monitoring, provides a comprehensive view of the control environment.

The CDD Office is continuously working on an improvement plan for CDD-related risks, using insights and good practices from Aegon NL.

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 ASR Nederland N.V. 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 Department has an independent position within a.s.r., as set down in the Audit Charter. The SB 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 and has a direct reporting line to the chairman of the Audit and Risk Committee. The Chief Audit Executive is appointed by the SB. In order to maintain the independence and impartiality of the internal audit function, the audit function is not influenced by the EB and managing boards of the legal entities 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 2024 this tripartite consultation was held.

The Audit Department sets up a multi-year audit plan based upon an extensive risk assessment. The audit plan is approved by the 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 Audit and Risk Committee.

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

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

B.6 Actuarial function

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

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

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

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

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

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

This paragraph contains a description of group policy, which is applicable for the solo entity. Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic targets are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met. In the following paragraphs a.s.r. non-life's approach to managing risks is described.

Risk governance

The risks identified are clustered into:

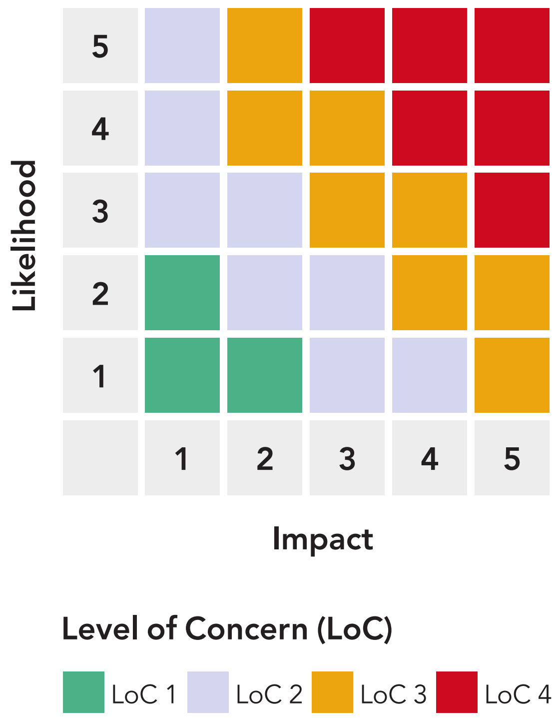
- Strategic risks
- Emerging risks;
- Financial risks;
- Non-financial risks.

Management of strategic risks and emerging risks

a.s.r.'s risk priorities and emerging risks are defined as a.s.r.'s main strategic risks. a.s.r.'s risk priorities are existing risks with impact on the achievement of the strategic objectives. a.s.r.'s emerging risks are new or existing risks with a potentially major impact on the achievement of the strategic objectives. Emerging risks often result from large-scale events that are outside a.s.r.'s direct sphere of influence. a.s.r.'s risk priorities and emerging risks are defined annually by the MB, based on strategic risk analyses. Group Risk Management (GRM) monitors developments in risks and actions of the risk priorities and emerging risks centrally. Relevant updates are reported to the MB on a half-yearly basis at the minimum. See section 1.6 of the annual report of a.s.r. non-life for a.s.r.'s risk priorities and emerging risks.

To gauge the degree of risk, a.s.r. uses a risk scale (see LoC figure) based on likelihood and impact. The degree of risk is expressed as the Level of Concern (LoC). For each risk priority, the LoC is determined for the gross and net risks. For each emerging risk, the LoC is determined for the gross risk. 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. If the degree of risk of a risk priority is not within a.s.r.'s risk appetite, then additional actions are taken in order to include the risk priority within the risk appetite. See section 1.6 of the annual report of a.s.r. non-life for a.s.r.'s risk priorities and 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 section B.3.1.1. a.s.r. aims for an optimal trade-off between risk, return and capital. Steering on risk, return and capital takes place via decision-making through the entire product cycle, from the product approval and 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 2024, 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 MB, FRC and A&RC. See section B.3.1.1 for further information.

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 section B.3.1.1. a.s.r. aims for an optimal trade-off between risk, return and capital. For non-financial risk, a.s.r. has prepared statements relating to strategy, processes, information and technology, projects, reporting and model, and integrity. Employees should use these statements as a framework for risk management decisions.

Risk tolerance levels and limits are disclosed in the non-financial RAS and are monitored by the Non-Financial Risk Committee (NFRC). 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. Where appropriate, a.s.r. applies additional mitigating measures.

For more detailed information on the identified risks for the several risk categories described above, reference is made to chapter 1.6 of the Annual Report of a.s.r. non-life.

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 Risk Appetite Statements (RAS) and gives direction to the management of both financial risks (FR) and non-financial risks (NFR). The statements highlight the organisation's risk preferences and limits and are viewed as key elements for the realisation of a.s.r.'s strategy.

According to the annual risk management cycle in 2024, 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.

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

The sensitivities of the solvency ratio as at 31 December 2024, expressed as the impact on the a.s.r. non-life Solvency II ratio (in percentage points) are as presented in the next table. The total impact is split between the impact on the Solvency II ratio related to movement in the available capital and the required capital. The sensitivities are based on the situation per 31 December 2024. The Solvency II ratios presented are not final until filed with the regulators.

Solvency II sensitivities

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
UFR 3.2%	-	-	-	-	-	-
Interest rate +0.5% (2024 incl. UFR=3.30% / 2023 incl. UFR=3.45%)	-1	-	+1	+1	-1	+1
Interest rate -0.5% (2024 incl. UFR=3.30% / 2023 incl. UFR=3.45%)	+1	-1	-1	-1	+1	-2
Interest steepening +10 bps	-	-	-	-	-	-
Volatility Adjustment -10 bps	-3	-3	-	-	-3	-3
Spread shock sovereigns +50bp en VA +8bp (2023: VA +10bp)	-3	-3	-	-	-3	-3
Mortgage spread +50 bps	-5	-5	-	-	-5	-5
Equity prices -20%	-5	-4	+4	+3	-1	-1
Property values -10%	-5	-4	+1	+1	-4	-3
Spread widening +75bp en VA +19bp (2023: VA +17bp)	+1	+1	-	+1	+2	+2
Inflation +30 bps	-1	-2	-	+1	-	-1

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=3.30% for 2024 (UFR=3.45% for 2023).
Interest rate risk (incl. UFR=3.30% / 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 (UFR=3.30% for 2024 and UFR=3.45% for 2023) 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 +8bp (2023: +10bp).
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 +19bp (2023: +17bp) 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 UFR

European Insurance and Occupational Pensions Authority (EIOPA) may 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).

In 2024 the UFR decreased by 15 basis points to 3.30% (2023 at 3.45%). The solvency ratio remains above internal solvency objectives.

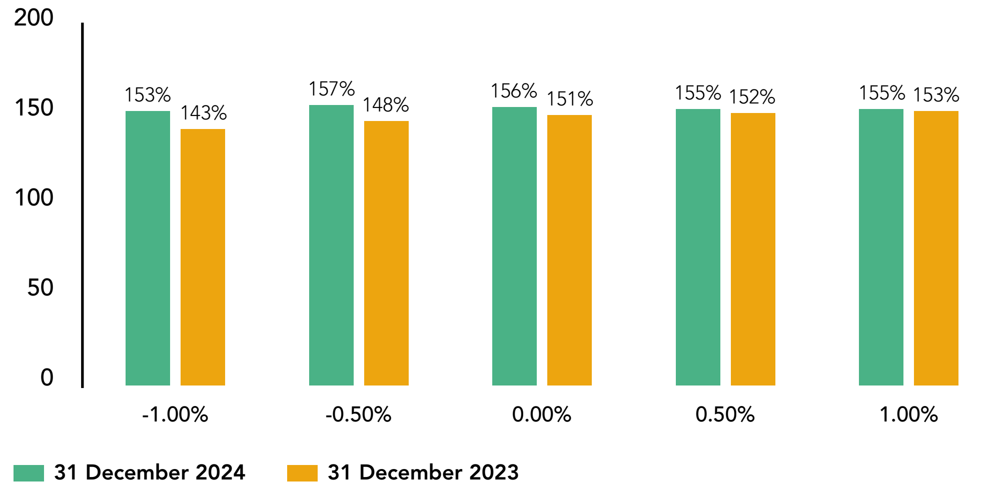
Changes in the UFR have an almost linear effect on the solvency ratio. The impact on the solvency ratio of various UFR levels is stated below.

Sensitivity Solvency II ratio to UFR

Interest rate sensitivity of solvency 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.

Sensitivity Solvency II ratio to interest rate



Loss absorbing capacity of deferred tax
After a 1-in-200 shock a.s.r. non-life suffers an economic loss equal to the BSCR* which is defined as the basic SCR (BSCR) plus operational risk (OR) plus the adjustment for the Loss Absorbing Capacity of the Technical Provisions (LAC TP). This loss (corrected for any tax exempted losses) may be partly offset by the Loss Absorbing Capacity of Deferred Taxes (LAC DT). Conceptually, the loss under SII in any shock scenario results in loss of taxable income, which results in tax reductions if taxable profits are available to offset these taxable losses. This way, a.s.r. non-life can transfer a portion of the 1-in-200 shock loss to its tax authority, which reduces the loss of Own Funds compared to the original loss of the shock and therefore allows for a reduction of the SCR.

The LAC DT is calculated according to the requirements as stated in the Solvency II regulations, which provide a principle-based approach for the LAC DT substantiation. The methodology reflects a.s.r.'s current interpretation of both the Solvency II regulations combined with the guidance provided by De Nederlandsche Bank (DNB) on this topic:

- Solvency II regulation requires firms to comply with the recognition criteria set out in relevant articles of the International Accounting Standards (IAS 12). IAS 12 states that any net deferred tax assets (DTA) can only be recognised when it is concluded that their recoverability is probable (i.e. more likely than not). This applies to both DTA and LAC DT. By periodically performing a recoverability test, a.s.r. non-life demonstrates that any losses that lead to these deferred tax positions can – more likely than not – be offset with sufficient future taxable profits.
- Local guidance, in the form of the DNB Q&A and Good Practices, provides additional regulation around the substantiation of a net deferred tax asset (DTA). A net DTA should be substantiated within the Solvency II framework. Therefore, the LAC DT model is used to substantiate both a potential net DTA position (pre-shock) as well as the LAC DT (post-shock). Additionally, the Q&A gives some guidance on how to deal with uncertainty in future profits.

As a result, a.s.r. non-life needs to demonstrate that for both the pre-shock as well as the post-shock situation, sufficient future taxable profits are available to offset future losses that lead to deferred tax positions on its balance sheet. For the post-shock situation the LAC DT model serves as recoverability test for this purpose, whereby the recoverability of the BSCR* shock loss is expressed through a LAC DT factor, which is a factor between 0% and 100%. For the pre-shock situation the LAC DT model serves as a projection model to provide evidence that the DTA position can be substantiated with the DTL position and/or future profit sources.

In 2024, different from previous year, the same (harmonized) projection model is used for all Solvency II entities within a.s.r., albeit with entity-specific input. Before 2024 a.s.r. and Aegon each had their own projection model to determine the amount of LAC DT, which has now been replaced by a "best-of-both-worlds" projection model. Below, an overview of the building blocks of the LAC DT model is presented:

LAC DT building blocks

Sources of DTA	Sources of DTL
BSCR* shock loss	(Future) fiscal profits
Unwind DTA	Unwind DTL
Future profits	Previous year profit (LCB)

The following steps are used in determining the recoverability of the pre-/post-shock DTA:

- The unrounded LAC DT factor is determined based on fiscal profits from the previous year available for loss carry back and the unwind of the 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 (+), new business (+), release of risk margin (+) and drag impacts (-).
- Multiple 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 LAC DT (post-shock) can actually be utilised. These scenarios are combined into a weighted average LAC DT factor.
- The resulting weighted average LAC DT factor is adjusted to a final setting to be used in reporting. The main rationale is to have a relatively stable LAC DT setting during the year. For this, the weighted average LAC DT factor 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/expected future performance and model/entity dynamics. The upper bound is reassessed on an annual basis.

Performing above steps for a.s.r non-life results in an unrounded LAC DT factor of almost 100% as of 31 December 2024. This factor is prudently rounded to 85% which gives a LAC DT of € 467 million.

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 a.s.r. non-life LAC TP is applicable in some SLT-products.

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. The non-life portfolio covers the property and casualty, disability and healthcare sectors.

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.

The solvency buffer is held by a.s.r. non-life to cover the risk that claims may exceed the available insurance provisions and to ensure its solidity. The solvency position of a.s.r. non-life is determined and continuously monitored in order to assess if a.s.r. non-life meets the regulatory requirements.

a.s.r. non-life measures its risks based on the standard model as prescribed by the Solvency II regime. The 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 portfolio of a.s.r. non-life is as follows:

Insurance risk - required capital

	31 December 2024	31 December 2023
Health insurance risk	1,503	1,436
Non-life insurance risk	745	706
Total excluding diversification between insurance risks	**2,248**	**2,142**

The Health and Non life insurance risk increased as a result of the growth of the sum insured.

Solvency II sensitivities a.s.r. non-life has assessed the impact of various sensitivities on the Solvency II ratio. The sensitivities as at 31 December 2024 expressed as impact on the a.s.r. non-life 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 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Expenses +10%	-5	-5	-2	-2	-7	-6
Lapse rates -10%	+1	+1	-1	-1	-1	-1

Solvency II sensitivities - explanation

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

The impact on the ratio is the opposite if a reversed scenario is taken into account.

C.1.1 Health insurance risk and Non-life insurance risk

C.1.1.1 Health insurance risk

The Health insurance portfolio of a.s.r. non-life 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 contains
  - Income Protection (Sickness, and Individual and Group Accident)

The insurance contracts for income protection are sold primarily to retail and wholesale clients through intermediaries.

The Health insurance portfolio of a.s.r. non-life 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. For Health insurance, the increase in mortality rates leads to an increase of the own funds. Therefore the mortality risk is not applicable 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. For investment costs only an increase of 10% applies, since there is no inflation component in the method used to project investment costs in the best estimate liability.

Revision risk

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

Lapse risk

Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders. The effect of the lapse risk is equal to the highest result of a permanent 50% increase in lapse rates, a permanent 50% decrease in lapse rates or a mass lapse event (40% mass lapse). For the SLT Health portfolio, the mass lapse event is dominant.

Future management action

According to the insurance conditions, a.s.r. non-life has the ability to adjust the premiums and insurance conditions group wise in the future for the disability portfolio. Therefore, the contract boundary of the disability contracts without an individual risk assessment at acceptance is equal to the contract term. For contracts with an individual risk assessment at acceptance, the contract boundary is equal to the end age, because the contracts will be tacitly renewed until the end age is reached, without repeating the risk assessment. These contracts with an individual risk assessment involve the Individual Self-employed and the Individual Employees portfolio's. For these portfolio's, a.s.r. non-life applies a future management action (FMA), as noted in article 23 of the Delegated Acts. The trigger, as defined in the FMA, is hit in the Income Protection Disability-Morbidity Risk (article 156 DA) scenario.

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

NSLT Health Risk

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 risk:

- 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. This is the scenario related to the standard model.

Health insurance risk - required capital

	31 December 2024	31 December 2023
Health SLT	1,234	1,187
Health Non-SLT	403	371
Catastrophe Risk (subtotal)	85	85
Diversification (negative)	-219	-208
Health (Total)	**1,503**	**1,436**
Mortality risk	-	-
Longevity risk	79	66
Disability-morbidity risk	1,021	985
Expense risk	156	145
Revision risk	288	276
Lapse risk	296	295
Diversification (negative)	-605	-581
Health SLT (subtotal)	**1,234**	**1,187**
Medical expenses insurance and proportional reinsurance	-	-
Income protection insurance and proportional reinsurance	403	370
Diversification (negative)	-	-
Health Non-SLT (subtotal)	**403**	**371**
Mass accident risk	26	26
Accident concentration risk	75	75
Pandemic risk	31	31
Diversification (negative)	-47	-47
Catastrophe risk (subtotal)	**85**	**85**

For the SLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II:

SLT Health portfolio - technical provision

	31 December 2024	31 December 2023
Best estimate	4,968	4,657
Risk margin	545	526
Technical provision	**5,513**	**5,183**

For the NSLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II:

NSLT Health portfolio - technical provision

	31 December 2024	31 December 2023
Income protection insurance		
Best estimate	521	443
Risk margin	45	45
Technical provision	**566**	**488**

C.1.1.2 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.

Next table summarises the required capital for abovementioned Non-life insurance risks based on the standard model.

Non-life insurance risk - required capital

	31 December 2024	31 December 2023
Premium and reserve risk	670	640
Lapse risk	58	51
Catastrophe risk	193	175
Diversification (negative)	-177	-160
Non-life insurance risk	**745**	**706**
Natural catastrophe risk	168	148
Man-made catastrophe risk	94	91
Other non-life catastrophe risk	19	20
Diversification (negative)	-87	-85
Catastrophe risk (subtotal)	**193**	**175**

For the Non-life portfolio, the provision under Solvency II at year-end can be broken down as follows under Solvency II:

Non-life portfolio - technical provision per segment

	31 December 2024	31 December 2023
Motor vehicle liability insurance		
Best estimate	1,321	1,233
Risk margin	72	67
Technical provision	**1,393**	**1,300**
Other motor insurance		
Best estimate	16	38
Risk margin	4	4
Technical provision	**20**	**43**
Marine, aviation and transport insurance		
Best estimate	33	34
Risk margin	2	2
Technical provision	**35**	**36**
Fire and other damage to property insurance		
Best estimate	163	179
Risk margin	11	12
Technical provision	**174**	**191**
General liability insurance		
Best estimate	296	274
Risk margin	17	16
Technical provision	**313**	**290**
Credit and suretyship insurance		
Best estimate	9	9
Risk margin	0	0
Technical provision	**10**	**9**
Legal expenses insurance		
Best estimate	25	25
Risk margin	-	-
Technical provision	**25**	**25**
Assistance		
Best estimate	-0	-1
Risk margin	0	0
Technical provision	**-0**	**-1**
Miscellaneous financial loss		
Best estimate	9	11
Risk margin	2	2
Technical provision	**10**	**13**

C.1.1.3 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, several measures have been taken to improve profitability and reduce risk. Examples of these measures 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. non-life 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. non-life'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. The Individual Health SLT portfolio and a small part (Aegon) of the Group Health SLT portfolio is reinsured by a reinsurance contract. For the a.s.r. part of the portfolio this consists of inactive contracts only, for the Aegon part there is one remaining contract active until 1-1-2026. The reinsuring cash flows concern existing claims and are calculated separately in the cash flows models.

Concentration risk
Geographically, the risk exposure of a.s.r. non-life 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 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. non-life enters into reinsurance agreements to mitigate Non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

C.2 Market risk

Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as equity prices, interest rates and property prices. The various types of market risk which are discussed in this section, are:
- interest rate risk
- equity risk
- property risk
- currency risk
- spread risk
- concentration risk

A summary of sensitivities to market risks for the regulatory solvency, total equity and profit for the year is presented in the tables in this section. The first table summarises the required capital for market risks based on the standard model:

Market risk - required capital

	31 December 2024	31 December 2023
Interest rate	97	40
Equity	199	159
Property	276	207
Currency	79	37
Spread	214	199
Concentration	-	-
Diversification (negative)	-222	-132
Total	**644**	**509**

The main market risks of a.s.r. non-life are equity, property and spread risk. This is in line with the risk budgets based on the strategic asset allocation study.

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 the FRC 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 2024 was € 3,421 million (2023: € 2,231 million). a.s.r. non-life applies the look through approach for investment funds to assess the market risk.

The interest rate risk is the maximum loss of (i) an upward shock or (ii) a downward shock of the yield curve. a.s.r. non-life the upward shock is dominant.

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

C.2.1 Interest rate risk
Interest rate risk is the risk that the value of assets 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.

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. An interest rate risk policy is in place for a.s.r. Group as well as for the registered insurance companies. Interest rate risk reports are submitted to the FRC 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 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.

Interest rate risk - required capital

	31 December 2024	31 December 2023
SCR interest rate risk up	-97	-40
SCR interest rate risk down	0	0
SCR interest rate risk	**97**	**40**

a.s.r. non-life has assessed various scenarios to determine the sensitivity to interest rate risk. The impact on the solvency ratio is calculated by determining the difference in the change in available and required capital.

Solvency II sensitivities - interest rate

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
UFR 3.2%	-	-	-	-	-	-
Interest rate +0.5% (2024 incl. UFR=3.30% / 2023 incl. UFR=3.45%)	-1	-	+1	+1	-1	+1
Interest rate -0.5% (2024 incl. UFR=3.30% / 2023 incl. UFR=3.45%)	+1	-1	-1	-1	+1	-2
Interest steepening +10 bp	-	-	-	-	-	-
Volatility Adjustment -10 bp	-3	-3	-	-	-3	-3

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 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 is shocked by 30% together with the symmetric adjustment.

Equity risk - required capital

	31 December 2024	31 December 2023
SCR equity risk - required capital	199	159

The 2024 SCR equity risk increased with € 40 million. This increase is mainly the result of higher share prices which led to a higher SCR equity risk, both due to an increased exposure to equities and also due to a higher risk charge as a result of the symmetric adjustment. Besides the impact of increased share prices, SCR equity risk slightly increased due to transactions.

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

Solvency II sensitivities - equity prices

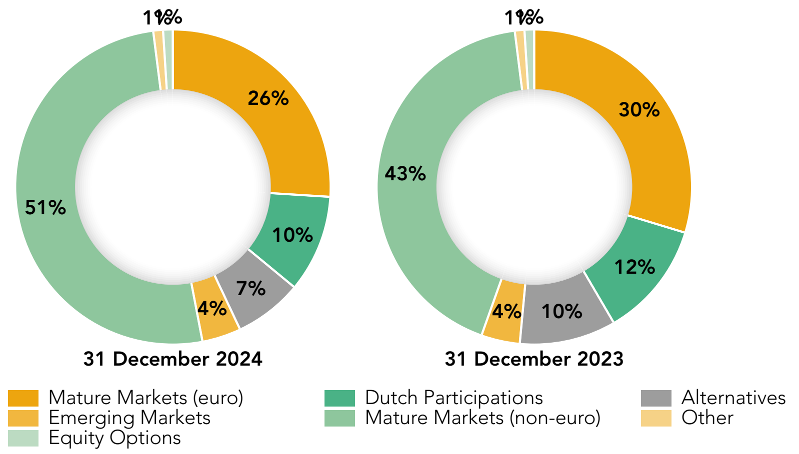
Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Equity prices -20%	-5	-4	+4	+3	-1	-1

Composition of equity portfolio

The fair value of equities and similar investments at year-end 2024 was € 614 million (2023: € 541 million). The increase in 2024 was both due to the positive returns on the equity markets and transactions. The equities are diversified across the Netherlands (including participating interests), other European countries and the United States. In 2024 a portfolio of put options with a value of € 7 million (2023: € 7 million) is in place to mitigate the equity risk.

The next table shows the exposure of the equity portfolio to different categories. The total value is including the equities in externally managed funds.

Composition of 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.

Property risk - required capital

	31 December 2024	31 December 2023
SCR property risk - required capital	276	207

The SCR property risk increased with € 69 million in 2024. The real estate exposure increased mainly due to transactions.

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

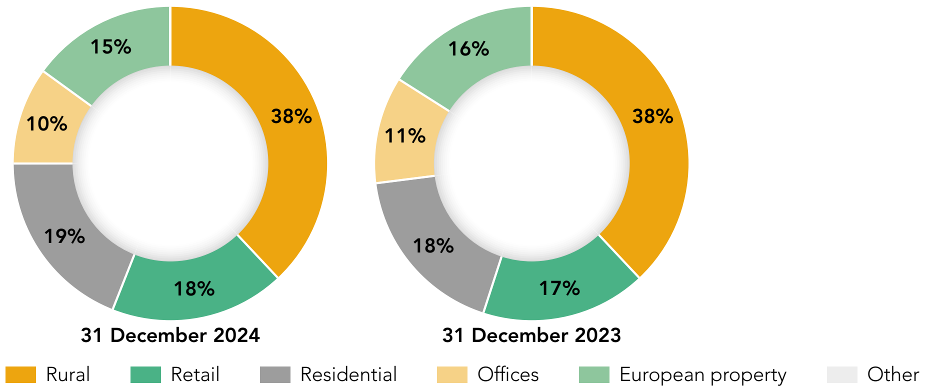
Solvency II sensitivities - property values

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Property values -10%	-5	-4	+1	+1	-4	-3

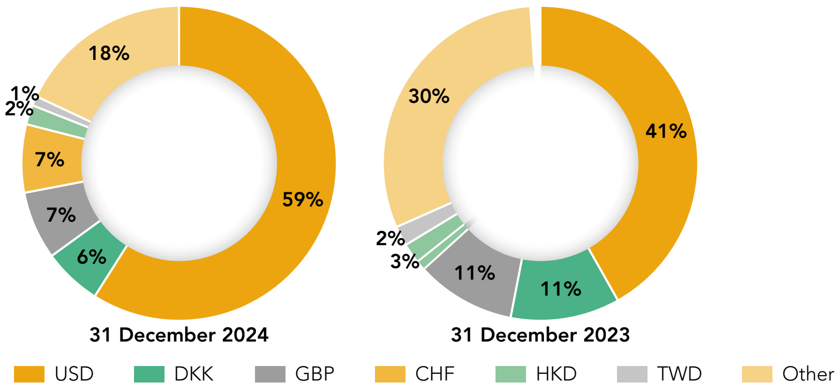
Composition of property portfolio

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 € 1,203 million at year-end 2024 (2023: € 909 million). The increase in 2024 (approximately € 295 million) was a result of transactions (approximately € 266 million) and increases in property prices (approximately € 29 million).

Composition of property portfolio



Composition of currency portfolio



C.2.4 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates.

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).

An currency risk policy is in place. For different investment categories a.s.r. has defined a target hedge ratio. Currency risk reports are submitted to the FRC at least once a month. In these reports the currency risk is monitored and tested against the limits according to the financial risk policies.

Currency risk - required capital

	31 December 2024	31 December 2023
SCR currency risk - required capital	79	37

In 2024 the SCR Currency risk has increased with € 42 million, which is the result of a changed hedge policy in 2024.

The total foreign exchange exposure at year-end 2024 was € 339 million (2023: € 170 million). The next graph provides an overview of the currencies with the largest exposures.

C.2.5 Spread risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level of credit spreads on the relevant risk-free interest rates. a.s.r. has a policy of maintaining a well-diversified high-quality investment grade portfolio while avoiding large risk concentrations. Going forward, the volatility in spreads will continue to have possible short-term effects on the market value of the fixed income portfolio. In the long run, the credit spreads are expected to be realised and to contribute to the growth of the own funds.

The required capital for spread risk is determined by calculating the impact on the available capital due to the volatility of credit spreads over the term structure of the risk-free rate. The required capital for spread risk is equal to the sum of the capital requirements for bonds, structured products and credit derivatives. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

Spread risk - required capital

	31 December 2024	31 December 2023
SCR spread risk - required capital	214	199

In 2024 the SCR Spread risk has increased with € 15 million, mainly due to transactions in corporate bonds.

The sensitivity to spread risk is measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. The volatility adjustment 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 19 bps in 2024 (2023: 17 bps).

Solvency II sensitivities - spread risk

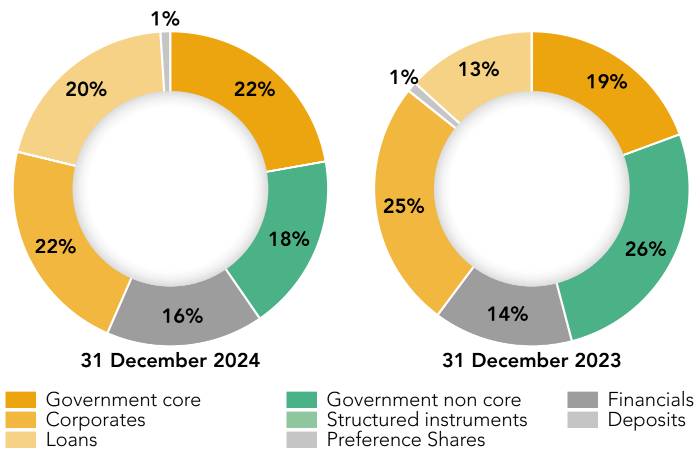
Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Spread +75 bp / VA +19bp (2023: VA +17bp)	+1	+1	-	+1	+2	+2

Composition of fixed income portfolio

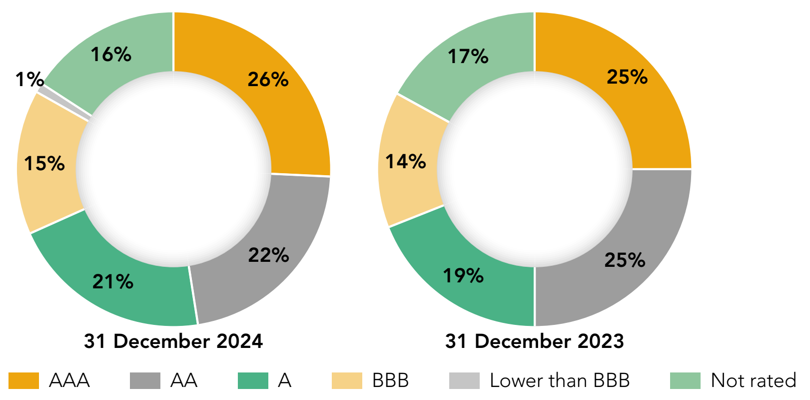
Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have 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 € 5,491 million (2023: € 5,404 million).

Composition of fixed income portfolio by sector



Composition of 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 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 per year-end 2024.

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 default 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

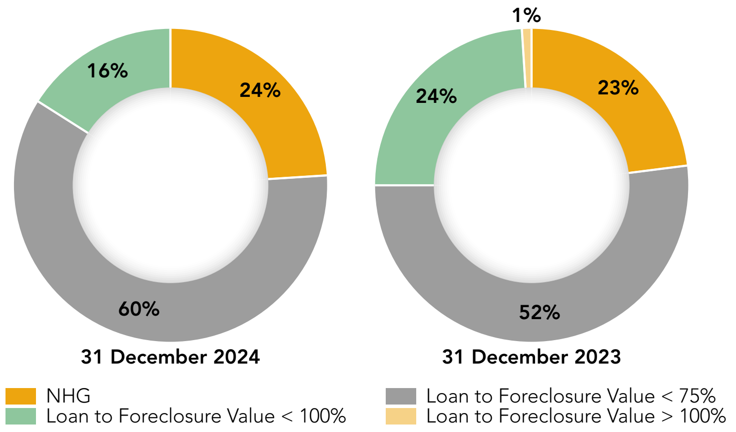
	31 December 2024	31 December 2023
Type 1	23	19
Type 2	46	45
Diversification (negative)	-4	-4
Total	**65**	**61**

In 2024 the SCR Counterparty Default risk has increased with € 4 million. This increase is mainly the result of a higher cash position.

C.3.1 Mortgages

Mortgages are granted for the account and risk of third parties and for a.s.r. non-life's own account. The a.s.r. non-life portfolio consists only of Dutch mortgages with a limited counterparty default risk. The fair value of a.s.r. non-life's mortgage portfolio was € 2,821 million at year-end 2024 (2023: € 2,698 million[1]). This increase is mainly due to lower market rates for mortgages.

Composition of mortgage portfolio



The Loan-to-Value ratio is based on the value of the mortgage according to the Solvency II principals with respect to the a.s.r. non-life calculated collateral.

The percentage of mortgages which are in arrears for over three months remained stable at 0.04% in 2024 (2023: 0.04%).

C.3.2 Savings-linked mortgage loans

a.s.r. non-life has no saving loans on the balance sheet.

C.3.3 Derivatives

a.s.r. non-life has a small portfolio of (i) interest rate swaps and (ii) put options to manage equity risk.

C.3.4 Reinsurance

When entering into reinsurance contracts for fire and catastrophe, a.s.r. requires the counterparty to be rated at least single A. With respect to long-tail business and other sectors, the minimum permitted rating is single A.

1 The 2023 figure is adjusted compared to the 2023 report (€ 2,388 million) for participations in Aegon mortgages (impact € +310 million).

Composition reinsurance counterparties by rating

	31 December 2024	31 December 2023
AAA	0%	0%
AA	83%	84%
A	17%	16%
NR	0%	0%
Total	**100%**	**100%**

The table shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2024 was € 219 million (2023: € 225 million).

C.3.5 Receivables

The receivables with a counterparty default risk amounted to € 400 million at year-end 2024. This mainly consits of insurance and intermediaries receivables (€ 144 million) and other (non-insurance) receivables (€ 237 million).

C.3.6 Cash and cash equivalents

The current accounts amounted € 255 million in 2024 (2023: € 162 million).

Composition cash accounts by rating

	31 December 2024	31 December 2023
AAA	0	0
AA	0	0
A	255	162
Lower than A	0	0
Total	**255**	**162**

a.s.r. non-life had no deposits in scope of counterparty default risk.

C.4 Liquidity risk

Liquidity risk is the risk that a.s.r. non-life 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. non-life and is therefore separately discussed.

a.s.r. non-life 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.

a.s.r. non-life experienced changes in the liquidity position as a result of cash variation margin in- and outflow related to the ISDA/CSA- and Clearing agreements of derivatives. Cash outflow was financed by returning earlier received cash collateral to counterparties. As at 31 December 2024 a.s.r. non-life remained a net payer of cash collateral. Other sources of liquidity risk are (unexpected) catastrophe risk. a.s.r. monitors its liquidity risk via different risk reporting and monitoring processes including cash management reports, cash flow forecasts and liquidity dashboards in which liquidity outflows are calculated for different stress scenarios. For long-term liquidity management purposes, liquidity is also taken into account in the strategic asset allocation process.

a.s.r. non-life'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 overnight liquidity (directly available) 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. non-life 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 to meet liquidity requirements. As at 31 December 2024, a.s.r. non-life had cash (€ 341 million), liquid government bonds (€ 2,159 million) and other bonds and shares.

EPIFP

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 2024	31 December 2023
EPIFP	727	636

The EPIFP increased € 91 million, mainly driven by decreased interest rates and higher profitability for group disability insurance, fire portfolio and other motor insurance.

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 2024	31 December 2023
SCR operational risk - required capital	132	107

The SCR for operational risk amounts to € 132 million at year-end 2024 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.

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

Not applicable for a.s.r. non-life.

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 insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

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

To limit risk concentration, reinsurance contracts are placed with various reinsurance companies. a.s.r. requires the counterparties to be rated at least single A-. The reinsurance programme has remained largely the same as in previous years in terms of cover and limits.

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 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 Budgets are calculated on a quarterly basis by Group Finance (GF), taking into account the Risk Appetite Framework. Group Risk Management (GRM), acting as the second line, is responsible for the review. Internal Audit acts as the third line.

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 the Policy on Responsible Investments) 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 purposes are described. Separately for each material class of assets a quantitative and qualitative explanation of any material difference between the valuation for solvency purposes and valuation in the financial statements. When accounting principles are equal or when line items are not material, some 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 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 equity.

Reconciliation IFRS balance sheet and Solvency II balance sheet

Balance sheet	31 December 2024 IFRS	Revaluation	31 December 2024 Solvency II
1. Deferred acquisition costs	-	-	-
2. Intangible assets	-	-	-
3. Deferred tax assets	-	-	-
4. Property, plant, and equipment held for own use	-	-	-
5. Investments - Property (other than for own use)	33	-	33
6. Investments - Equity	4,353	-	4,353
7. Investments - Bonds	4,016	-	4,016
8. Investments - Derivatives	106	-	106
9. Unit-linked investments	-	-	-
10. Loans and mortgages	1,752	-	1,752
11. Reinsurance	277	-13	264
12. Cash and cash equivalents	341	-	341
13. Any other assets, not elsewhere shown	297	143	440
Total assets	**11,174**	**131**	**11,305**
14. Technical provisions (best estimates)	7,790	-429	7,361
15. Technical provisions (risk margin)	-	698	698
16. Unit-linked best estimate	-	-	-
17. Unit-linked risk margin	-	-	-
18. Pension benefit obligations	-	-	-
19. Deferred tax liabilities	195	-70	125
20. Subordinated liabilities	-	-	-
21. Other liabilities	360	133	494
Total liabilities	**8,346**	**333**	**8,678**
Excess of assets over liabilities	**2,829**	**-202**	**2,627**

D.1 Assets

Valuation of most financial assets is based on fair value. In the following paragraph, 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.

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

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

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. non-life records a DTL on the balance sheet per year-end 2024.

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.

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).

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
Not applicable for a.s.r. non-life.

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. For the purpose of both IFRS and Solvency II, both the insurance policy and the loans are measured at fair value, allowing for any securities the insurer receives on the funds deposited with the bank. The liability is measured separately (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 risk profile of contract and corrects it for initial costs.

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. non-life that transfer significant insurance risks from the policyholder to a.s.r. non-life.

The following lines of business are distinguished:
- Health insurance (both NSLT as SLT);
- Non-life insurance.

In this paragraph line items 14+15 from the simplified balance-sheet above are described. In the following lines of business a.s.r. non-life is active: Health NSLT Income Protection, Property and Casualty, and Health SLT Income Protection.

D.2.2 Technical provisions methods

D.2.2.1 Income protection insurance (NSLT)

The provisions for Income protection insurance have been determined making allowance for the following four homogeneous risk groups:
- Sickness absence insurance, "Provinciaal"
- Sickness absence insurance, "Volmachten"
- Accident, "Provinciaal"
- Accident, "Volmachten"

"Volmachten" concerns a liability for which we take over the risk by proxy from another undertaking.

The outstanding claims provision is determined by making an estimate of the expected future benefits per homogeneous risk group (HRG). This is done on a chain ladder method.

The premium provision is determined per HRG and relates to future claim periods in which future profits are based on the Best estimate assumptions.

The contract boundary of the Health NSLT policies is determined at the expiration date of the contract. For contracts, that would expire within a month after the reporting date, the contract boundary is considered as the expiration date of the contract after one extension of the contract. For the calculation of the premium risk volume measure, only the realized premiums in the current year and the expected premiums in the following year are considered. The premiums after the following year are considered to be not material, because for the Ziekteverzuim product only new production has a longer contract period than one year. The premiums after the following year for the Ongevallen product are also considered not to be material, because of the size of the Ongevallen portfolio.

Risk margin methodology

The risk margin is determined using the Cost of Capital (CoC) method, using a CoC rate of 6%, in line with the Delegated Regulation. The risk margin is based on the SCR of all insurance risks, operational risk and counterparty default risk for all reinsurance arrangements.

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. The SCRs are aggregated in each future year, making allowance for the correlations between risks using correlation factors as defined in the standard model.

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

D.2.2.2 Property and casualty

Claim provisions

The best estimate for the provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. The best estimate is calculated as the present value of expected outgoing cash flows, which consists of the cash flows for claims payments and expenses. The undiscounted claim provision is determined using chain-ladder techniques. For the determination of the net best estimate for the claim provision, the impact of reinsurance is taken into account.

Premium provisions

The best estimate for the premium provision relates to the future claim events falling within the contract boundary (see below). The best estimate is calculated as the present value of expected incoming and outgoing cash flows based on expected claim events till the end of the contract, for liabilities after valuation date. The cash flows arise from the unearned premium and the future premium of existing contracts. Within the future premium the recognition is taken into account. The expected incoming cash flow is based on the future premium income. The expected outgoing cash flows include commissions payments, service charges, claims handling costs and claims payments. The estimates for claims payments are derived from the (triangle)analyses used to determine the claim provision. The assumptions for service charges, claims handling costs and commissions payments are based on the Forecast and Multi-Year Budget. For the determination of the net best estimate for the premium provision, the impact of reinsurance is taken into account.

Expense provisions

The technical provision (claim) also include a provision for claims handling costs. The methodology used for projecting the claims handling costs is based on the development of the number of open claims. For the reference year, the total of (direct and indirect) claims handling costs is allocated per homogeneous risk group. Per homogeneous risk group, the average costs per handled claim in the reference year is derived. A projection for the future expenses for claims handling is made based on the expected percentage of the remaining (open) claims per future calendar year.

Risk margin methodology
The risk margin is determined using the Cost of Capital (CoC) method, using a CoC rate of 6%, in line with the Delegated Regulation. The risk margin is based on the SCR of all insurance risks, operational risk and counterparty default risk for all reinsurance arrangements.

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. The SCRs are aggregated in each future year, making allowance for the correlations between risks using correlation factors as defined in the standard model.

The risks that are factored into the risk margin are catastrophe risk, premium and reserve risk, lapse risk, counterparty default risk and operational risk.

Composition of homogeneous risk group
A homogeneous risk group (HRG) encompasses a collection of policies with similar risk characteristics, which are generally recorded separately. This is also the level at which outstanding claims provisions are tested. This grouping has been defined specifically for a.s.r.'s non-life business. An HRG grouping is a refinement of the usual Solvency II grouping; this involves a breakdown of the Solvency II grouping by distribution channel and commercial or private lines. For motor vehicle liability and fire other damage a further breakdown has been made for the largest products.

Contract boundaries
The contract boundaries have been determined according to article 18 of the Delegated Regulation. By calculating the best estimates of the premium provisions, contract boundaries and recognition are taken into account. This means that only contracts have been taken into account of which a.s.r. does not have the unilateral right to cancel the contract, reject premiums or amend premiums or benefits to reflect the underlying risk at some future point in time. Specifically this implies that future premiums of existing contracts are taken into account till the end of the contractual term. In addition, future premiums of contracts with an expiration date within 2 months after the valuation date are taken into account (recognition).

D.2.2.3 Health insurance contracts (SLT)
The provision has been determined making allowance for the following four homogeneous risk group and is applicable for Solvency II:
1. Disability Insurance (Individual)
2. WGA-ERD Insurance
3. WIA related disability Insurance
4. WAO-Gat Insurance

Contract boundaries
The contract boundaries have been determined according to article 18 of the Delegated Regulation. The following distinction is made: Health SLT with an individual medical risk assessment, Health SLT without an individual medical risk assessment and Health NSLT.

In the portfolio with Individual contracts, the contract boundary is the end age because the contracts are non-cancellable and premiums cannot be adjusted to an adequate level at the individual level.

The contract boundary of the Health SLT policies with an individual risk assessment (Individueel) is determined at the last date that a payment could be made; for these policies, renewals are considered to be within the contract boundary.

In the portfolio without individual contracts (Collectief), the contract boundary is the expiration date because premiums can be adjusted to an adequate level at portfolio level.

The contract boundary of the Health SLT policies without an individual risk assessment (Collectief) is determined at the expiration date of the contract. For contracts, that would expire within a month after the reporting date, the contract boundary is considered as the expiration date of the contract after one extension of the contract.

Health SLT insurances (AOV and WIA) are considered as life insurance obligations. Health NSLT insurances (Ziekteverzuim and Ongevallen) are considered as non-life insurance obligations.

Outstanding claims and premium provisions
The best estimates of the regular payments are calculated on an item-by-item basis (homogeneous risk groups 1-6) or using an approximation method (see simplifications for parts of homogeneous risk group 3 and 6, paragraph 3.2.5). The technical provision is made up of the expected value (i.e. best estimate) of the provisions plus a risk margin. The expected value is calculated based on the present value of the cash flows from the best estimate settlement of the portfolio, making allowance for realistic assumptions with respect to mortality, disability, rehabilitation, lapse and expenses based on own data.

- Assumptions with respect to disability for the first and second homogeneous risk group (individual, self employed or employed persons) are based on observations from our own portfolio.
- For the WAO products no rehabilitation is assumed (homogeneous risk groups 3-5).
- Assumptions with respect to the WIA-products (homogeneous risk group 6) are based on the report "Kansenstelsel WGA-ERD" written by "Verbond van Verzekeraars" and multiplicative factors based on observations from our own portfolio.

Expense
The total of expenses allocated to the modelled insurance activities in scope are based on the Multi Year Budget. They include business operating costs (exclusive acquisition costs), investments costs and group head office expenses.

Expense allocation
Costs are allocated in line with IFRS financial statements. Costs are carefully allocated using cost apportionment keys. This also applies to the cost allocations to the various products. Cost allocation is documented and reported.

Risk margin methodology
The risk margin is determined using the Cost of Capital (CoC) method, using a CoC rate of 6%, in line with the Delegated Regulation. The risk margin is based on the SCR of all insurance risks, operational risk and counterparty default risk for all reinsurance arrangements.

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. The SCRs are aggregated in each future year, making allowance for the correlations between risks using correlation factors as defined in the standard model.

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

The validated risk driver consists of the Best Estimate present value of premiums and payments for active and inactive policyholders, such that the SCR on future projection moment t can be calculated as the SCR on extraction date multiplied by the value of the risk driver on time t divided by the valuation risk driver at time 0. This is proven to be the most representative risk driver compared to an exact calculation of the projected SCR.

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. non-life.

Impact of applying VA = 0 bps

	VA = 23 bps	VA = 20 bps	VA = 0 bps		Impact	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
TP	8,059	7,578	8,197	7,688	138	110
SCR	1,684	1,516	1,685	1,519	1	2
MCR	758	682	758	683	0	1
Basic own funds (total)	2,627	2,327	2,524	2,245	-102	-82
Eligible own funds	2,627	2,327	2,524	2,245	-102	-82

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. As part of the second line Model Validation performs independent validations on the used models which are discussed and approved by the Model Committee. In addition, FRM, in its role as the second line, performs an independent internal review of the technical provisions as described in the previous phase.

D.2.4 Reinsurance and special purpose vehicles (SPVs)
Contracts that transfer a significant insurance risk from a.s.r. non-life 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. non-life assesses whether objective evidence of impairment exists. If a reinsurance asset is impaired, its carrying amount is reduced to its recoverable amount. So current receivables from reinsurers are valued comparable with IFRS.

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

For the Best Estimates technical provisions the ratio of the total net and gross provision is used and is projected on the total gross Best Estimate provision to derive the net Best Estimate provision.

Health
The Individual Health SLT portfolio and a small part of the Group Health SLT portfolio is reinsured by a reinsurance contract. For the a.s.r. part of the portfolio this consists of inactive contracts only, for the Aegon part there is one remaining contract active until 1-1-2026. The reinsuring cash flows concern existing claims and are calculated separately in the cash flows models. The reinsured best estimate is € 170 million.

The Health NSLT portfolio is not reinsured.

Special purpose vehicles
a.s.r. non-life does not make use of SPVs.

D.2.5 Technical provisions

In this table a reconciliation is made between the Solvency II and the IFRS17 valuation of provisions. Solvency figures are part of the balance sheet S.02.01. The next paragraph describes a brief explanation of these differences.

Provisions IFRS versus Solvency II

31 December 2024	IFRS	Revaluation	Solvency II
Non-life			
Best estimate	-		1,872
Risk margin	-		108
Technical provision	**2,339**	**-359**	**1,980**
Similar to non-life			
Best estimate	-		521
Risk margin	-		45
Technical provision	**586**	**-20**	**566**
Similar to life			
Best estimate	-		4,968
Risk margin	-		545
Technical provision	**4,865**	**648**	**5,513**

The IFRS17 technical provisions do not include the CSM.

D.2.6 Reconciliation between IFRS and Solvency II

Under Solvency II, the technical provisions are calculated using similar methods compared to IFRS17. In this section the reconciliation between IFRS 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
- Recognition of profitable contracts
- 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
- Different diversification effects

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 valuation 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
Not applicable for a.s.r. non-life.

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

20. Subordinated liabilities
Not applicable for a.s.r. non-life.

21. Other liabilities
Other Liabilities contains different small line items:

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

Subsequent valuation has to be consistent with the requirements of Article 75 of the Solvency II directive. Therefore, no subsequent 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 subsequently. 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 recognized 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 recognized 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.

The a.s.r. non-life Solvency II capital ratio does not include contingent liabilities.

D.3.2 Reconciliation from Solvency II equity to EOF
The differences described in the above sections are the basis for the reconciliation of IFRS equity to equity Solvency II. To reconciliate from Solvency II Equity to EOF, the following movements are taken into consideration:

Subordinated liabilities
Not applicable for a.s.r. non-life.

Foreseeable dividends and distributions
Not applicable for a.s.r. non-life.

Deductions for participations in financial and credit institutions
Participations in financial and credit institutions exceeding 10% are not supervised by the Solvency II framework and are therefore excluded from the eligible own fund items.

Tier 3 Limitations In accordance with the Delegated Regulation EOF is divided in tiering components. There are boundary conditions related to the size of these components. Excess of this limits results in capping of EOF. For a.s.r. non-life capping does not apply per the fourth quarter of 2024.

D.4 Alternative methods for valuation

a.s.r. non-life does not apply alternative methods for valuation.

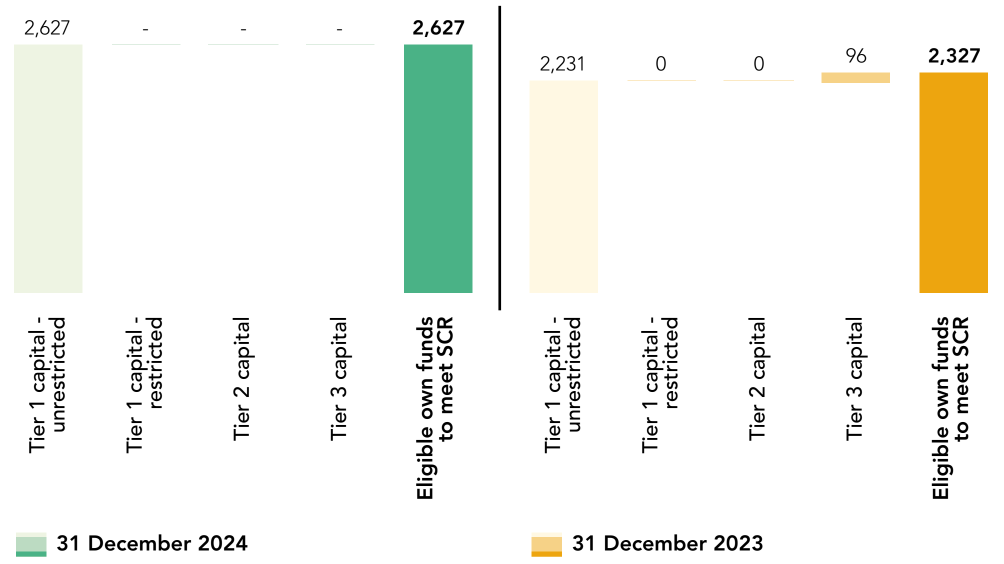
D.5 Any other information

Not applicable for a.s.r. non-life.

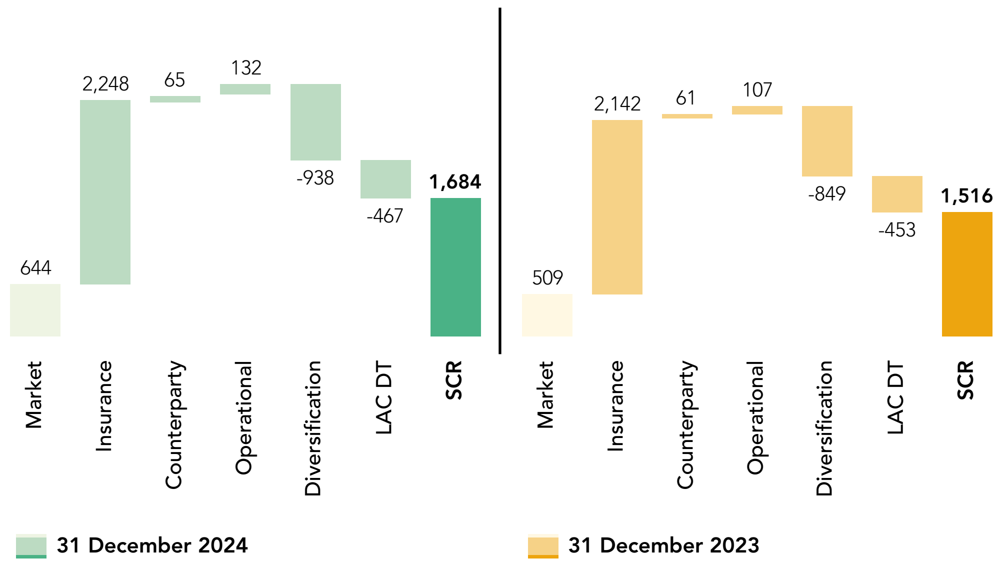
E Capital management

Key figures

Eligible own Funds



SCR



The solvency ratio stood at 156% as at 31 December 2024 (2023: 153%) based on the standard formula as a result of € 2,627 million EOF and € 1,684 million SCR.

Reconciliation IFRS equity to SII EOF

	31 December 2024	31 December 2023
IFRS equity	2,829	2,559
Adjustments	0	0
Elimination intangible assets	0	0
Gross revaluation insurance liabilities	-260	-301
Other revaluations	58	69
Excess of assets over liabilities	**2,627**	**2,327**
Subordinated liabilities in OF	0	0
Other EOF items	0	0
Eligible own funds to meet SCR	**2,627**	**2,327**

The table presents the reconciliation of IFRS equity to the solvency II. 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), this is not applicable for a.s.r. non-life;
- Elimination of intangible assets, such as goodwill, as this is not recognised under Solvency II, this is not applicable for a.s.r. non-life;
- Gross revaluation of insurance liabilities due to differences between IFRS 17 and SII, such as the applied yield curve. This is before tax-impact of 25.8%;
- Other revaluations for example deferred taxes;
- The addition of subordinated liabilities and other equity instruments (excluding any discretionary interest), this is not applicable for a.s.r. non-life;
- Other EOF items, for example foreseeable dividend and non-available minority interest, this is not applicable for a.s.r. non-life.

E.1 Own funds

E.1.1 Capital management objectives

Management

Overall capital management is administered at group level. a.s.r. currently plans to consider investing capital above the Solvency II ratio (calculated based on the partial internal model)) of 160% (management threshold level) with the objective of creating value for its shareholders. If and when a.s.r. operates at a level considerably above the management threshold level and it believes that it cannot invest this capital in value-creating opportunities for a prolonged period of time, it may decide to return (part of this) capital to shareholders. If a.s.r. chooses to return capital, it plans to do so in a form that is efficient for shareholders at that time. a.s.r. actively manages its in-force business, which is expected to result in free capital generation over time. Additionally, business improvement and balance sheet restructuring should improve the capital generation capacity while advancing the risk profile of the company. The legal entities are individually capitalised and excess capital over management's targets for the legal entities is intended to be up-streamed to the holding company as far as is needed for amongst others covering external dividend, coupon payments on hybrids/senior financing instruments and holding costs and in so far the local regulations and the internal risk appetite statement allow.

Objectives

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

The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. non-life as formulated in the risk appetite statement is 110%. The lower limit solvency target is 125%. The management threshold level for the solvency ratio is above 140%. The solvency ratio stood at 156% at 31 December 2024, which was above the internal requirement of 110% and the management threshold level of 140%.

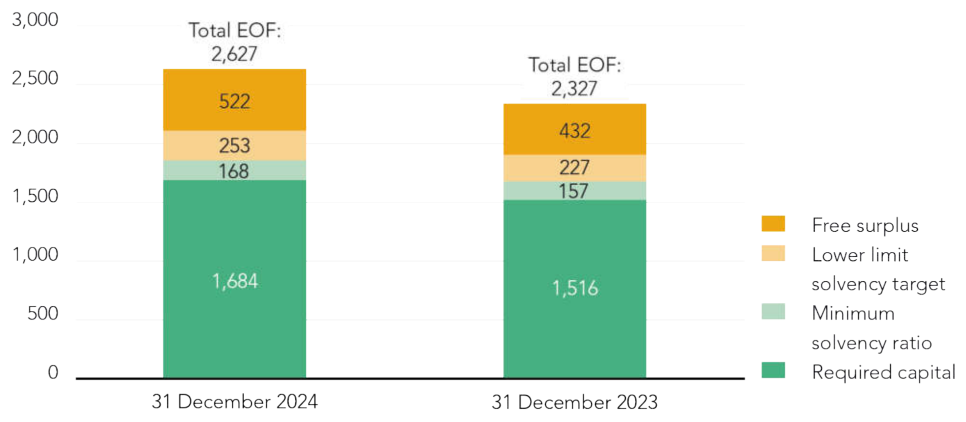
The capital policy of a.s.r. focuses on the best possible use of available capital within the group and the different entities. In doing so, a.s.r. applies two principles: i) dividend distributions and capital contributions from or to a.s.r. non-life are made to satisfy the defined targets for capital, own funds and liquidity positions, and ii) available capital is maintained at a.s.r. non-life for the creation of return and capital generation.

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. If a.s.r. non-life elects to return capital, it intends to do so in the form that is efficient for shareholders at that time. In 2024, € 126 million dividend upstream took place (2023: € 259 million).

The following table shows how the eligible own funds of a.s.r. non-life relate to the different capital targets.

Market value own funds under SCR

Millions



E.1.2 Tiering own funds

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

- Tier 1 capital consists of Ordinary Share Capital and Reconciliation reserve.
- 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. non-life has no ancillary own fund items.
- Tier 3 consists of Deferred tax assets. a.s.r. non-life has no Tier 3 own fund items at year-end 2024 (2023: € 96 million).

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 2024	31 December 2023
Tier 1 capital - unrestricted	2,627	2,231
Tier 1 capital - restricted	-	0
Tier 2 capital	-	0
Tier 3 capital	-	96
Eligible own funds to meet SCR	**2,627**	**2,327**

E.1.3 Own funds versus MCR

The MCR calculation is based on the standard formula.

Eligible Own Funds to meet the MCR

	31 December 2024	31 December 2023
Tier 1 capital - unrestricted	2,627	2,231
Tier 1 capital - restricted	-	0
Tier 2 capital	-	0
Tier 3 capital	-	0
Eligible own funds to meet MCR	**2,627**	**2,231**

The total amount of EOF to cover the MCR is lower than the EOF to cover the SCR, as part of Tier 2 capital and Tier 3 (this only applies to 2023, as per year-end 2024 Tier 3 capital is nil) is not considered eligible to meet MCR.

E.1.4 List of hybrid loans

There are no hybrid loans at a.s.r. non-life.

E.2 Solvency Capital Requirement

Capital requirement

The required capital stood at € 1,684 million per 31 December 2024. The required capital (before diversification) consists for € 644 million out of market risk, € 65 million counterparty risk and the insurance risk amounted to € 2,248 million as per 31 December 2024.

The table below presents the solvency ratio as at the date indicated. The Solvency II ratios presented are not final until filed with the regulators.

Solvency II ratio

	31 December 2024	31 December 2023
Eligible Own Funds Solvency II	2,627	2,327
Required capital	1,684	1,516
Solvency II ratio	**156%**	**153%**

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. non-life included a beneficial effect on its solvency ratio(s) due to the application of the LAC DT. The LAC DT benefit of a.s.r. non-life amounted to € 467 million (2023: € 453 million).

Furthermore, the a.s.r. SCR includes LAC TP which 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 amounted to € 10 million at year-end 2024 (2023: € 8 million).

On 8 January 2025, the amendments to the Solvency II Directive have been published in the Official Journal of the European Union. The changes contained in the amended Directive must be incorporated into national legislation by 29 January 2027, and become applicable to insurers as of 30 January 2027.

The 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 Dynamic volatility Adjustment (DVA) and the long term impact of the climate change transition plan on the SII requirements. 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. non-life on 12 November 2024.

Ratings

Ratings Standard & Poor's	Type	Rating	Outlook	Rating & outlook since
ASR Schadeverzekering N.V.	IFSR	A	Positive	12 September 2024
ASR Schadeverzekering N.V.	ICR	A	Positive	12 September 2024

ICR: Issuer Credit Rating

IFSR: Insurer Financial Strength Rating

Rating reports can be found on the a.s.r. website: http://asrnl.com/investor-relations/ratings.

E.2.1 Minimum Capital Requirement

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.

	Charge	Capital at Risk 2024	MCR 2024	Capital at Risk 2023	MCR 2023
Motor vehicle liability insurance and proportional reinsurance - Written Premiums	9.4%	587	55	520	49
Other motor insurance and proportional reinsurance - Technical provisions	7.5%	16	1	38	3
Other motor insurance and proportional reinsurance - Written Premiums	7.5%	417	31	379	28
Marine, aviation and transport insurance and proportional reinsurance - Technical provisions	10.3%	31	3	31	3
Marine, aviation and transport insurance and proportional reinsurance - Written Premiums	14.0%	53	7	51	7
Fire and other damage to property insurance and proportional reinsurance - Technical provisions	9.4%	152	14	155	15
Fire and other damage to property insurance and proportional reinsurance - Written Premiums	7.5%	606	45	512	38
General liability insurance and proportional reinsurance - Technical provisions	10.3%	291	30	269	28
General liability insurance and proportional reinsurance - Written Premiums	13.1%	153	20	130	17
Credit and suretyship insurance and proportional reinsurance - Technical provisions	17.7%	9	2	9	2
Credit and suretyship insurance and proportional reinsurance - Written Premiums	11.3%	3	0	3	0
Legal expenses insurance and proportional reinsurance - Technical provisions	11.3%	2	0	0	0
Legal expenses insurance and proportional reinsurance - Written Premiums	6.6%	26	2	13	1
Assistance and proportional reinsurance - Technical provisions	18.6%	0	0	0	0
Assistance and proportional reinsurance - Written Premiums	8.5%	3	0	7	1

	Charge	Capital at Risk 2024	MCR 2024	Capital at Risk 2023	MCR 2023
Miscellaneous financial loss insurance and proportional reinsurance - Technical provisions	18.6%	8	1	10	2
Miscellaneous financial loss insurance and proportional reinsurance - Written Premiums	12.2%	104	13	89	11
Total			**469**		**421**

Components MCR (Similar to Life)

	Charge	Capital at Risk 2024	MCR 2024	Capital at Risk 2023	MCR 2023
Obligations with profit participation - guaranteed benefits	3.70%	-	-	-	-
Obligations with profit participation - future discretionary benefits	-5.20%	-	-	-	-
Index-linked and unit-linked insurance obligations	0.70%	-	-	-	-
Other life (re)insurance and health (re)insurance obligations	2.10%	4,797	101	4,498	94
Total capital at risk for all life (re)insurance obligations	0.07%	381,597	267	605,992	424
Total			**368**		**519**

The MCR has been determined as the sum of the components, leading to a linear MCR of € 837 million. In case of negative Technical provisions the Capital at Risk is capped at zero.

The MCR contains a minimum of 25% and a maximum of 45% of the SCR, as stipulated in article 292(2)(g) of the Delegated Regulation. The MCR for a.s.r. non-life after applying the cap is € 758 million.

Minimum Capital Required Ratio

	31 December 2024	31 December 2023
Eligible own funds to meet MCR	**2,627**	**2,231**
Minimum Capital Requirement	758	682
MCR ratio	**347%**	**327%**

a.s.r. non-life meets the minimum capital requirement.

E.3 Use of standard equity risk sub-module in calculation of Solvency Capital Requirement

a.s.r. applies the Standard equity risk sub-module according article 168 and 169 of the Delegated Acts. In this module a.s.r. recognises four types of equities:

- Equities Type 1
- Equities Type 2
- Strategic Participations
- Qualifying infrastructure equities

Article 170, which describes the Duration-based equity risk sub-module, is not applied by a.s.r. non-life

Article 171a, which describes the long-term equity investments module, is not applied by a.s.r. non-life

E.4 Differences between Standard Formula and internal models

a.s.r. non-life solvency is governed by a standard formula, rather than the self-developed internal model. The Executive Board believes that this should enhance transparency and consistent interpretation.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

As a.s.r. non-life 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.

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