Interim report

2021

For the first half year

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

ASR Nederland N.V.

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

www.asrnl.com

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ASR Nederland N.V. and its group companies are hereinafter referred to as 'a.s.r.' or 'the Group', except when referring to the legal entity ASR Nederland N.V.

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1.1 Financial and business performance HY 2021

ASR Nederland N.V.

a.s.r. key figures

(in € million, unless stated otherwise)	HY 2021	HY 2020	Delta (%)
Operating result	**536**	**446**	**20.2%**
- Non-life	179	124	44.8%
- Life	379	361	4.9%
- Asset Management	17	15	19.5%
- Distribution and Services	16	13	23.1%
- Holding and Other / Eliminations	-56	-67	-16.4%
Incidental items (not included in operating result)	**38**	**-149**	**n.m.**[1]
- Investment income	53	2	n.m.
- Incidentals	-15	-151	-90.1%
Result before tax	**574**	**296**	**93.5%**
- Non-life	169	112	51.3%
- Life	399	236	68.9%
- Asset Management	17	14	26.1%
- Distribution and Services	12	12	2.4%
- Holding and Other / Eliminations	-24	-77	-69.4%
Income tax expense	-122	-62	98.3%
Result for the period from continuing operations, after tax	451	235	92.3%
Result for the period from discontinued operations, after tax	-	-1	n.m.
Non-controlling interest	-3	1	n.m.
Result for the period attributable to holders of equity instruments	**454**	**233**	**95.1%**
Organic capital creation (OCC)	**372**	**298**	**24.8%**
Operating return on equity	**17.8%**	**15.0%**	**2.8%-p**
Return on equity	15.4%	8.0%	7.3%-p
Earnings per share			
Operating result per share (€)	2.81	2.25	25.0%
Dividend per share (€)	0.82	0.76	7.9%
Basic earnings per share on IFRS basis (€)	3.24	1.59	104.1%
Gross written premiums	**3,298**	**2,978**	**10.7%**
- Non-life	2,416	2,128	13.5%
- Life	928	1,009	-8.0%
- Eliminations	-45	-159	-71.6%

1 n.m.: not meaningful

(in € million, unless stated otherwise)	HY 2021	HY 2020	Delta (%)
Operating expenses	**-346**	**-337**	**2.6%**
- Non-life	-132	-124	6.5%
- Life	-83	-89	-7.3%
- Asset Management	-50	-47	7.2%
- Distribution and Services	-45	-33	39.8%
- Holding and Other / Eliminations	-36	-45	-20.4%
Operating expenses associated with ordinary activities	-319	-309	3.3%
Provision for restructuring expenses	-2	-4	-54.2%

	30 June 2021	31 December 2020	Delta (%)
Number of internal FTEs	4,120	4,042	1.9%
Capital management			
Solvency II ratio (standard formula, post proposed (interim) dividend)	197%	199%	-2%-p
Financial leverage	26.3%	28.3%	-2.1%-p
Double leverage	100.3%	103.7%	-3.4%-p
Total equity attributable to holders of equity instruments (IFRS-based)	6,901	6,313	9.3%

Gross written premiums

Gross written premiums increased by 10.7% to € 3,298 million (HY 2021: € 2,978 million). The Non-life segment increased by 13.5%, to € 2,416 million (HY 2020: € 2,128 million) due to organic growth of P&C and Disability (5.2%) and organic growth in Health (43%) due to a substantial growth in the number of customers. The Life segment decreased by 8.0%, to € 928 million (HY 2020: € 1,009 million), partly due to single premium in HY 2020.

Operating result

The operating result increased by € 90 million to € 536 million (HY 2020: € 446 million). The increase reflects a strong Non-life underwriting result, a higher investment margin in the Life segment and improvements in the other segments.

In HY 2021, the (indicative) impact of COVID-19 amounted to € 55 million (HY 2020: € -3 million), driven primarily by lower claims in P&C and a non-recurring benefit in Health, partly offset by higher claims in Disability and lower direct investment income in Life.

The Non-life operating result increased by € 55 million to € 179 million. The increase reflects an improved underlying underwriting result and lower claims due to the development of COVID-19, partly offset by reserve strengthening in P&C. The Health operating result increased due to a combination of business growth and a positive non-recurring result related to COVID-19.

The Life operating result increased by € 18 million to € 379 million, mainly driven by a higher investment margin (€ 16 million), which was partly driven by a lower negative COVID-19 impact.

The operating result of Asset Management increased by € 3 million to € 17 million, driven by an increase in third-party assets under management (AuM), particularly in the Mortgage fund and the Mix funds of the a.s.r. DC product (WerknemersPensioen).

The Distribution and Services operating result increased by € 3 million to € 16 million, mostly driven by acquisitions, expansion of services provided and tariff adjustments.

The operating result of Holding and Other improved by € 11 million, to € -56 million, driven primarily by lower operating expenses as a result of the introduction of a DC pension scheme for a.s.r. employees.

We estimate the damage from the floods in July between € 20 million and € 30 million and this will be included in the result for the second half of this year.

Operating expenses

Operating expenses increased by € 9 million to € 346 million (HY 2020: € 337 million). This increase was driven mainly by acquisitions (€ 12 million): Brand New Day IORP as at 1 April 2021 and the integration of Keerpunt into a.s.r. reintegration & services as at 1 October 2020. In addition, several smaller acquisitions were completed in the Distribution and Services segment, mainly in the second half of last year.

When excluding the impact of acquired businesses, operating expenses decreased by € 3 million. This decrease was driven by the completion of several integration projects (Loyalis, VvAA life, Veherex), lower regulatory costs for the implementation of IFRS17/9 and lower pension costs related to the introduction of the new DC pension scheme for a.s.r. employees. This was partially offset by investments in new initiatives and propositions alongside organic growth, especially in the Asset Management and Non-life segments.

Result before tax

The result before tax increased by € 277 million to € 574 million (HY 2020: € 296 million), mainly due to the higher operating result and improved incidental income (€ 136 million) as a result of non-recurring items in the first half-year of 2020, goodwill impairment in Life and refinement of the calculation methodology of disability insurance in the Pension portfolio. Furthermore, indirect investment income increased (€ 51 million), reflecting the recovery of financial markets this year after the COVID-19 uncertainty in the first half of last year.

With an effective tax rate of 21.3% (HY 2020: 20.8%), net IFRS profit amounted to € 454 million (HY 2020: € 233 million).

Operating return on equity

The operating return on equity increased by 2.8%-points to 17.8% (HY 2020: 15.0%) and is well above the medium-term target range of 12-14%. The increase is largely attributable to the increase in operating result. The IFRS return on equity increased to 15.4% (HY 2020: 8.0%), primarily reflecting the increase of the IFRS net result.

Solvency II ratio and Organic capital creation

The Solvency II ratio, using the standard formula, remained robust at 197% (FY 2020: 199%), including a 4%-points deduction for the regular interim dividend (€ 111 million) and the buy-back of shares (€ 75 million) executed in 2021. Higher interest rates and a stronger contribution of organic capital creation more than offset the negative impact due to the lowering of the UFR (-4%-points impact) and other market and operational movements.

Organic capital creation increased by € 74 million to € 372 million (HY 2020: € 298 million), mainly due to the improved performance in the Non-life segment, which reflects an incidental COVID-19 benefit as well as an increase in excess investment returns.

Dividend and capital distribution

In line with the dividend policy, a.s.r. will pay an interim dividend for 2021 of € 0.82 per share, equal to 40% of the dividend per share over 2020.

Medium-term targets

The table below shows the targets and the performance of a.s.r.

Medium-term targets

Group	HY 2021	Medium-term target
Solvency II-ratio (standard formula)	197%	> 160%
Operating return on equity	17.8%	12% - 14%
Organic capital creation (2021)	€ 372 million	> € 500 million
Financial leverage	26.3%	< 35%
S&P rating (insurance business)	Single A	Single A

Business	HY 2021	Medium-term target
Combined ratio P&C and Disability	90.2%	94% - 96%
Gross written premium P&C and Disability, organic growth	5.2%	3% - 5%
Life operating result	€ 379 million	> € 633 million
Life operating expenses (of basic Life provision)	42 bps	45 – 55 bps
Combined operating result fee based business (Asset Management, Distribution and Services)	€ 34 million	€ 40 million

Non-financial targets	HY 2021	Medium-term target
Net promoter score	48	> 44
Carbon footprint measured of the total investment portfolio	93%	95%
Impact sustainable investments (for own account)	€ 1.9 billion	€ 1.2 billion
Employee contribution to local society (hours), annual growth	-64%	5%

Group and Business targets

a.s.r. is ahead or well on track to achieve the medium-term group and business targets. The current medium-term targets apply until the end of this year. On 7 December 2021, a.s.r. will provide updates of its strategy, its medium-term targets and an overview of relevant business initiatives.

S&P confirmed the Single A rating with a 'stable' outlook for the insurance business in June 2021.

Non-financial targets

a.s.r. employees managed to maintain their strong relationship with customers, resulting in a favourable Net Promoter Score (NPS) of 48 (FY 2020: 49), which is above the target of >44.

The carbon footprint measurement of investments for a.s.r.'s own account, measured as a percentage of the investment portfolio, remained stable at 93% and a.s.r. is on track to achieve this year's target of 95%.

The portfolio of sustainable impact investments increased to € 1.9 billion (FY 2020: € 1.7 billion) and was well above the target for this year (€ 1.2 billion). The portfolio consisted mainly of government and corporate 'impact bonds'.

The target for employee participation in local societal projects was not met during this period and the full-year target is not expected to be achieved this year. The COVID-19 measures resulted in fewer opportunities for a.s.r. employees to work on a.s.r. foundation projects as many projects were put on hold, cancelled or fewer hours could be spent on them.

Non-life segment

Key figures, Non-life segment

(in € million, unless stated otherwise)	HY 2021	HY 2020	Delta
Gross written premiums	2,416	2,128	13.5%
Operating expenses	-132	-124	6.5%
Provision for restructuring expenses	-2	-	n.m.[1]
Operating result	**179**	**124**	**44.8%**
Incidental items (not included in operating result)	**-10**	**-12**	**-17.0%**
- Investment income	1	-6	n.m.
- Incidentals	-11	-6	81.1%
Result before tax	169	112	51.3%
Result for the period attributable to holders of equity instruments	**129**	**94**	**36.7%**

	HY 2021	HY 2020	Delta
Combined ratio P&C and Disability	**90.2%**	**92.9%**	**-2.6%-p**
- Commission ratio	18.8%	19.0%	-0.2%-p
- Cost ratio	8.0%	7.9%	0.1%-p
- Claims ratio	63.5%	66.0%	-2.5%-p
Combined ratio			
- P&C	88.6%	87.8%	0.9%-p
- Disability	92.1%	99.4%	-7.3%-p
- Health	95.4%	98.3%	-2.9%-p

Gross written premiums
Gross written premiums increased by 13.5% (€ 287 million) to € 2,416 million (HY 2020: € 2,128 million), mostly due to organic growth in all business lines. The total organic growth of Disability and P&C combined was 5.2% (€ 86 million), driven by tariff adjustments (in Disability) and increased sales volumes. The growth in Health of 43% (€ 202 million) reflects mainly the commercial success of the newly introduced benefit-in-kind policy.

Operating result
The operating result of the Non-life segment increased by € 55 million to € 179 million, driven mainly by an improvement of claims in Disability and organic growth in the Non-life segment, which more than offsets the reserve strengthening in P&C. The total (indicative) impact of COVID-19 on the HY 2021 result was € 68 million (HY 2020: € 23 million).

Operating expenses
The operating expenses increased by € 8 million to € 132 million, while the cost ratio remained fairly stable at 8%: this related mainly to growth of the premium volume in Disability and Health. In P&C, IT investments led to an increase in the cost ratio.

Combined ratio
The combined ratio of P&C and Disability decreased by 2.6%-points to 90.2%, mostly due to a decrease in the claims ratio. Excluding the COVID-19 impact, the combined ratio improved from 94.5% to 94.1%. The positive impact on P&C decreased slightly, while the negative impact on Disability was reduced as social distancing measures were less restrictive than last year.

In P&C, the combined ratio amounted to 88.6% (HY 2020: 87.8%). The COVID-19 measures still resulted in significantly lower claims, particularly in motor and fire, but less than last year when lockdown measures were more stringent. There was a negative impact from reserve strengthening, primarily related to motor vehicle liability, including the effect from a further, sector-wide, lowering of the actuarial interest rate for personal injury related to a court-ruling earlier this year. The current strengthening reflects the impact of applying negative interest rates instead of a minimum level of 0%. Weather related calamities were on a low level in the first six months of this year.

1 n.m.: not meaningful

In Disability, the combined ratio improved to 92.1% (HY 2020: 99.4%). The underlying performance improved, mainly due to tariff adjustments in the sickness leave portfolio and lower claims. The adverse impact from COVID-19 was less negative compared to last year. Provisions in group disability and sickness leave were strengthened due to new insights into the impact of long-term (psychological) absenteeism after falling ill to COVID-19.

The combined ratio of Health improved by 2.9%-points to 95.4%. The improvement was mainly due to a non-recurring impact related to COVID-19.

Result before tax

The result before tax increased by € 57 million to € 169 million (HY 2020: € 112 million) and was therefore in line with the increase in operating result (€ 55 million). Lower impairments contributed to the € 7 million improvement in indirect investment income.

Life segment

Key figures, Life segment

(in € million, unless stated otherwise)	HY 2021	HY 2020	Delta
Recurring premiums	753	780	-3.4%
Single premiums	175	229	-23.8%
Gross written premiums	928	1,009	-8.0%
Operating expenses	-83	-89	-7.3%
Provision for restructuring expenses	-	-4	n.m.[1]
Operating result	**379**	**361**	**4.9%**
Incidental items (not included in operating result)	**20**	**-125**	**n.m.**
- Investment income	19	-2	n.m.
- Incidentals	1	-123	n.m.
Result before tax	399	236	68.9%
Result for the period attributable to holders of equity instruments	**303**	**182**	**66.5%**
Cost-premium ratio (APE)	8.5%	8.3%	0.2%-p
Life operating expenses on basic life provision (bps) (2020: as at 31 December)	42	45	-3
New business (APE)	61	66	-7.0%

Gross written premiums
The gross written premiums decreased by € 81 million (8.0%) to € 928 million (HY 2020: € 1,009 million), mainly due to single premium in HY 2020 as well as a timing effect of the own pension scheme which will catch-up in the second half of this year. A strong increase in Pension DC partially offset the overall decline in the first half this year. The Pension DC product 'WerknemersPensioen' (Employee Pension) continued its commercial success as the number of active participants increased to 120,000 (FY 2020: circa 105,000). The AuM increased to € 2.4 billion (FY 2020: € 1.9 billion) and premiums rose by € 81 million (31%) to € 342 million.

Operating result
The operating result in the Life segment increased by € 18 million to € 379 million (HY 2020: € 361 million), mainly due to an improved investment margin.

The investment margin improved by € 16 million to € 334 million (HY 2020: € 318 million) driven mainly by a recovery of financial markets, resulting in higher investment income (€ 10 million). In addition, the required interest on technical provisions decreased as a result of the regular run-off in the Life portfolio, especially Individual life, while the direct investment income was kept stable as a result of re-risking initiatives.

The technical result (including result on costs) improved slightly, by € 1 million, due to several non-recurring items partially compensating higher mortality claims and lower cost coverage as a result of the decline of the portfolio.

The total negative (indicative) impact of COVID-19 was estimated at € -13 million (HY 2020: € -25 million), which primarily reflect lower rental income and a negative mortality result.

Operating expenses
The operating expenses decreased by € 6 million to € 83 million (HY 2020: € 89 million), reflecting the efficiency and cost synergies achieved after the completion of insurance portfolio conversions in 2020 (Loyalis and VvAA life) and lower investment charges, which more than offset the additional cost base from the acquisition of Brand New Day IORP (as at 1 April 2021).

In preparation for the pension reforms, which will take full effect on 1 January 2026, an important step was taken in selecting a new SaaS pension platform. This platform offers our customers enhanced digital services and enables a.s.r. to respond more quickly and efficiently to the changing needs of the market while variabilising the costs for the IT platform.

1 n.m.: not meaningful

Life operating expenses, expressed in basis points of the basic life provision, further improved to 42 bps (FY 2020: 45 bps) and outperformed the target range (45-55 bps) for 2021. Operating expenses in relation to the premiums (measured in APE) amounted to 8.5% (HY 2020: 8.3%) and were affected by the timing effect for processing the premiums of the previous DB pension scheme for a.s.r. employees in 2020.

Result before tax

The result before tax increased by € 163 million to € 399 million (HY 2020: € 236 million), driven primarily by an absence of incidental items in HY 2021 (impact € 145 million).

The increase in incidental investment income by € 21 million to € 19 million (HY 2020: € -2 million) reflects the recovery of financial markets this year. The impact of other incidental items increased by € 124 million and was limited to € 1 million due to non-recurring items in HY 2020 related to a goodwill impairment (€ 90 million) and refinement of the calculation methodology for disability insurance in the Pension portfolio (€ 33 million).

Asset Management segment

Key figures, Asset Management segment

(in € million, unless stated otherwise)	HY 2021	HY 2020	Delta
Assets under management for third parties (€ bn), 2020 as at 31 December [1]	25.8	24.3	6.2%
Operating expenses	-50	-47	7.2%
Provision for restructuring expenses	-	-1	n.m.[2]
Operating result	**17**	**15**	**19.5%**
Incidental items (not included in operating result)	**-**	**-1**	**n.m.**
- Investment income	-	-	n.m.
- Incidentals	-	-1	n.m.
Result before tax	17	14	26.1%
Tax	-4	-3	26.0%
Result for the period from continuing operations, after tax	**13**	**10**	**26.2%**
Result for the period from discontinued operations, after tax	-	-1	n.m.
Profit/(loss) for the period attributable to holders of equity instruments	**13**	**9**	**42.8%**

The segment comprises the activities of two main entities: a.s.r. asset management and a.s.r. real estate.

Assets under management

Total AuM for third parties increased by € 1.5 billion, to € 25.8 billion (31 December 2020[1]: € 24.3 billion), which was driven by a continued growth of net inflows into the mortgage funds, inflows in the a.s.r. DC product (WerknemersPensioen) and positive revaluations of the unit linked portfolio as well as the ASR Dutch Core Residential Fund, which were partially offset by negative revaluations in the ASR Dutch Prime Retail Fund.

Operating result

The operating result of the Asset Management segment increased by € 3 million to € 17 million (HY 2020: € 15 million) due to higher fee income resulting from the inflow of external AuM. COVID-19 had no direct impact on the operating result of the Asset Management segment.

Mortgage origination amounted to € 2.6 billion, € 0.9 billion of which was allocated to the ASR Mortgage Fund and € 0.5 billion of which to the ASR Separate Account Mortgage Fund. Payment arrears of more than 90 days on the mortgage portfolio remained stable, at 0.03% (FY 2020: 0.03%). Credit losses on mortgages remained at a very low level of 0.09 bps (FY 2020: 0.07 bps).

Operating expenses

The operating expenses increased by € 3 million to € 50 million (HY 2020: € 47 million), driven by top-line growth and the decision to insource the management of residential property and higher personnel costs.

The management cost ratio for a.s.r. mortgages as at HY 2021 improved to 8.6 bps (FY 2020: 9.7 bps) as a result of economies of scale.

1 Restated for investments at own risk in external funds; from this point onwards excluded from assets under management for third parties.
2 n.m.: not meaningful

Distribution and Services segment

Key figures, Distribution and Services segment

(in € million)	HY 2021	HY 2020	Delta
Total income	62	48	30.4%
Operating expenses	-45	-33	39.8%
Provision for restructuring expenses	-	-	
Operating result	**16**	**13**	23.1%
Incidental items (not included in operating result)	**-4**	**-1**	n.m.[1]
- Investment income	-	-	n.m.
- Incidentals	-4	-1	n.m.
Result before tax	12	12	2.4%
Tax	-3	-3	-2.6%
Result for the period attributable to holders of equity instruments	**9**	**9**	**4.2%**

Total income
Total income increased by € 14 million to € 62 million (HY 2020: € 48 million). This increase was driven by acquisitions, organic business growth in various portfolios and selective tariff adjustments. The range of services provided was further broadened by adding several (smaller) distribution partners and service providers.

Operating result
The operating result of the Distribution and Services segment increased by € 3 million to € 16 million (HY 2020: € 13 million). This increase was driven by the contribution of acquisitions and expansion of services, which also increased total income.

COVID-19 had no direct impact on the operating result of the Distribution and Services segment.

Operating expenses
Operating expenses increased by € 13 million to € 45 million (HY 2020: € 33 million). This increase was mainly due to acquisitions, organic growth of the business and integration costs.

Result before tax
The IFRS result before tax remained stable at € 12 million (HY 2020: € 12 million). The increase in operating result by € 3 million was offset by several incidental charges (€ 3 million), including start-up costs for the a.s.r. Vitality programme.

1 n.m.: not meaningful

Holding and Other segment (including eliminations)

Key figures, Holding and Other segment / Eliminations

(in € million)	HY 2021	HY 2020	Delta
Operating expenses	-36	-45	-20.4%
Provision for restructuring expenses	-	-	-
Operating result	**-56**	**-67**	**-16.4%**
Incidental items (not included in operating result)	**33**	**-10**	**n.m.**[1]
- Investment income	33	10	n.m.
- Incidentals	-	-20	n.m.
Result before tax	-24	-77	-69.4%
Tax	20	16	27.8%
Non-controlling interest	-3	1	n.m.
Result for the period attributable to holders of equity instruments	**-**	**-62**	**-99.6%**

Operating result
The operating result increased by € 11 million to € -56 million (HY 2020: € -67 million), mainly as a result of lower pension costs related to the new DC pension scheme for a.s.r. employees.

The operating result also includes interest charges of € 22 million (HY 2020: € 22 million) for two subordinated liabilities (Tier 2 notes).

Operating expenses
The operating expenses decreased by € 9 million to € 36 million (HY 2020: € 45 million), primarily as a result of the introduction of the new DC pension scheme for a.s.r. employees.

In addition, operating expenses increased by € 4 million as a result of higher allocated staff costs and the brand transition of De Amersfoortse into a.s.r. as from 19 April 2021.

Result before tax
The IFRS result before tax increased by € 53 million to € -24 million (HY 2020: € -77 million), due to the increased impact of incidental items (€ 42 million) and a higher operating result (€ 11 million).

The incidental items increased by € 42 million to € 33 million (HY 2020: € -10 million) and comprise the sum of higher indirect investment income (€ 23 million) and other incidentals (€ 20 million). The other incidentals in 2021 include the incidental result of the previous DB pension scheme for a.s.r. employees, lower regulatory costs related to the IFRS17/9 implementation and lower integration-related costs after the completion of the integration of Loyalis, VvAA life and Veherex.

1 n.m.: not meaningful

Capital management

- The Solvency II ratio (standard formula) continues to be robust at 197% (31 December 2020: 199%) including a 4%-points deduction for the regular interim dividend (€ 111 million) and the buyback of shares (€ 75 million). The Solvency II ratio meets our target of above 160%.
- Organic capital creation amounted to € 372 million (HY 2020: € 298 million), which equals 9.0% of the required capital.
- Equity attributable to holders of equity instruments (IFRS-based equity) increased by € 588 million, to € 6,901 million.
- Financial leverage was 26.3% (31 December 2020: 28.3%), which is well below our maximum threshold of 35%. The increase of € 588 million in equity resulted in a lower financial leverage ratio.
- Double leverage amounts to 100.3% (31 December 2020: 103.7%).

Solvency II

Solvency II

(in € million)	HY 2021	FY 2020	Delta
Eligible Own Funds	8,158	8,273	-1.4%
Required capital	4,131	4,159	-0.7%
Solvency II ratio (post dividend)	**197%**	**199%**	**-2%-p**

The Solvency II ratio, using the standard formula, remained robust at 197% (31 December 2020: 199%), including a 4%-point deduction for the regular interim dividend (€ 111 million) and the buy-back of shares (€ 75 million) executed in 2021. Higher interest rates and a stronger contribution of organic capital creation more than offset the negative impact due to the lowering of the UFR (-4%-points), acquisitions (-1%-point) and other market and operational movements.

Organic capital creation increased by € 74 million to € 372 million (HY 2020: € 298 million), mainly due to the improved performance in the Non-life segment, which was partially driven by non-recurring COVID-19 benefits and the increase in excess returns.

Eligible Own Funds

The Eligible Own Funds decreased to € 8,158 million (31 December 2020: € 8,273 million) driven mainly by a UFR reduction, higher interest rates and capital distributions. This was partially offset by higher equity markets.

Required Capital

The required capital stood at € 4,131 million (31 December 2020: € 4,159 million). This decrease was driven mainly by the higher interest rates, decreasing the required capital for Life and Health SLT risk.

Equity

Breakdown of total equity

in € million	HY 2021	FY 2020	Delta
Share capital	23	23	-
Share premium reserve	976	976	-
Unrealised gains and losses	1,355	1,137	19.2%
Actuarial gains and losses (IAS19)	-1,071	-1,253	-14.5%
Retained earnings	4,777	4,509	5.9%
Treasury shares	-162	-82	97.4%
Equity attributable to shareholders	**5,897**	**5,309**	**11.1%**
Other equity instruments	1,004	1,004	-
Equity attributable to holders of equity instruments	**6,901**	**6,313**	**9.3%**
Non-controlling interest	-3	-	n.m.[1]
Total equity	**6,899**	**6,313**	**9.3%**

Statement of changes in total equity

in € million	HY 2021	FY 2020
Beginning of reporting period - total equity	**6,313**	**6,093**
Profit / loss for the period	454	657
Unrealised gains and losses	218	200
Actuarial gains and losses (IAS19)	182	-237
Dividend	-174	-272
Hybrid capital costs	-12	-48
Non-controlling interest	-3	-
Treasury shares acquired	-80	-73
Other changes	-1	-7
End of reporting period - total equity	**6,899**	**6,313**

Total equity attributable to holders of equity instruments (IFRS-based) increased by € 588 million, to € 6,901 million (FY 2020: € 6,313 million). This increase was the result of the addition of the HY 2021 net result (€ 454 million), an increase of unrealised gains and losses (€ 218 million), especially in the equity portfolio due to a further recovery of financial markets in the first half year, and net actuarial gains and losses (IAS19, € 182 million) due to an increase in the discount rate to 0.87% since FY 2020 (0.43%).

Several other factors partially offset this. In HY 2021, the final dividend for 2020 was paid out (€ 174 million). The cost of hybrids was € 12 million for HY 2021 (no accrual accounting is performed for hybrid loans). The treasury shares increased by € 80 million, mainly due to the share repurchase programme (€ 75 million) and, to a lesser extent, the purchase (€ 7 million) and sale (€ 2 million) of shares in relation to the a.s.r. employee purchase programme.

1 n.m.: not meaningful

Financial leverage

Financial leverage

(in € million)	HY 2021	FY 2020	Delta
Basis for financial leverage (Equity attributable to shareholders)	5,897	5,309	11.1%
Financial liabilities	2,100	2,100	n.m.[1]
of which hybrids	1,004	1,004	n.m.
of which subordinated liabilities	991	991	n.m.
of which senior debt	105	105	n.m.
Financial leverage (%)	**26.3%**	**28.3%**	**-2.1%-p**
Interest coverage ratio (IFRS)	**13.2x**	**9.5x**	**3.7x**

The financial leverage of a.s.r. improved by 2.1%-points to 26.3% (FY 2020: 28.3%), mainly due to an increase in shareholders' equity (€ 588 million), while the debt position remained unchanged. The leverage is well below the self-imposed maximum target level of 35%.

The interest coverage ratio (ICR) increased to 13.2x (FY 2020: 9.5x) due to a strong increase in the IFRS result before tax (€ 277 million), compared to stable interest expenses. Annualised interest expenses were in line with last year. The ICR of the operational result improved from 10.2x as at FY 2020 to 12.3x as at HY 2021 due to the increased operating result.

Double leverage

Double leverage

(in € million)	HY 2021	FY 2020	Delta
Total value of associates	7,914	7,572	4.5%
Equity attributable to shareholders	5,897	5,309	11.1%
Hybrids and subordinated liabilities	1,995	1,995	n.m.[1]
Equity attributable to holders of equity instruments	**7,893**	**7,304**	**8.1%**
Double leverage (%)	**100.3%**	**103.7%**	**-3.4%-p**

The double leverage decreased by 3.4%-points to 100.3% (FY 2020: 103.7%). Shareholders' equity from participating interests ('value of associates') increased by € 342 million, while the shareholders' equity of the holding company, including subordinated liabilities, increased by € 589 million. The decrease of the local leverage by € 247 million is mostly due to the result of the holding company and actuarial gains on the own pension scheme which were only partially offset by the final dividend payment and the share repurchase programme.

1 n.m.: not meaningful

1.2 Risk management

Financial markets
'Reflation' was the main theme for financial markets during the first half year of 2021. Consequently, both stock market indices and bond yields rose. With regard to stock markets, especially American and, to a somewhat lesser extent, European stock markets performed well, with price increases of 15-20% over the first half year. Bond yields rose by some 25-50 basis points, both in the eurozone and in the US.

Financial markets were moved mostly by optimism on the economic growth recovery as 'lockdowns' were lifted and the negative influence of the 'Covid-19 pandemic on the world economy gradually dissipated. This growth recovery first manifested itself in China (already in the second half of 2020), but soon thereafter also in the US and, more recently, Europe. In fact, in some countries the growth recovery was so strong that inflationary pressures began to build over the first half year of 2021. By the end of 2020, the eurozone was on the verge of deflation, but by end-June 2021 inflation had reached the 'ECB-target' of 'around, but somewhat less than' 2%. In the US, the inflation rate had surpassed 5% by the end of the first half year, its highest level since the early 1990's. The higher inflation rates partly reflected the depth of the 'Covid-19' recession a year ago, but also indicated that scarcities were appearing, among others in markets (or at least specific market segments) for labour, housing and commodities. Also, the sizeable government programmes aimed at countering the negative economic effects of 'Covid-19' contributed to upward inflationary pressures.

Operational risk
The operational risk profile of a.s.r. remained stable in the first half of 2021 and is not materially impacted by COVID-19. This qualification also applies to the execution and monitoring of the internal control framework, which remains effective in relation to COVID-19. COVID-19 related strategic and operational risks are being closely and explicitly monitored and reported upon in the Business Risk Committees and Non Financial Risks Committee. The full impact of COVID-19 is related to the duration and economic consequences of COVID-19 and cannot yet be estimated in all aspects. From an operational perspective, long-term working from home affects the social cohesion of business units and a.s.r. as a whole. From June 28, the offices of a.s.r. are (gradually and in a controlled manner) again open to employees; frameworks have been drawn up for working 'post-corona'.

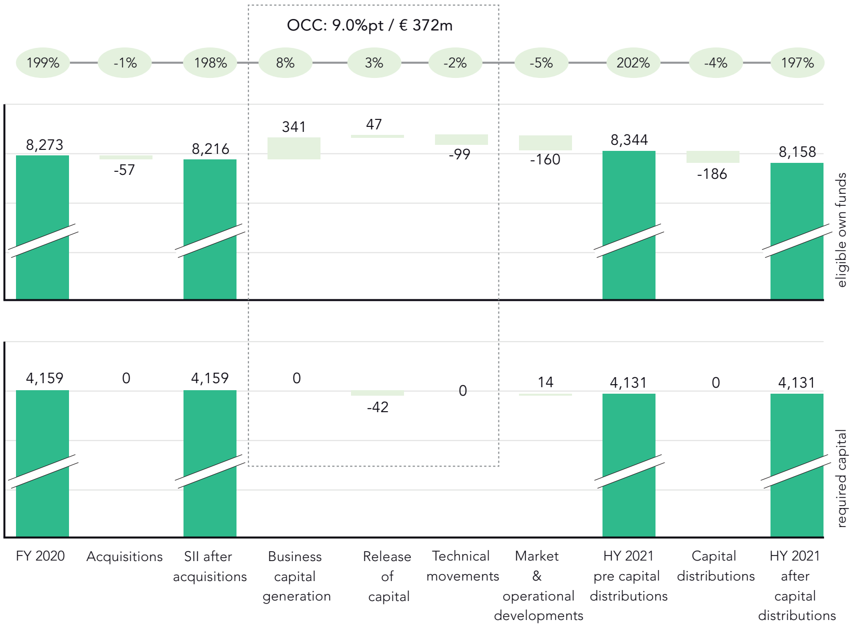
Developments in solvency
The Solvency II ratio stood at 197% following the proposed interim dividend at 30 June 2021 (31 December 2020: 199%). Eligible equity decreased to € 8,158 million at 30 June 2021 (31 December 2020: € 8,273 million), mainly driven by a UFR reduction, interim dividend and the buyback of shares executed in 2021. This was partially offset by higher interest rates and higher equity markets. Capital requirement stood at € 4,131 million at 30 June 2021 (31 December 2020: € 4,159 million). This decrease was mainly driven by the higher interest rates decreasing the required capital for Life and Health SLT risk.

The indicative COVID-19 impact on the Solvency II ratio is limited (+1%).

Capital generation

Within a.s.r., the definition of organic capital creation (OCC) covers Technical Movements, Net release of Capital and Business Capital Generation. It gives an indication of the capital created during the regular course of business. The figure below shows the OCC as part of the overall movement of the solvency ratio.

Movement solvency



Sensitivities

The sensitivities of the Solvency II ratio as at 30 June 2021 expressed as an impact on the Group solvency ratio (in percentage points) are presented in the table below. The total impact is split between the impact on the solvency ratio related to movement in the available capital and the required capital. The sensitivities are based on the situation per 30 June 2021.

Solvency II sensitivity (%-points)

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
UFR 3.2%	-9	-13	-1	-1	-9	-14
Interest rate +1% (2021 incl. UFR 3.6% / 2020 incl. UFR 3.75%)	-1	-4	+16	+16	+14	+12
Interest rate -1% (2021 incl. UFR 3.6% / 2020 incl. UFR 3.75%)	+1	+5	-12	-10	-11	-5
Volatility Adjustment -10bp	-9	-10	-2	-1	-11	-11
Government spread + 50 bps / VA +10 bps (2020: VA: +10 bps)	-2	-2	+1	+1	-2	-1
Equity prices -20%	-10	-10	+17	+13	+6	+3
Property values -10%	-9	-8	+3	+3	-5	-5
Spread +75bps/VA +17 bps (2020: VA +15 bps)	+15	+14	+4	+3	+19	+17

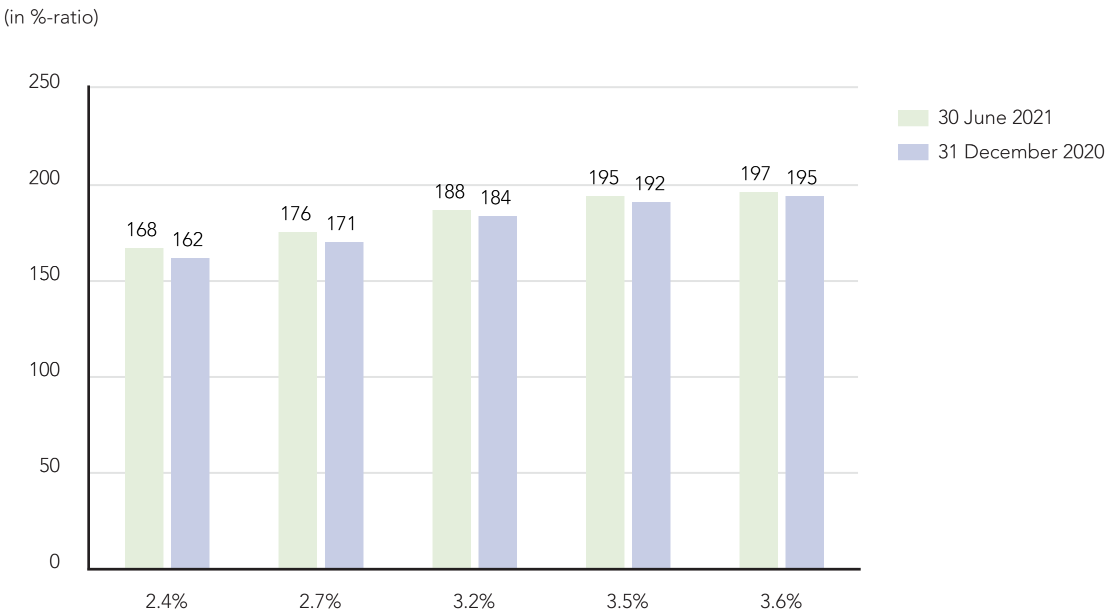
Solvency II sensitivities - explanation

Risk	Scenario
Interest rate risk - UFR 3.2%	Measured as the impact of a lower UFR. For the valuation of liabilities, the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged. The impact on available capital, required capital and ratio relates to a comparison with a solvency ratio measured at a UFR of 3.6% for 2021 (3.75% for 2020).
Interest rate risk (incl. UFR 3.6%/3.75%)	Measured as the impact of a parallel 1% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR (3.6% for 2021 and 3.75% for 2020) after the last liquid point of 20 years remained unchanged.
Volatility Adjustment	Measured as the impact of a 10 bps decrease in the Volatility Adjustment.
Government spread	Measured as the impact of an increase of spread on Government bonds of 50 bps. At the same it is assumed that the Volatility Adjustment will increase by 10 bps (2020: +10 bps).
Equity risk	Measured as the impact of a 20% downward movement in equity prices.
Property risk	Measured as the impact of a 10% downward movement in the market value of real estate.
Spread risk (including impact of spread movement on VA)	Measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. At the same time, it is assumed that the Volatility Adjustment will increase by 17 bps (2020: +15 bps) based on reference portfolio.

Expected development ultimate forward rate

The European Insurance and Occupational Pensions Authority (EIOPA) will reduce the ultimate forward rate used to extrapolate insurers' discount curves to better reflect expected inflation and real interest rates. The applicable UFR in 2022 will be 3.45%. The impact on the solvency ratio of various UFR levels is shown below.

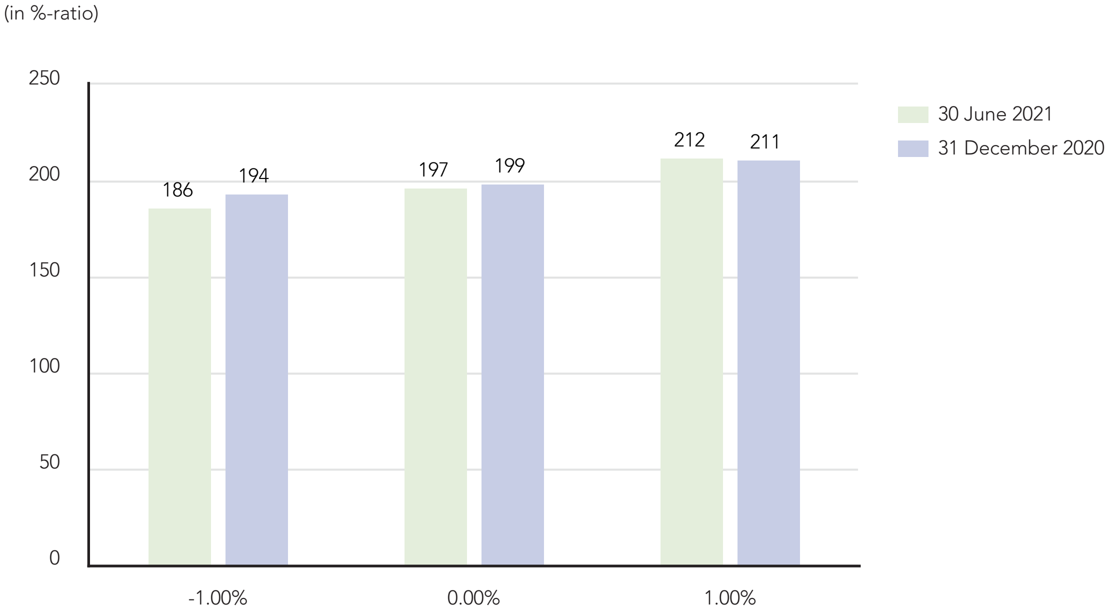
Sensitivities Solvency II ratio to UFR



Interest rate sensitivity of Solvency II ratio

The impact of a parallel movement of the interest rate on the Solvency II ratio, including the UFR effect, is shown below. The UFR methodology has been applied to the shocked interest rate curve.

Sensitivities Solvency II ratio to interest rate



Capital management

Management

Overall capital management is administered at group level. a.s.r. currently intends to consider investing capital above the management target Solvency II ratio (calculated based on the standard formula) of 160%, as long as the investment is value accretive for its shareholders. If and when a.s.r. operates at a certain level (which may change over time) that is considerably above the management target, and it assesses that it cannot invest this capital in value-creating opportunities for a prolonged period of time, a.s.r. may decide, but is not obliged, to return (part of this) capital to its shareholders.

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 available to be up-streamed to the holding company as far as is needed for amongst others covering external dividend and coupon payments on hybrids/senior financing.

Objectives

The group is committed to maintain a strong capital position in order to be a robust and sustainable insurer for its policyholders and other stakeholders. The objective is to maintain a solvency ratio well above the minimum levels as defined in the risk appetite statements and above the relevant management threshold levels. Sensitivities are periodically performed for principal risks and annual stress tests are performed to test a.s.r.'s robustness to withstand moderate to severe scenarios. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a 'single A' rating by Standard & Poor's. The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 197% at 30 June 2021, which was comfortably above the internal requirement of 120% and the management threshold level of 160%. In accordance with a.s.r.'s dividend policy, the liquidity of the underlying entities is not taken into account for the liquidity position of the group. However, the capital is recognised in the capital position of the group, since a.s.r. has the ability to realise the capital of this OTSO, for example by selling the entity.

Capital management actions

a.s.r. closely monitors the development of its capital position in relation to the capital management policy. The close monitoring shows a continuing robust solvency position throughout the first half of 2021, owing to strong risk management and effective hedging strategies. a.s.r. made some continuing improvements to the portfolio and the hedging positions to further improve the resilience and profitability of the investment portfolio and to align its investment portfolio with the outcomes of the Strategic Asset Allocation Study. a.s.r. will continue to closely monitor the solvency position in the future.

In the first half of 2021, a.s.r. completed the acquisition of Brand New Day Premiepensioeninstelling N.V. (Brand New Day IORP) on 1 April 2021, strengthening its position in the Dutch pension market.

a.s.r. completed a share repurchase on 4 May 2021. The share buyback was announced on 18 February 2021 and encompassed a total purchase of 2.035.868 shares at an average purchase price of € 36.84 per share, for a total consideration of € 75 million.

a.s.r. completed the purchase of its own shares as part of the employee share scheme on 28 January 2021. In total, 225.411 shares were repurchased at an average purchase price of € 33.27 for a total consideration of € 7.5 million

Furthermore, during the first half of 2021, a.s.r. paid out its final dividend relating to 2020 of €1.28 per share. Combined with the interim dividend 2020 of € 0.76 per share paid in September 2020, the total dividend amounted to € 2.04 per share or € 279 million in total. Please note that due to the share repurchases in the first half of 2021 and maintaining the dividend per share at € 1.28, the total amount of the dividend payment decreased. This is based on the decrease in number of outstanding shares from 137.9 million as per year end 2020 to 135.7 million as per half year 2021, owing to the share buyback programmes.

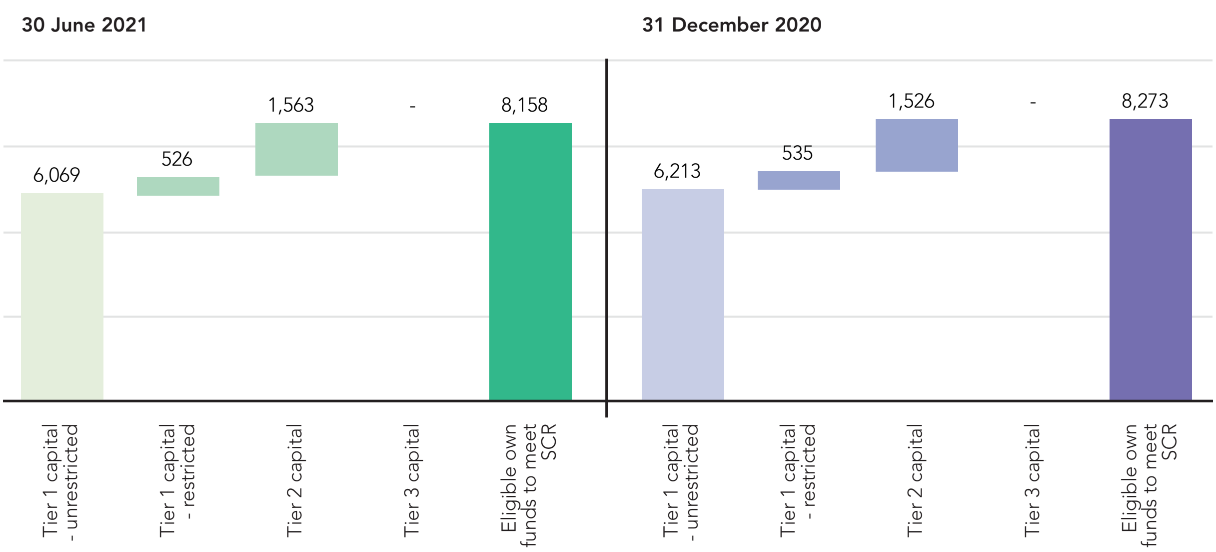
a.s.r. also proposes to pay a regular interim dividend over 2021 of € 111.3 million (€ 0.82 per share, equal to 40% of the total dividend per share over 2020).

Both the dividend payment and share buybacks were fully funded by the available cash buffer at holding level and upstreams from the operating companies. At half year 2021, the cash buffer stood at € 456 million (FY 2020: € 502 million).

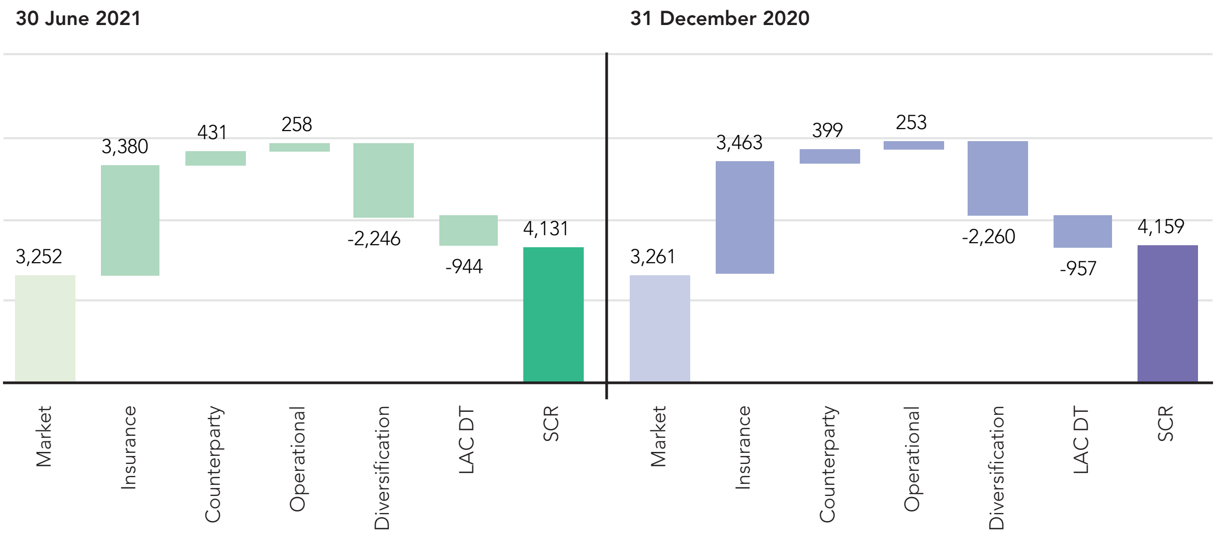
Tiering

With respect to the capital position, Solvency II requires the insurers to classify their equity into Tiers. The figure below shows a.s.r.'s capital position.

Eligible own funds



Solvency capital requirement



Standard & Poor's confirmed the BBB+ rating and stable outlook of ASR Nederland N.V. and the single A rating and stable outlook of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. in June 2021.

Ratings per legal entity

Ratings Standard & Poor's	Type	Rating	Outlook	Rating & outlook since
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012

Rating reports can be found on the corporate website at http://asrnl.com/investor-relations/ratings.

1.3 Conformity statement

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the undersigned declare that, to the best of their knowledge:

1. The condensed consolidated interim financial statements for the period ended 30 June 2021 give a true and fair view of the assets, liabilities, financial position and earnings of a.s.r. and its consolidated entities; and

2. The interim report of the Executive Board for the period ended 30 June 2021 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding a.s.r. and its consolidated entities.

Utrecht, the Netherlands, 24 August 2021

Jos Baeten (CEO)
Annemiek van Melick (CFO)
Ingrid de Swart (COO/CTO)

2021

Condensed consolidated interim financial statements

For the first half year 2021

2 General information

ASR Nederland N.V. (a.s.r.) is a leading insurance company in the Netherlands. In 2021, a.s.r. sells insurance products under the following labels: a.s.r., De Amersfoortse, Ardanta, Europeesche Verzekeringen, Ditzo and Loyalis. On 19 April 2021, a.s.r. discontinued De Amersfoortse brand and the disability and health insurance policies for self-employed persons and employers were offered under the a.s.r. brand. With this step, a.s.r. wants to further strengthen its brand. a.s.r. has a total of 4,120 internal FTEs (FY 2020: 4,042 internal FTEs).

a.s.r. is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands. a.s.r. has chosen the Netherlands as 'country of origin' (land van herkomst) for the issued share capital and corporate bonds, which are listed on Euronext Amsterdam and the Euronext Dublin (Ticker: ASRNL, ISIN NL0011872643).

These condensed consolidated interim financial statements of a.s.r. for the period ended on 30 June 2021 are impacted by the acquisition of Brand New Day Premiepensioeninstelling N.V. (Brand New Day IORP) at 1 April 2021. Information on the acquisition of Brand New Day IORP, the acquisition accounting under IFRS and the impact on the financial information is included in chapter 5.2.

The condensed consolidated interim financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in the tables contained in these interim financial statements are in millions of euros, unless otherwise indicated. Calculations in the tables are made using unrounded figures. As a result rounding differences can occur.

The condensed consolidated interim financial statements were approved by the Supervisory Board (SB) on 24 August 2021. The Executive Board (EB) authorised the financial statements for issue on 24 August 2021.

The condensed consolidated interim financial statements have not been audited, but the independent auditor conducted a review.

3 Condensed consolidated interim financial statements

3.1 Consolidated interim balance sheet

Consolidated interim balance sheet

(in € millions and before profit appropriation)	Note	30 June 2021	31 December 2020
Intangible assets		450	345
Property and equipment	6.2	193	198
Investment property	6.2	2,012	1,973
Associates and joint ventures at equity method		93	101
Investments	6.3	34,674	36,599
Investments on behalf of policyholders	6.3	10,971	10,154
Investments related to investment contracts	6.3	1,676	-
Loans and receivables	6.3	14,435	14,370
Derivatives	6.3	6,451	9,168
Deferred tax assets		27	177
Reinsurance contracts		460	483
Other assets		816	720
Cash and cash equivalents	6.3	2,593	2,846
Assets held for sale		-	18
Total assets		**74,852**	**77,151**
Share capital		23	23
Share premium reserve		976	976
Unrealised gains and losses		1,355	1,137
Actuarial gains and losses		-1,071	-1,253
Retained earnings		4,777	4,509
Treasury shares		-162	-82
Equity attributable to shareholders		**5,897**	**5,309**
Other equity instruments		1,004	1,004
Equity attributable to holders of equity instruments		**6,901**	**6,313**
Non-controlling interests		-3	-
Total equity		**6,899**	**6,313**
Subordinated liabilities		991	991
Liabilities arising from insurance contracts	6.4	39,027	41,460
Liabilities arising from insurance contracts on behalf of policyholders		13,987	13,137
Liabilities arising from investment contracts		1,676	-
Employee benefits	6.5	3,976	4,253
Provisions		17	24
Borrowings	6.3	52	54
Derivatives	6.3	834	1,419
Due to customers	6.3	606	553
Due to banks	6.3	5,877	7,996
Other liabilities		911	951
Total liabilities		**67,954**	**70,838**
Total equity and liabilities		**74,852**	**77,151**

The numbers following the line items refer to the relevant chapters in the notes. For the impact of COVID-19 on the balance sheet items see chapter 6.1.

3.2 Consolidated interim income statement

Consolidated interim income statement

(in € millions)	Note	HY 2021	HY 2020
Continuing operations			
Gross written premiums		3,298	2,978
Change in provision for unearned premiums		-358	-310
Gross insurance premiums		**2,940**	**2,668**
Reinsurance premiums		-49	-55
Net insurance premiums		**2,891**	**2,613**
Investment income		784	755
Realised gains and losses		138	138
Fair value gains and losses		132	-18
Result on investments on behalf of policyholders		920	-372
Result on investments related to investment contracts		78	-
Fee and commission income		97	67
Other income		26	49
Share of result of associates and joint ventures		4	1
Total income		**5,069**	**3,234**
Insurance claims and benefits		-3,606	-2,050
Insurance claims and benefits recovered from reinsurers		12	28
Net insurance claims and benefits		**-3,595**	**-2,022**
Changes in liabilities arising from investment contracts		-78	-
Operating expenses		-346	-337
Restructuring provision expenses		-2	-4
Commission expenses		-256	-250
Impairments	6.1	-8	-141
Interest expense		-183	-166
Other expenses		-28	-18
Total expenses		**-901**	**-915**
Result before tax from continuing operations		**574**	**296**
Income tax (expense) / gain		-122	-62
Result after tax from continuing operations		**451**	**235**
Discontinued operations			
Result after tax from discontinued operations		-	-1
Net result		**451**	**234**
Attributable to:			
Non-controlling interests		-3	1
- Shareholders of the parent		443	221
- Holders of other equity instruments		12	12
Result attributable to holders of equity instruments		**454**	**233**

The number following the line item refers to the relevant chapter in the notes. For the impact of COVID-19 on the income statement items see chapter 6.1.

Basic earnings per share

(in €)	HY 2021	HY 2020
Basic earnings per ordinary share from continuing operations	3.24	1.59
Basic earnings per ordinary share from discontinued operations	-	-0.01
Basic earnings per share	**3.24**	**1.59**

Diluted earnings per share

(in €)	HY 2021	HY 2020
Diluted earnings per ordinary share from continuing operations	2.85	1.45
Diluted earnings per ordinary share from discontinued operations	-	-0.01
Diluted earnings per share	**2.85**	**1.44**

3.3 Consolidated interim statement of comprehensive income

Consolidated interim statement of comprehensive income

(in € millions)	HY 2021	HY 2020
Net result	**451**	**234**
Remeasurements of post-employment benefit obligation	243	121
Income tax on items that will not be reclassified to profit or loss	-61	-30
Total items that will not be reclassified to profit or loss	**182**	**91**
Unrealised change in value of available for sale assets	-486	310
Realised gains/(losses) on available for sale assets reclassified to profit or loss	-121	-112
Shadow accounting	877	-240
Segregated investment pools	-6	14
Income tax on items that may be reclassified subsequently to profit or loss	-45	-15
Total items that may be reclassified subsequently to profit or loss	**218**	**-43**
Total other comprehensive income, after tax	**400**	**48**
Total comprehensive income	**852**	**281**
Attributable to:		
Non-controlling interests	-3	1
- Shareholders of the parent	843	269
- Holders of other equity instruments	12	12
Total comprehensive income attributable to holders of equity instruments	**855**	**281**

Shadow accounting allows a recognised but unrealised gain or loss on an asset to be transferred to liabilities arising from insurance contracts. Further information related to shadow accounting is disclosed in accounting policy I in chapter 6.3.4 of the 2020 consolidated financial statements.

3.4 Consolidated interim statement of changes in equity

Consolidated interim statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealised gains and losses	Unrealised actuarial gains and losses	Retained earnings	Treasury shares (-)	Equity Attributable To Shareholders	Other Equity Instruments	Non Controlling Interest	Total equity
At 1 January 2020	**23**	**976**	**937**	**-1,016**	**4,179**	**-9**	**5,089**	**1,004**	**-**	**6,093**
Net result	-	-	-	-	233	-	233	-	1	234
Total other comprehensive income	-	-	-43	91	-	-	48	-	-	48
Total comprehensive income	**-**	**-**	**-43**	**91**	**233**	**-**	**280**	**-**	**1**	**281**
Dividend paid	-	-	-	-	-	-	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-12	-	-12	-	-	-12
Treasury shares acquired (-)/sold	-	-	-	-	-	-49	-49	-	-	-49
Other movements	-	-	-	-	-6	-	-6	-	1	-5
At 30 June 2020	**23**	**976**	**894**	**-925**	**4,394**	**-57**	**5,303**	**1,004**	**2**	**6,309**
At 1 January 2021	**23**	**976**	**1,137**	**-1,253**	**4,509**	**-82**	**5,309**	**1,004**	**-**	**6,313**
Net result	-	-	-	-	454	-	454	-	-3	451
Total other comprehensive income	-	-	218	182	-	-	400	-	-	400
Total comprehensive income	**-**	**-**	**218**	**182**	**454**	**-**	**854**	**-**	**-3**	**852**
Dividend paid	-	-	-	-	-174	-	-174	-	-	-174
Discretionary interest on other equity instruments	-	-	-	-	-12	-	-12	-	-	-12
Treasury shares acquired (-)/sold	-	-	-	-	-	-80	-81	-	-	-81
Other movements	-	-	-	-	-	-	-	-	-	-1
At 30 June 2021	**23**	**976**	**1,355**	**-1,071**	**4,777**	**-162**	**5,897**	**1,004**	**-3**	**6,899**

The unrealised actuarial gains and losses increased in HY 2021 by € 182 million after tax and € 243 million before tax (HY 2020: increased by € 91 million after tax and € 121 million before tax). Further information related to employee benefits is disclosed in chapter 6.5.

On 15 January 2021, a.s.r. announced the repurchasing programme for the employee share purchase plan for the employees of a.s.r. and its wholly-owned subsidiaries for an amount of € 7.5 million. For this programme, a.s.r. repurchased 225 thousand shares under an open market share buyback programme for an amount of € 7.5 million (average share price € 33.27). As part of this employee share purchase plan a.s.r. sold 67 thousand shares for an amount of € 2 million, leading to a decrease of € 0.4 million in retained earnings.

In February 2021, a.s.r. announced the repurchase of ordinary shares for an amount of € 75 million as an additional capital distribution. Therefore, during HY 2021, a.s.r. also repurchased 2,036 thousand shares under an open market share buyback programme for an amount of € 75 million (average share price € 36.84).

The amount of treasury shares held as at HY 2021 of € 162 million (FY 2020: € 82 million) represents 5,266 thousand treasury shares (FY 2020: 3,072 thousand).

In the Annual General Meeting of Shareholders on 19 May 2021 the resolution was adopted to cancel the 2,943 thousand shares which were acquired in 2020. The cancellation has been effected in the beginning of August 2021.

3.5 Consolidated interim statement of cash flows

The table below represents the cash flows from continuing and discontinued operations.

Consolidated interim statement of cash flows

(in € millions)	2021	2020
Cash and cash equivalents as at 1 January	**2,863**	**2,955**
Cash generated from operating activities		
Result before tax	574	295
Adjustments on non-cash items included in result:		
Revaluation through profit or loss	-45	4
Retained share of result of associates and joint ventures	-4	-
Amortisation of intangible assets	16	16
Depreciation of property and equipment	9	8
Amortisation of investments	67	103
Amortisation of subordinated debts	1	1
Impairments	8	141
Changes in operating assets and liabilities:		
Net (increase) / decrease in investment property	6	-15
Net (increase) / decrease in investments	1,245	-1,341
Net (increase) / decrease in investments on behalf of policyholders	-817	445
Net (increase) / decrease in investments related to investment contracts	-153	-
Net (increase) / decrease in derivatives	2,132	-2,272
Net (increase) / decrease in amounts due from and to customers	-1,112	-1,328
Net (increase) / decrease in amounts due from and to credit institutions	-877	1,784
Net (increase) / decrease in trade and other receivables	-146	-140
Net (increase) / decrease in reinsurance contracts	23	41
Net increase / (decrease) in liabilities arising from insurance contracts	-1,556	2,513
Net increase / (decrease) in liabilities arising from insurance contracts on behalf of policyholders	850	-332
Net increase / (decrease) in liabilities arising from investment contracts	153	-
Net (increase) / decrease in other operating assets and liabilities	-245	182
Income tax received (paid)	-54	-89
Net (increase) / decrease in assets and liabilities relating to held for sale	-	-18
Cash flows from operating activities	**75**	**-2**
Cash flows from investing activities:		
Investments in associates and joint ventures	-1	-1
Proceeds from sales of associates and joint ventures	18	1
Purchases of property and equipment	-4	-7
Purchases of group companies (less acquired cash positions)	-88	-26
Purchase of intangible assets	-1	-
Cash flows from investing activities	**-75**	**-33**
Cash flows from financing activities:		
Repayment of loans	-	-1
Repayment of lease liabilities	-3	-3
Dividend paid	-174	-
Discretionary interest to holders of equity instruments	-12	-12
Purchase/ sale of treasury shares	-81	-49
Cash flows from financing activities	**-269**	**-65**
Cash and cash equivalents as at 30 June	**2,593**	**2,855**

(in € millions)	2021	2020
Further details on cash flows from operating activities:		
Interest received	733	745
Interest paid	-189	-162
Dividend received	75	41
Further details on lease payments:		
Total cash outflow for leases	-3	-3

All cash and cash equivalents are freely available. The cash components include € 2,114 million (HY 2020: € 1,949 million) related to cash collateral received on derivative instruments and is managed separately from other cash equivalents.

4 Accounting policies

4.1 General

The condensed consolidated interim financial statements of a.s.r. for the first half year ended 30 June 2021 have been prepared in accordance with International Accounting Standard (IAS)34, Interim Financial Reporting, as adopted for use within the European Union (EU). They do not contain all of the information required for complete consolidated financial statements and must therefore be read in conjunction with the 2020 consolidated financial statements of a.s.r.

a.s.r. has prepared its condensed consolidated interim financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2020 consolidated financial statements. These are prepared in accordance with International Financial Reporting Standards (IFRS) – including IAS standards and Interpretations – as adopted for use within the EU. As a result of the acquisition of Brand New Day IORP in April 2021, three accounting policies have been added. See chapter 4.7.

4.2 Changes in presentation

The current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability. These changes in presentation have no impact on net result nor equity.

4.3 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2021

In 2021, no changes in EU endorsed published IFRS Standards and Interpretations are relevant to a.s.r.

4.4 Upcoming changes in published IFRS standards and Interpretations

IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments

IFRS 17 Insurance Contracts amendments was issued by the IASB in June 2020 and will replace IFRS 4 Insurance Contracts. The amended IFRS 17 and IFRS 9 will be effective from 1 January 2023.

Since 2017, a.s.r. has been implementing IFRS 17 in combination with IFRS 9 Financial Instruments. a.s.r. has performed the impact assessment and design phase and is currently implementing and testing the actuarial and accounting systems in accordance with the revised planning.

At this moment, given the complexity and options available in IFRS 17, it is too early to quantify the actual impact on IFRS equity and profit for the year. However, a.s.r. expects IFRS 17 in combination with IFRS 9 to have significant changes to its accounting policies and impact on shareholders' equity, net result, presentation and disclosure.

For more detailed information see chapter 6.3.3 of the 2020 consolidated financial statements.

4.5 Estimates and assumptions

The preparation of the condensed consolidated interim financial statements requires a.s.r. to make estimates and assumptions that have an effect on the reported amounts in the financial statements.

Critical accounting estimates and assumptions relate to:
- The fair value and impairments of unlisted financial instruments;
- The estimated useful life, residual value and fair value of property and equipment, investment property, and intangible assets;

- The measurement of liabilities arising from insurance contracts;
- Actuarial assumptions used for measuring employee benefit obligations;
- When forming provisions, the required estimate of existing obligations arising from past events;
- The recoverable amount of impaired assets;
- The fair value used to determine the net asset value in acquisitions.

The estimates and assumptions are based on management's best knowledge of current facts, actions and events. The actual outcomes may ultimately differ from the results reported earlier on the basis of estimates and assumptions. A detailed explanation of the estimates and assumptions is given in the relevant chapter as included in the 2020 consolidated financial statements.

In HY 2021 a.s.r. strengthened the IBNR primarily related to bodily injury, including the effect from a further sector-wide lowering of the actuarial interest rate for personal injury, resulting in an impact on result before tax of € -50 million.

4.6 Fair value of assets and liabilities

The valuation methodologies used for financial instruments carried at fair value, the policy for determining the levels within the fair value hierarchy, and the significant Level 3 portfolios, including the respective narratives and sensitivities, are described in accounting policy B in chapter 6.3.4 of the 2020 consolidated financial statements. No material changes have occurred since this report was published.

4.7 Investment contracts

The acquisition of Brand New Day IORP per 1 April 2021 resulted in new line items on the balance sheet and income statement. For these line items the following additional accounting policies have been included.

Investments related to investment contracts
Investments related to investment contracts comprise investments made for the account and risk of policyholders. These investments are carried at fair value. Any realised and unrealised value changes of the investments are recognised in the income statement as result on investments related to investment contracts. Premiums related to investment contracts are directly invested after deduction of costs. Premiums received relating to investment contracts are not recognised as income, but are included in the balance sheet on line item liabilities arising from investment contracts.

Liabilities arising from investment contracts
Investment contracts comprise investment contracts on behalf of policyholders that bear no insurance risk and for which the actual return on investments allocated to the contract is passed on to the policyholder and are measured at fair value through profit or loss. Investment contract liabilities are recognised when the contract is entered into and are derecognised when the contact expires, is discharged, cancelled or substantially modified. The fair value changes in the liabilities arising from investment contracts represent the changes in fair value of the corresponding assets, and are presented in the income statement as changes in liabilities arising from investment contracts.

Result on investments related to investment contracts
Investments related to investment contracts are measured at fair value through profit or loss. Any changes in value are recognised in result on investments related to investment contracts. This also includes interest income and dividends received.

5 Segment information and changes in group structure

5.1 Segment information

5.1.1 General

Group structure

See chapters 6.4.1 and 6.7.8 as included in the 2020 consolidated financial statements for the organisation structure and a list of principal group companies and associates in the relevant segments. On 1 April 2021 a.s.r. has completed the acquisition of Brand New Day IORP.

With this transaction, a.s.r. strenghtens its position in the Dutch pension market and fulfils its ambition to grow as a provider of capital efficient pension solutions. a.s.r. already had 50% interest in Brand New Day IORP and with this acquisition becomes the full owner of this entity.

Segment information

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

Following the recent acquisition, Brand New Day IORP is included in segment Life.

Insurance activities

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

Other activities

The other activities consist of:

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

The eliminations applied in the reconciliation of the segment information with the consolidated interim balance sheet and the consolidated interim income statement are separately presented in chapter 5.1.2 and 5.1.3.

The a.s.r. segment reporting shows the financial performance of each segment. The purpose is to allocate all items in the balance sheet and income statement to the segments that hold full management responsibility for them.

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.’s condensed consolidated interim financial statements.

Intersegment transactions are conducted at arm’s length conditions. In general, cost related to centralised services are allocated to the segments based on the utilisation of these services.

The segments are assessed on their operating result.

The operating result is calculated by adjusting result before tax for continuing operations reported in accordance with IFRS, as adjusted for the changes in accounting policies if any, and for the following:

1. Investment related:
   - Investment income of an incidental nature (including capital gains and losses, impairments and fair value changes) on financial instruments for own account, net of applicable shadow accounting and net of additional provisions recognised for realised gains and losses on financial assets backing the insurance liabilities ('compensation of realised capital gains') impact.

2. Incidental items:
   - Model- and methodological changes with a substantial impact;
   - Results of non-core operations;
   - Other non-recurring or one-off items, which are not directly related to the core business and/or ongoing business of the group, restructuring costs, regulatory costs not related to business activities, changes in own pension arrangements and expenses related to mergers and acquisitions (M&A) activities and start-ups.

5.1.2 Segmented balance sheet

Segmented balance sheet

As at 30 June 2021	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	105	130	35	180	-	-	450
Property and equipment	-	154	-	11	275	-246	193
Investment property	279	1,733	-	-	-	-	2,012
Associates and joint ventures at equity method	-	23	-	3	66	-	93
Investments	7,877	26,482	-	-	3,626	-3,311	34,674
Investments on behalf of policyholders	-	10,971	-	-	-	-	10,971
Investments related to investment contracts	-	1,676	-	-	-	-	1,676
Loans and receivables	1,323	13,279	21	39	134	-361	14,435
Derivatives	133	6,318	-	-	-	-	6,451
Deferred tax assets	-	85	-	-	45	-103	27
Reinsurance contracts	305	155	-	-	-	-	460
Other assets	160	497	22	-1	141	-2	816
Cash and cash equivalents	74	2,136	77	68	238	-	2,593
Assets held for sale	-	-	-	-	-	-	-
Total assets	**10,257**	**63,640**	**155**	**300**	**4,525**	**-4,024**	**74,852**
Equity attributable to holders of equity instruments	2,267	5,659	138	177	-1,221	-119	6,901
Non-controlling interests	-	-	-	-	-3	-	-3
Total equity	**2,267**	**5,659**	**138**	**177**	**-1,224**	**-119**	**6,899**
Subordinated liabilities	45	-	-	-	991	-45	991
Liabilities arising from insurance contracts	7,412	34,445	-	-	-	-2,830	39,027
Liabilities arising from insurance contracts on behalf of policyholders	-	13,987	-	-	-	-	13,987
Liabilities arising from investment contracts	-	1,676	-	-	-	-	1,676
Employee benefits	-	-	-	-	3,976	-	3,976
Provisions	1	3	-	-	13	-	17
Borrowings	-	29	5	43	515	-540	52
Derivatives	55	778	-	-	1	-	834
Deferred tax liabilities	132	-	4	6	-	-143	-
Due to customers	128	782	-	25	-	-329	606
Due to banks	99	5,673	-	-	105	-	5,877
Other liabilities	118	608	9	47	148	-19	911
Liabilities relating to assets held for sale	-	-	-	-	-	-	-
Total liabilities	**7,989**	**57,981**	**18**	**122**	**5,748**	**-3,905**	**67,954**
Total equity and liabilities	**10,257**	**63,640**	**155**	**300**	**4,525**	**-4,024**	**74,852**

Segmented balance sheet

As at 31 December 2020	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	115	65	8	158	-	-	345
Property and equipment	-	156	-	11	287	-256	198
Investment property	274	1,699	-	-	-	-	1,973
Associates and joint ventures at equity method	-	23	-	3	74	-	101
Investments	7,488	28,713	-	-	3,711	-3,314	36,599
Investments on behalf of policyholders	-	10,154	-	-	-	-	10,154
Investments related to investment contracts	-	-	-	-	-	-	-
Loans and receivables	1,034	13,510	19	33	104	-330	14,370
Derivatives	221	8,947	-	-	-	-	9,168
Deferred tax assets	-	131	-	-	132	-86	177
Reinsurance contracts	325	158	-	-	-	-	483
Other assets	145	514	15	-1	47	-1	720
Cash and cash equivalents	140	2,392	78	50	186	-	2,846
Assets held for sale	-	-	18	-	-	-	18
Total assets	**9,742**	**66,463**	**137**	**255**	**4,541**	**-3,987**	**77,151**
Equity attributable to holders of equity instruments	2,170	5,379	116	170	-1,396	-125	6,313
Non-controlling interests	-	-	-	-	-	-	-
Total equity	**2,170**	**5,379**	**116**	**170**	**-1,396**	**-125**	**6,313**
Subordinated liabilities	36	-	-	-	991	-36	991
Liabilities arising from insurance contracts	6,845	37,505	-	-	-	-2,890	41,460
Liabilities arising from insurance contracts on behalf of policyholders	-	13,137	-	-	-	-	13,137
Liabilities arising from investment contracts	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	4,253	-	4,253
Provisions	1	3	-	-	19	-	24
Borrowings	-	29	5	21	521	-522	54
Derivatives	66	1,354	-	-	-	-	1,419
Deferred tax liabilities	113	-	4	7	-	-123	-
Due to customers	89	711	-	25	-	-272	553
Due to banks	168	7,723	-	-	105	-	7,996
Other liabilities	255	623	12	32	48	-19	951
Liabilities relating to assets held for sale	-	-	-	-	-	-	-
Total liabilities	**7,572**	**61,085**	**21**	**85**	**5,937**	**-3,862**	**70,838**
Total equity and liabilities	**9,742**	**66,463**	**137**	**255**	**4,541**	**-3,987**	**77,151**

5.1.3 Segmented income statement and reconciliation to operating result

Segmented income statement

HY 2021	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Continuing operations							
Gross written premiums	2,416	928	-	-	-	-45	3,298
Change in provision for unearned premiums	-358	-	-	-	-	-	-358
Gross insurance premiums	**2,057**	**928**	**-**	**-**	**-**	**-45**	**2,940**
Reinsurance premiums	-49	-1	-	-	-	-	-49
Net insurance premiums	**2,009**	**927**	**-**	**-**	**-**	**-45**	**2,891**
Investment income	74	704	-	-	6	-	784
Realised gains and losses	8	96	-	-	33	-	138
Fair value gains and losses	-4	131	-	-	-1	6	132
Result on investments on behalf of policyholders	-	920	-	-	-	-	920
Result on investments related to investment contracts	-	78	-	-	-	-	78
Fee and commission income	11	5	79	61	-	-59	97
Other income	1	22	-	1	5	-2	26
Share of result of associates and joint ventures	-	-	-	-	4	-	4
Total income	**2,098**	**2,884**	**79**	**62**	**47**	**-101**	**5,069**
Insurance claims and benefits	-1,515	-2,157	-	-	-	66	-3,606
Insurance claims and benefits recovered from reinsurers	10	2	-	-	-	-	12
Net insurance claims and benefits	**-1,506**	**-2,155**	**-**	**-**	**-**	**66**	**-3,595**
Changes in liabilities arising from investment contracts	-	-78	-	-	-	-	-78
Operating expenses	-132	-83	-50	-45	-59	24	-346
Restructuring provision expenses	-2	-	-	-	-	-	-2
Commission expenses	-277	-10	-	-	-	32	-256
Impairments	-2	-6	-	-	-	-	-8
Interest expense	-7	-146	-	-	-4	-25	-183
Other expenses	-2	-8	-12	-4	-10	8	-28
Total expenses	**-423**	**-331**	**-62**	**-50**	**-74**	**39**	**-901**
Result before tax from continuing operations	**169**	**399**	**17**	**12**	**-27**	**4**	**574**
Income tax (expense) / gain	-40	-95	-4	-3	21	-1	-122
Result after tax from continuing operations	**129**	**303**	**13**	**9**	**-6**	**3**	**451**
Discontinued operations							
Result after tax from discontinued operations	-	-	-	-	-	-	-
Net result	**129**	**303**	**13**	**9**	**-6**	**3**	**451**
Attributable to:							
Non-controlling interests	-	-	-	-	-3	-	-3
- Shareholders of the parent	129	303	13	9	-15	3	443
- Holders of other equity instruments	-	-	-	-	12	-	12
Result attributable to holders of equity instruments	**129**	**303**	**13**	**9**	**-3**	**3**	**454**

Segmented income statement

HY 2020	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Continuing operations							
Gross written premiums	2,128	1,009	-	-	-	-159	2,978
Change in provision for unearned premiums	-310	-	-	-	-	-	-310
Gross insurance premiums	**1,818**	**1,009**	**-**	**-**	**-**	**-159**	**2,668**
Reinsurance premiums	-55	-1	-	-	-	-	-55
Net insurance premiums	**1,764**	**1,008**	**-**	**-**	**-**	**-159**	**2,613**
Investment income	76	680	-1	-	4	-4	755
Realised gains and losses	11	127	-	-	-	-	138
Fair value gains and losses	14	-27	-	-	-	-5	-18
Result on investments on behalf of policyholders	-	-372	-	-	-	-	-372
Result on investments related to investment contracts	-	-	-	-	-	-	-
Fee and commission income	12	3	72	35	-	-55	67
Other income	6	18	1	12	13	-	49
Share of result of associates and joint ventures	-	-1	-	-	2	-	1
Total income	**1,882**	**1,436**	**71**	**48**	**19**	**-223**	**3,234**
Insurance claims and benefits	-1,373	-853	-	-	-	176	-2,050
Insurance claims and benefits recovered from reinsurers	26	2	-	-	-	-	28
Net insurance claims and benefits	**-1,347**	**-850**	**-**	**-**	**-**	**176**	**-2,022**
Changes in liabilities arising from investment contracts	-	-	-	-	-	-	-
Operating expenses	-124	-89	-47	-33	-74	29	-337
Restructuring provision expenses	-	-4	-1	-	-	-	-4
Commission expenses	-268	-6	-	-	-	24	-250
Impairments	-22	-128	-	-	9	-	-141
Interest expense	-6	-115	-	-	55	-99	-166
Other expenses	-3	-9	-10	-3	-2	9	-18
Total expenses	**-423**	**-350**	**-58**	**-36**	**-13**	**-36**	**-915**
Result before tax from continuing operations	**112**	**236**	**14**	**12**	**6**	**-83**	**296**
Income tax (expense) / gain	-17	-54	-3	-3	-5	21	-62
Result after tax from continuing operations	**94**	**182**	**10**	**9**	**1**	**-62**	**235**
Discontinued operations							
Result after tax from discontinued operations	-	-	-1	-	-	-	-1
Net result	**94**	**182**	**9**	**9**	**1**	**-62**	**234**
Attributable to:							
Non-controlling interests	-	-	-	-	1	-	1
- Shareholders of the parent	94	182	9	9	-11	-62	221
- Holders of other equity instruments	-	-	-	-	12	-	12
Result attributable to holders of equity instruments	**94**	**182**	**9**	**9**	**-**	**-62**	**233**

Operating result

HY 2021	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Result before tax	**169**	**399**	**17**	**12**	**-27**	**4**	**574**
minus: investment related	1	19	-	-	32	-	53
minus: incidentals	-11	1	-	-4	-3	2	-15
Operating result	**179**	**379**	**17**	**16**	**-57**	**1**	**536**

Operating result

HY 2020	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Result before tax	**112**	**236**	**14**	**12**	**6**	**-83**	**296**
minus: investment related	-6	-2	-	-	9	2	2
minus: incidentals	-6	-123	-1	-1	65	-85	-151
Operating result	**124**	**361**	**15**	**13**	**-68**	**1**	**446**

The incidentals in 2021 are mainly related to the a.s.r. post-employment benefit plans, amortisation of intangible assets resulting from business combinations, project implementation regulatory costs for, amongst others, project IFRS17/9, expenses for start-ups and results of run off entities.

The 2020 incidental related to Life (€ -123 million) considers the impairment of goodwill and a methodology change in calculating the IBNR of disability.

5.1.4 Non-life ratios

Non-life combined ratio

	HY 2021	HY 2020
Claims ratio	72.7%	73.5%
Commission ratio	13.3%	14.5%
Expense ratio	6.4%	6.8%
Combined ratio	**92.4%**	**94.8%**

Non-life combined ratio per business line

	HY 2021	HY 2020
Property & Casualty (P&C)	88.6%	87.8%
Disability	92.1%	99.4%
P&C and Disability	**90.2%**	**92.9%**
Health	95.4%	98.3%

The claims, commission and expense ratios can be calculated based on the following information:

Claims, commission and expenses

	HY 2021	HY 2020
Net insurance premiums Non-life	**2,009**	**1,764**
Net insurance claims and benefits	-1,506	-1,347
Adjustments:		
- Interest accrual on provisions (Disability)	34	43
- Compensation capital gains (Disability)	-5	2
- Prudence margin (Health)	16	7
Total adjustments	**46**	**51**
Net insurance claims and benefits (after adjustments)	**-1,460**	**-1,296**
Fee and commission income	11	12
Commission expenses	-277	-268
Commission	**-266**	**-256**
Operating expenses	-132	-124
Corrections made for investment charges	3	4
Operational expenses (after adjustments)	**-129**	**-120**

5.2 Acquisitions

Acquisitions 2021

On 1 April 2021, a.s.r. completed the acquisition of Brand New Day IORP by acquiring the remaining 50% of outstanding shares for a total consideration of € 70 million.

Brand New Day IORP offers defined contribution plans in the small and medium entity market. This acquisition fits into a.s.r.'s strategy to grow through bolt-on acquisitions. The closing for the transaction took place on 1 April 2021. As a result, a.s.r. fully included the results and the balance sheet positions in the a.s.r. condensed consolidated interim financial statements from that date. The full integration of the activities of Brand New Day IORP into a.s.r. is likely to be completed by the end of 2023.

Given the recent closing, the initial accounting for the acquisition is ongoing, and as such the opening balance sheet presented below is provisional. This concerns primarily intangible assets. a.s.r. has accounted for the acquisition using the provisional values disclosed below and will recognise any adjustments to these provisional values within a twelve month period from the acquisition date as amendments to the initial accounting.

The provisional balance sheet is based on fair value and uses the following techniques and assumptions:
The intangible assets recognised mainly relate to customer relationships. The valuation technique used to measure the fair value is based on the Multi-period Excess Earnings Method.

Provisional acquisition date fair values of the assets and liabilities acquired

	Acquisition date balance sheet based on fair value
Intangible assets	27
Investments related to investment contracts	1,524
Loans and receivables	1
Other assets	3
Cash and cash equivalents	3
Total assets	**1,557**
Liabilities arising from investment contracts	1,524
Deferred tax liabilities	6
Other liabilities	1
Total liabilities	**1,531**
Net assets and liabilities	**26**
Less:	
Consideration paid	70
Previous held interest	28
	98
Excess purchase consideration	**-71**

The goodwill recognised of € 71 million is not tax deductible and mainly consists of cost and asset management synergies.

Cash and cash equivalents related to the acquisition

	Acquisition date
Consideration paid in current year	70
Acquired cash and cash equivalents	3
Decrease in cash and cash equivalents at acquisition date	**67**

The previously held interest in Brand New Day IORP was revalued to its fair value of € 28 million at the acquisition date. The revaluation of € 24 million was included in line item realised gains and losses in the income statement.

The condensed consolidated interim statement of comprehensive income of a.s.r. for the first half year includes € 3.2 million revenue and € 0.7 million result after tax relating to Brand New Day IORP for the period commencing 1 April 2021. The revenue and result of the combined entity for the current period, as though the acquisition date for the business combination of Brand New Day IORP had been as of the beginning of 2021, would have been € 6.1 million revenue and € 1.2 million result after tax. The acquisition-related costs recognised as expense amount to € 0.3 million and are included in line item other expenses in the income statement.

Other acquisitions
In 2021, Van Kampen Group Holding B.V. acquired an entity in the Distribution and Services segment.

Acquisitions 2020

VvAA life
On 1 January 2020, a.s.r. acquired 100% of the shares of VvAA Levensverzekeringen N.V. (VvAA life). a.s.r. established the final acquisition balance sheet of VvAA life in December 2020.

Veherex
On 1 January 2020, ASR Schadeverzekering N.V. (a.s.r. non-life) acquired 100% shares of Veherex Schade N.V. (Veherex). a.s.r. non-life established the final acquisition balance sheet of Veherex in December 2020.

Other acquisitions
In 2020 Van Kampen Group Holding B.V. and Certitudo Investments B.V. acquired several entities, among others CS Opleidingen B.V. Since these acquisitions have taken place in the second half of 2020 their final acquisition balance sheet have not yet been established.

6 Notes to the condensed consolidated interim financial statements

6.1 Impact of COVID-19

Introduction
In December 2019, a pneumonia outbreak of COVID-19 was reported in China which in 2020 rapidly developed into what is now commonly referred to as the coronavirus. The virus has resulted in a significant number of confirmed cases of infections globally, including the Netherlands. Governments have taken and are still taking significant measures to contain the outbreak and to mitigate its impact on the economy. In the Netherlands, the Dutch government issued a series of far reaching measures to stop the spread of COVID-19. Vaccination programmes have started and are ongoing. Both the virus and the countermeasures have a significant impact on Dutch society and economics. The government has also presented a significant economic relief programme to support both companies and individuals that are financially impacted by the corona outbreak.

In these extraordinary times a.s.r.'s prime concern is the personal well-being of a.s.r.'s customers and employees, their partners and their families. As a leading Dutch insurer, a.s.r. is committed to help its customers through this challenging period and to do everything in its power to help overcome the COVID-19 crisis in the Netherlands. Despite the switch to working mostly from home, a.s.r. is genuinely pleased to see that all business units continued delivering services to the customers of a.s.r. without interruption.

As published in this report, a.s.r. is financially healthy and its capital position is solid and these interim financial statements have been prepared on a going concern basis.

In this paragraph several COVID-19 related topics which impact the first half of 2021 are addressed and refer to other chapters where more detailed disclosure is included.

Impact COVID-19
COVID-19 resulted in an positive impact of € 55 million on operational result, mainly because of lower claims at P&C, particularly in motor and fire, and an extra contribution received from the Health insurance fund, based on article 33 of the Health Insurance Act. This was partly offset by a negative impact at Disability due to longer absenteeism related to psychological problems and delays in recovery and reintegration into work processes, Health due to delay in elective care, and a negative impact on investment income mainly due to lower income from retail property.

The COVID-19 impact on the Solvency II ratio is limited (+1%).

The ultimate impact of COVID-19 on society and results going forward is still difficult to predict accurately, a.s.r. remains cautious for the effects in the longer term.

Impairments on non-financial assets

Goodwill
Goodwill has an indefinite useful life and is not amortised. a.s.r. performs an impairment test annually, or more frequently if events or circumstances warrant so, to ascertain whether goodwill has been subject to impairment. No indication for such an additional impairment test occured.

Other non-financial assets
COVID-19 has no material impact on the measurement of other intangible assets, property for own use, and associates and joint ventures. For the impact on the fair value of the investment property portfolio, see chapter 6.2.

Impairments on financial instruments

At each balance sheet date, a.s.r. assesses whether objective evidence exists whether financial assets are impaired. In the case of equity investments available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment. a.s.r. considers a significant or prolonged decline to have occurred if the fair value:

- Has fallen 25% or more below cost; or
- Has fallen below cost for an uninterrupted period of twelve months or longer.

Fixed-income financial assets available for sale are tested for impairment if objective evidence exists that the counterparty will default.

Changes in impairments of investments available for sale

	2021	2020
At 1 January	-354	-350
Increase in impairments through profit or loss	-6	-63
Reversal of impairments through profit or loss	1	2
Reversal of impairments due to disposal	26	57
Other	-	-
At 30 June (31 December 2020)	**-333**	**-354**

The increase in impairments through profit or loss are mainly related to impairments on equities and investment funds, there is no direct link to COVID-19 for these impairments. The reversal of impairments due to disposal is mainly due to the write-off of asset-backed securities which were impaired in previous years. There is a high degree of uncertainty about the repayment of the remaining collateral debt obligations.

Loans and receivables are tested for impairment if objective evidence exists that the counterparty will default.

Changes in impairments of loans and receivables

	2021	2020
At 1 January	-90	-102
Increase in impairment through profit and loss	-11	-11
Reversal of impairment through profit and loss	8	23
Reversal of impairment due to disposal	-	1
At 30 June (31 December 2020)	**-93**	**-90**

The reversal of impairments through profit and loss mainly relates to changes in impairments of trade receivables in the Non-life segment. There is no direct link to COVID-19 for these impairments.

The mortgage loan portfolio consists of high quality mortgages with a relatively fixed return, limited impairments and arrears. The mortgage loan portfolio consists only of Dutch mortgages with a limited counterparty default risk. The default percentage (i.e. the percentage of mortgages which is in arrears for over three months) stays at 0.03% (FY 2020: 0.03%).

Impairments in the income statement

Summary of impairments

	HY 2021	HY 2020
Intangible assets	-	-90
Investments available for sale	-5	-57
Loans and receivables	-3	6
Total impairments	**-8**	**-141**

Changes in impairments of investments available for sale

	HY 2021	HY 2020
Equities	-6	-59
Reversal of impairments on collateralised debt obligations	1	1
Total changes in impairments of investments available for sale	**-5**	**-57**

Liabilities arising from insurance contracts

The impact on the liabilities arising from insurance contracts as a result of the COVID-19 outbreak, a decrease of € 39 million, mainly relates to the non-life business. Disability claims increased due to longer absenteeism related to psychological problems and delays in recovery and reintegration into work processes as a result of limitations on physical checks and visits by our physicians and vocational experts. Health increased due to delay in elective care. This was more than compensated by a decrease in motor and fire. For more information see chapter 1.1. As a result of the limited impact no significant adjustments were made in the underlying assumptions and methodologies for determining the insurance contracts.

6.2 Property (including land and buildings for own use)

The breakdown of the investment property and land and buildings for own use in accordance with the fair value hierarchy, is as follows:

Fair value of the investment property and land and buildings for own use

30 June 2021	Fair value based on quoted prices in an active market Level 1	Fair Value based on observable market data Level 2	Fair Value not based on observable market data Level 3	Total fair value
Investment property	-	-	2,012	2,012
Land and buildings for own use	-	-	155	155
Total	**-**	**-**	**2,167**	**2,167**

31 December 2020	Fair value based on quoted prices in an active market Level 1	Fair Value based on observable market data Level 2	Fair Value not based on observable market data Level 3	Total fair value
Investment property	-	-	1,973	1,973
Land and buildings for own use	-	-	158	158
Total	**-**	**-**	**2,130**	**2,130**

The developments surrounding COVID-19 had an impact on the values of retail property (directly owned and through the investments in real estate equity fund ASR Dutch Prime Retail Fund (DPRF)).

As a result of the abovementioned, the first half year showed in general a lower valuation of retail property that was more than compensated by a higher valuation of rural and residential property.

The table below discloses the sensitivities to non-observable market inputs for the property portfolio.

Unobservable and observable inputs used in determination of fair value

30 June 2021	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investment property - Fair value model										
Retail	173	DCF	total	11,322,877	mean	6.5%	-5%	-	9	18
			max	1,548,488	max	22.5%	0%	-9	-	9
			min	44,818	min	3.4%	5%	-16	-8	-
Residential	1	DCF	total	82,700	mean	8.2%	-5%	-	-	-
			max	82,700	max	8.2%	0%	-	-	-
			min	82,700	min	8.2%	5%	-	-	-
Rural	1,592	DCF	total	33,112,758	mean	2.1%	-5%	-	84	168
			max	1,440,000	max	12.3%	0%	-80	-	80
			min	615	min	0.1%	5%	-152	-76	-
Offices	216	DCF	total	13,965,813	mean	6.5%	-5%	-	11	23
			max	4,771,852	max	9.2%	0%	-11	-	11
			min	32,460	min	2.9%	5%	-21	-10	-
Property under development	30									
Land and buildings for own use	155	DCF	total	9,607,224	mean	6.3%	-5%	-	8	16
			max	9,607,224	max	6.3%	0%	-8	-	8
			min	9,607,224	min	6.3%	5%	-14	-7	-
Total	**2,167**									

Unobservable and observable inputs used in determination of fair value

31 December 2020	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investment property - Fair value model										
Retail	174	DCF	total	9,287,682	mean	5.3%	-5%	-	9	18
			max	1,653,606	max	15.3%	0%	-9	-	9
			min	44,367	min	3.4%	5%	-17	-8	-
Residential	1	DCF	total	86,335	mean	8.4%	-5%	-	-	-
			max	86,335	max	8.4%	0%	-	-	-
			min	86,335	min	8.4%	5%	-	-	-
Rural	1,574	DCF	total	24,025,481	mean	1.5%	-5%	-	83	166
			max	1,619,813	max	4.8%	0%	-79	-	79
			min	616	min	0.8%	5%	-150	-75	-
Offices	209	DCF	total	12,282,146	mean	5.9%	-5%	-	11	22
			max	4,519,785	max	9.3%	0%	-10	-	10
			min	915,980	min	4.8%	5%	-20	-10	-
Property under development	15									
Land and buildings for own use	158	DCF	total	9,502,139	mean	6.2%	-5%	-	8	16
			max	9,502,139	max	6.2%	0%	-8	-	8
			min	9,502,139	min	6.2%	5%	-15	-7	-
Total	**2,130**									

Movement in investment property measured at fair value that are categorised within level 3

	2021	2020
At 1 January	1,973	1,924
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	45	70
Purchases	23	113
Issues	-	1
Disposals	-30	-125
Transferred between investments on behalf of policyholders and investment property	-	-10
At 30 June (31 December 2020)	**2,012**	**1,973**

The significant inputs are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transaction of comparable objects;
- The 10 year Dutch Government Bond Yield (%) rate as published by the DNB.

6.3 Financial assets and liabilities

6.3.1 Financial assets and derivatives

Financial assets and derivatives

	30 June 2021	31 December 2020
Investments		
Available for sale	31,849	33,774
At fair value through profit or loss	2,825	2,825
	34,674	**36,599**
Loans and receivables	14,435	14,370
Derivatives - assets	6,451	9,168
Derivatives - liabilities	-834	-1,419
Cash and cash equivalents	2,593	2,846
	22,645	**24,964**
Investments on behalf of policyholders		
At fair value through profit or loss	10,971	10,154
Investments related to investment contracts		
At fair value through profit or loss	1,676	-
Total	**69,967**	**71,717**

The decrease in investments available for sale is mainly due to a decrease in investments in government bonds. Cash collateral received on derivative instruments is reinvested in government bonds and reverse repurchase agreements. Derivatives decreased primarily as a result of revaluations due to increasing interest rates. As a result cash collateral on derivative instruments received decreased. Government bonds also decreased due to revaluations as a result of increasing interest rates.

The investments related to investment contracts are related to the newly acquired Brand New Day IORP (See chapter 5.2).

6.3.2 Financial assets and liabilities measured at fair value

Breakdown of financial assets measured at fair value

30 June 2021	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Financial assets				
Investments available for sale				
Government bonds	15,630	85	-	15,715
Corporate bonds	11,126	67	2	11,195
Asset-backed securities	-	-	340	340
Preference shares	-	311	4	315
Equities	2,947	631	303	3,881
Mortgage equity funds	-	-	397	397
Other participating interests	7	-	-	7
	29,709	**1,094**	**1,046**	**31,849**
Investments at fair value through profit or loss				
Equities	13	-	7	20
Real estate equity funds	-	-	2,031	2,031
Mortgage equity funds	-	-	596	596
Rural property contracts	-	-	178	178
	13	**-**	**2,812**	**2,825**
Investments on behalf of policyholders				
Government bonds	1,493	-	-	1,493
Corporate bonds	768	-	-	768
Derivatives	-	6	-	6
Equities	8,256	-	-	8,256
Real estate equity funds	-	-	210	210
Mortgage equity funds	-	-	193	193
Cash and cash equivalents	29	-	-	29
Other investments	11	4	-	15
	10,558	**10**	**403**	**10,971**
Investments related to investment contracts				
Equities	1,547	-	-	1,547
Real estate equity funds	99	-	-	99
Cash and cash equivalents	31	-	-	31
	1,676	**-**	**-**	**1,676**
Derivatives				
Foreign exchange contracts	-	6	-	6
Interest rate contracts				
- Swaps	-	6,114	-	6,114
- Options	-	293	-	293
- Futures	-	7	-	7
Equity index contracts	32	-	-	32
	32	**6,419**	**-**	**6,451**
Cash and cash equivalents	**2,593**	**-**	**-**	**2,593**
Total financial assets	**44,582**	**7,523**	**4,261**	**56,366**

Breakdown of financial liabilities measured at fair value

30 June 2021	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Financial liabilities				
Liabilities arising from investment contracts	**1,676**	**-**	**-**	**1,676**
Derivatives				
Foreign exchange contracts	-	45	-	45
Interest rate contracts				
- Swaps	-	755	-	755
- Futures	18	1	-	18
Inflation linked swaps	-	16	-	16
	18	**817**	**-**	**834**
Total financial liabilities	**1,694**	**817**	**-**	**2,511**

Breakdown of financial assets measured at fair value

31 December 2020	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Financial assets				
Investments available for sale				
Government bonds	17,381	9	-	17,390
Corporate bonds	11,591	223	3	11,817
Asset-backed securities	-	-	404	404
Preference shares	-	313	3	316
Equities	2,645	520	282	3,447
Mortgage equity funds	-	-	393	393
Other participating interests	7	-	-	7
	31,623	**1,065**	**1,085**	**33,774**
Investments at fair value through profit or loss				
Equities	53	-	10	62
Real estate equity funds	-	-	2,029	2,029
Mortgage equity funds	-	-	590	590
Rural property contracts	-	-	143	143
	53	**-**	**2,772**	**2,825**
Investments on behalf of policyholders				
Government bonds	1,583	-	-	1,583
Corporate bonds	764	-	-	764
Derivatives	-	14	-	14
Equities	7,676	-	-	7,676
Cash and cash equivalents	112	-	-	112
Other investments	1	4	-	5
	10,136	**18**	**-**	**10,154**
Investments related to investment contracts	-	-	-	-
Derivatives				
Foreign exchange contracts	-	57	-	57
Interest rate contracts				
- Swaps	-	8,874	-	8,874
- Options	-	223	-	223
- Futures	-	-	-	-
Equity index contracts	13	-	-	13
	13	**9,155**	**-**	**9,168**
Cash and cash equivalents	**2,846**	**-**	**-**	**2,846**
Total financial assets	**44,671**	**10,238**	**3,857**	**58,767**

Breakdown of financial liabilities measured at fair value

31 December 2020	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Financial liabilities				
Liabilities arising from investment contracts	**-**	**-**	**-**	**-**
Derivatives				
Foreign exchange contracts	-	4	-	4
Interest rate contracts				
- Swaps	-	1,362	-	1,362
- Futures	8	10	-	19
Inflation linked swaps	-	35	-	35
	8	**1,411**	**-**	**1,419**
Total financial liabilities	**8**	**1,411**	**-**	**1,419**

Reclassifications between categories during the first half year of 2021

2021	To level 1	To level 2	To level 3	Total
From:				
Level 1: Fair value based on quoted prices in an active market	-	21	-	**21**
Level 2: Fair value based on observable market data	158	-	-	**158**
Level 3: Fair value not based on observable market data	2	-	-	**2**

The movements above relate to debt funds which were adjusted based on increased and decreased observability of the inputs during the period.

Reclassifications between categories during 2020

2020	To level 1	To level 2	To level 3	Total
From:				
Level 1: Fair value based on quoted prices in an active market	-	12	-	**12**
Level 2: Fair value based on observable market data	353	-	-	**353**
Level 3: Fair value not based on observable market data	-	-	-	**-**

Debt funds were adjusted from level 2 to level 1 (€ 353 million) and from level 1 to level 2 (€ 12 million). Both movements were based on increased and decreased observability of the inputs during the period.

Changes in financial assets classified as available for sale categorised within level 3

	2021	2020
At 1 January	1,085	1,023
Changes in value of investments, realised/unrealised gains and losses:		
- Realised gains and losses	11	13
- Recognised in Other comprehensive income (unrealised gains and losses)	7	-4
Purchases	73	254
Repayments	-66	-162
Disposal	-65	-112
Impairments	1	1
Changes in the composition of the group	-	72
At 30 June (31 December 2020)	**1,046**	**1,085**

Changes in financial assets classified at fair value through profit or loss categorised within level 3

	2021	2020
At 1 January	2,772	3,014
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	19	-
Purchases	455	396
Capital improvements	-	4
Disposal	-31	-653
Reclassification of investments from/to Level 3 valuation technique	-2	-
Transfer between investments on behalf of policyholders and investment property	-	10
Other	1	1
At 30 June (31 December 2020)	**3,216**	**2,772**
Total revaluations of investments, held at end of period, recognised in the income statement	**19**	**-74**

Unobservable inputs used in determining the fair value for financial assets measured at fair value (recurring basis) that are categorised within level 3.

Available for sale investments
The main non-observable market input for the asset-backed securities and mortgage equity funds are based on quotes published by an independent data vendor. If the quote of the data vendor is not available, values or quotes from other pricing services are obtained, including a check on the validity of the value or quote by an independent third party, to base the fair value on. There is no material difference in the fair value of the asset-backed securities and mortgage equity funds if a quote was used from an alternative data vendor.

The main non-observable market input, for the unlisted equities classified as level 3, is the net asset value of the investment as published by the investee. It is estimated that a 10% increase in valuation of these equities would have no significant impact on net result but would increase equity by € 30 million (2020: € 28 million), being approximately 0.4% (before tax) (2020: 0.4% (before tax)), of total equity. A decrease would have the opposite effect unless the impairment criteria are met.

Investments at fair value through profit or loss
The method of determining the fair value of the mortgage equity funds is similar to that of mortgage loans, however it excludes assumptions for originating cost and is determined within the funds structure. See chapter 6.3.3 for the main non-observable inputs.

Unobservable and observable inputs used in determination of fair value

30 June 2021	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investments at fair value through profit or loss										
Rural property contracts	178	DCF	total	3,868,051	mean	2.2%	-5%	-	9	19
			max	151,167	max	6.2%	0%	-9	-	9
			min	429	min	0.1%	5%	-17	-8	-
Total rural property contracts	**178**									
Real estate equity funds associates	1,728	DCF		79,293,105		4.6%	-5%	-	91	182
							0%	-86	-	86
							5%	-165	-82	-
Real estate equity funds third parties	303									
Total real estate equity funds	**2,031**									
Investments on behalf of policyholders										
Real estate equity funds	210									
Total real estate equity funds	**210**									

Unobservable and observable inputs used in determination of fair value

31 December 2020	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investments at fair value through profit or loss										
Rural property contracts	143	DCF	total	2,503,101	mean	1.7%	-5%	-	8	15
			max	146,878	max	2.9%	0%	-7	-	7
			min	10	min	1.3%	5%	-14	-7	-
Total rural property contracts	143									
Real estate equity funds associates	1,735	DCF		78,271,360		4.5%	-5%	-	91	183
							0%	-87	-	87
							5%	-165	-83	-
Real estate equity funds third parties	294									
Total real estate equity funds	**2,029**									
Investments on behalf of policyholders										
Real estate equity funds	-									
Total real estate equity funds	**-**									

The main non-observable market input for the real estate equity funds third parties is the net asset value as published by the investee. An increase or decrease in the net asset value of equities classified as level 3 will have a direct proportional impact on the fair value of the investment.

6.3.3 Financial instruments not measured at fair value and for which the fair value is disclosed

Breakdown of financial assets and liabilities not measured at fair value

30 June 2021	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value	Total carrying value
Financial assets					
Due from customers	-	952	9,748	10,700	9,976
Due from credit institutions	502	3,827	-	4,329	3,485
Trade and other receivables	-	975	-	975	975
Total financial assets	**502**	**5,754**	**9,748**	**16,004**	**14,435**
Financial liabilities					
Subordinated liabilities	-	1,153	-	1,153	991
Borrowings	-	33	19	52	52
Due to customers	-	606	-	606	606
Due to banks	5,772	105	-	5,877	5,877
Other financial liabilities	104	10	-	113	113
Total financial liabilities	**5,875**	**1,906**	**19**	**7,800**	**7,639**

Breakdown of financial assets and liabilities not measured at fair value

31 December 2020	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value	Total carrying value
Financial assets					
Due from customers	-	621	8,866	9,487	8,813
Due from credit institutions	1,757	4,025	-	5,782	4,727
Trade and other receivables	-	830	-	830	830
Total financial assets	**1,757**	**5,475**	**8,866**	**16,099**	**14,370**
Financial liabilities					
Subordinated liabilities	-	1,157	-	1,157	991
Borrowings	-	33	21	54	54
Due to customers	-	553	-	553	553
Due to banks	7,891	105	-	7,996	7,996
Other financial liabilities	88	22	-	110	110
Total financial liabilities	**7,980**	**1,869**	**21**	**9,870**	**9,704**

Amounts due to banks presented as level 1 primarily comprise the liability recognised for the cash collateral received. The accrued interest included in other liabilities follows the classification of the underlying assets. Level 2 category financial assets includes savings-linked mortgage loans amounting to a fair value of € 3,372 million (FY 2020: € 3,659 million).

The mortgage loan portfolio is classified as level 3. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The valuation method used to determine the fair value of the mortgage loan portfolio is based on the spread of the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates and includes assumptions for originating cost, proposal risk and the options related to early redemption and moving.

6.4 Liabilities arising from insurance contracts

Insurance contracts with retained exposure

	Gross		Of which reinsurance	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Provision for unearned premiums	681	323	15	19
Provision for claims (including IBNR)	6,730	6,522	290	307
Non-life insurance contracts	**7,412**	**6,845**	**305**	**325**
Life insurance contracts excluding own pension contracts	31,615	34,615	155	158
Total liabilities arising from insurance contracts	**39,027**	**41,460**	**460**	**483**

Changes in liabilities arising from non-life insurance contracts

	Gross		Of which reinsurance	
	2021	2020	2021	2020
Provision for unearned premiums				
At 1 January	323	347	19	34
Changes in provision for unearned premiums	358	-24	-4	-16
Changes in the composition of the group				
Provision for unearned premiums as at 30 June 2021 (31 December 2020)	**681**	**323**	**15**	**19**
Provision for claims (including IBNR)				
At 1 January	6,522	5,990	307	371
Claims paid	-1,156	-2,337	-24	-92
Changes in provision for claims	1,508	2,723	7	28
Changes in shadow accounting through equity	-84	-19	-	-
Changes in shadow accounting through income	-60	81	-	-
Changes in the composition of the group	-	83	-	-
Provision for claims (including IBNR) as at 30 June 2021 (31 December 2020)	**6,730**	**6,522**	**290**	**307**
Non-life insurance contracts as at 30 June 2021 (31 December 2020)	**7,412**	**6,845**	**305**	**325**

Changes in liabilities arising from life insurance contracts

	Gross		Of which reinsurance	
	2021	2020	2021	2020
At 1 January	34,614	32,222	160	168
Premiums received / paid	395	723	-	-
Regular interest added	283	589	1	3
Realised gains and losses	201	52	-	-
Amortisation of realised gains	-150	-292	-	-
Benefits	-785	-1,625	-	-
Technical result	-34	-35	-	-1
Release of cost recovery	-62	-131	-	-
Changes in shadow accounting through equity	-793	571	-	-
Changes in shadow accounting through income	-2,047	2,322	-	-
Other changes	2	-29	-5	-10
Changes in the composition of the group	-	247	-	-
At 30 June 2021 (31 December 2020)	**31,622**	**34,614**	**157**	**160**
Interest margin participation to be written down				
At 1 January	-11	-16	-2	-2
Write-down recognised in profit or loss	1	8	-	-
Other changes	-3	-4	-	-
At 30 June 2021 (31 December 2020)	**-13**	**-11**	**-2**	**-2**
Provision for discretionary profit sharing, bonusses and discounts				
At 1 January	12	12	-	-
Profit sharing, bonuses and discounts granted in the financial year	-6	-	-	-
Other changes	-	-	-	-
Changes in the composition of the group	-	-	-	-
At 30 June 2021 (31 December 2020)	**6**	**12**	**-**	**-**
Total life insurance contracts at 30 June 2021 (31 December 2020)	**31,615**	**34,615**	**155**	**158**

In 2020, the changes in the composition of the group reflect the acquisitions VvAA life and Veherex.

The insurance liabilities are deemed to be adequate following the performance of the Liability Adequacy Test (LAT) taking into account the Ultimate Forward Rate (UFR) of 3.60% for 2021 (FY 2020: 3.75%). The future UFR under Solvency II and therefore also for the LAT is subject to developments in the real interest rate and, based on the in 2017 published EIOPA UFR methodology, would result in an UFR of 3.45% in 2022 with future decreases expected in the coming years.

6.5 Employee benefits

The post-employment defined benefit plan of a.s.r. ended 31 December 2020. A new defined contribution plan started from 1 January 2021. The defined benefit obligation will continue to exist, but no further regular annual premium contributions will be paid to the plan.

The new defined contribution plan has two components with defined benefit elements with a marginal impact; survivors' pension and the option to buy a guaranteed income.

The employee benefits decreased by € 277 million to € 3,976 million (FY 2020 € 4,253 million) primarily through the regular recurring remeasurements of the post-employment benefit obligation. This resulted in a decrease of € 243 million, which is included in the actuarial gains and losses. The remeasurements are primarily due to the increase in the discount rate from 0.43% at FY 2020 to 0.87% at HY 2021.

The employee benefit charges for HY 2021 were € 29 million (HY 2020: € 35 million).

6.6 Contingent liabilities

Dutch insurers are still subject to insurance policies complaints/claims based on grounds other than cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact.

The total costs related to compensation for unit-linked insurance contracts have been fully recognised in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts and legal provisions. Although the financial consequences of the legal developments could be substantial, a.s.r.'s exposures cannot be reliably estimated or quantified at this point. If one or more of these legal proceedings should succeed, there is a risk a ruling, although legally only binding for the parties that are involved in the procedure, could be applied to or be relevant for other unit-linked life insurance policies sold by a.s.r. Consequently, the financial consequences of any of the current and/or future legal proceedings brought upon a.s.r. can be substantial for a.s.r.'s life insurance business and may have a material adverse effect on a.s.r.'s financial position, business, reputation, revenues, results of operations, solvency, financial condition and prospects.

Further information related to contingent liabilities is disclosed in the 2020 consolidated financial statements in chapter 6.7.7.

6.7 Events after the balance sheet date

In July 2021, heavy rainfall in Limburg as well as the surrounding Belgium and German regions led to severe flooding and water damage across the province. Subsequently, the Dutch government declared the flooded areas in Limburg an official disaster zone, which makes it easier for those affected to claim compensation for their damages. Any damage not covered by insurance will be (partially) reimbursed by the government. The final number and amount of claims can only be determined months later, given the complexity of the damages and claims process.

7 Independent auditor's review report

To: the Shareholders and the Supervisory Board of ASR Nederland N.V.

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements of ASR Nederland N.V. (hereafter: the "Company") based in Utrecht for the period 1 January 2021 up to and including 30 June 2021. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements for the period 1 January 2021 up to and including 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements comprise:
1. the consolidated interim balance sheet as at 30 June 2021;
2. the following statements for the period 1 January 2021 up to and including 30 June 2021: the consolidated interim income statement, the consolidated interim statements of comprehensive income, changes in equity and cash flows; and
3. the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity).

A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the condensed consolidated interim financial statements' section of our report.

We are independent of ASR Nederland N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Responsibilities of management and the Supervisory Board for the condensed consolidated interim financial statements

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

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

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the Company and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of the internal control, as it relates to the preparation of the condensed consolidated interim financial statements;
- Making inquiries of management and others within the Company;
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to the Company's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements; and
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement.

Utrecht, 24 August 2021

KPMG Accountants N.V.

A.J.H. Reijns RA

Other information

Disclaimer / Forward-looking Statements

Cautionary note regarding forward-looking statements

The terms of this disclaimer ('Disclaimer') apply to this document of ASR Nederland N.V. and all ASR Nederland N.V.'s legal vehicles and businesses operating in the Netherlands ('ASR Nederland'). Please read this Disclaimer carefully.

ASR Nederland's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 on the Netherlands Civil Code 2019. In preparing the financial information in this document, the same accounting principles are applied as in the 2020 ASR Nederland consolidated financial statements. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.
Certain of the statements contained herein are not (historical) facts but are forward looking statements ('Statements'). These Statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. The Statements can change as a result of possible events or factors. The Statements are based on our beliefs, assumptions and expectations of future performance, taking into account information that was available to ASR Nederland at the moment of drafting of the document. ASR Nederland warns that the Statements could entail certain risks and uncertainties, so that the actual results, business, financial condition, results of operations, liquidity, investments, share price and prospects of ASR Nederland could differ materially from the Statements.

Factors which could cause actual results to differ from these Statements may include, without limitation: (1) changes in general economic conditions; (2) changes of conditions in the markets in which ASR Nederland is engaged; (3) changes in the performance of financial markets in general; (4) changes in the sales of insurance and/or other financial products; (5) the behavior of customers, suppliers, investors, shareholders and competitors; (6) changes in the relationships with principal intermediaries or partnerships or termination of relationships with principal intermediaries or partnerships; (7) the unavailability and/or unaffordability of reinsurance; (8) deteriorations in the financial soundness of customers, suppliers or financial institutions, countries/states and/or other counterparties; (9) technological developments; (10) changes in the implementation and execution of ICT systems or outsourcing; (11) changes in the availability of, and costs associated with, sources of liquidity; (12) consequences of a potential (partial) termination of the European currency: the Euro or the European Union; (13) changes in the frequency and severity of insured loss events; (14) catastrophes and terrorist related events; (15) changes affecting mortality and morbidity levels and trends and changes in longevity; (16) changes in laws and regulations and/or changes in the interpretation thereof, including without limitation Solvency II, IFRS and taxes; (17) changes in the policies of governments and/or regulatory-or supervisory authorities; (18) changes in ownership that could affect the future availability of net operating loss, net capital and built-in loss; (19) changes in conclusions with regard to accounting assumptions and methodologies; (20) adverse developments in legal and other proceedings and/or investigations or sanctions taken by supervisory authorities; (21) risks related to mergers, acquisitions, and divestments (22) other financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results and (23) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by ASR Nederland.

The foregoing list of factors and developments is not exhaustive. Any Statements made by or on behalf of ASR Nederland speak only as of the date they are made and, except as required by applicable law, ASR Nederland disclaims any obligation to publicly update or revise and/or publish any Statements, whether as a result of new information, future events or otherwise. Neither ASR Nederland nor any of its directors, officers, employees do give any statement, warranty or prediction on the anticipated results as included in the document. The Statements in this document represent, in each case, only one of multiple possible scenarios and should not be viewed as the most likely or standard scenario.

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Contact details

Contact

We like to receive feedback or questions from our stakeholders on our interim report. If you want to give us feedback, please feel free to contact us.

ASR Nederland N.V.
Archimedeslaan 10
P.O. Box 2072
3500 HB Utrecht
The Netherlands
www.asrnl.com
Commercial register of Utrecht, no. 30070695

Investor Relations
+31 (0) 30 257 86 00
www.asrnl.com/investor-relations

Corporate Communications
Press Officer
+31 (06) 22 790 974
rosanne.de.boer@asr.nl

Publication

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ASR Nederland N.V.

www.asrnl.com

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